Financial Support for Technology Companies in Canada

Goodmans LLP
Barristers & Solicitors / goodmans.ca

An Introduction to Programs and Opportunities for Investors and Entrepreneurs | August 2019
Contents

Introduction 3
Innovation Programs 4
Tax Incentives for Technology and Innovation 9
Private Funding Sources 12
Goodmans Technology Group 14
Appendix A – Selected Federal Government Programs 15
Appendix B – Selected Provincial Government Programs 23
Private Funding Programs 33
Contact Us 35
Introduction

In 2017, the Government of Canada launched a multi-year Innovation and Skills Plan aimed at substantially redesigning the innovation policy landscape in Canada. The Plan features an updated microeconomic framework for supporting innovation and novel initiatives throughout Canada.

Along with continued support for technology companies, the Federal Government has placed an emphasis on partnerships, collaboration and the development of innovation ecosystems. The government seeks to support firms irrespective of size and scope, thereby helping them to scale, grow and export. This guide highlights the most significant programs and opportunities available to investors and entrepreneurs. See the Appendices to this guide for a more complete list of programs.

To the benefit of businesses, the programs are complementary and not exclusive. As such, a company can receive support from multiple programs simultaneously or as needed as the company moves through its development, commercialization and marketing stages.

© 2019 Goodmans LLP. All rights reserved.
Federal Programs

Accessible Technology Program

The Accessible Technology Program is investing in hardware and software solutions that help Canadians with disabilities overcome barriers that come in the way of their participation in the workplace. The program has a budget of $22.3 million to allocate over the next 4 years. The program co-funds innovative projects led by private sector, not-for-profit organizations and research institutes to develop new assistive and adaptive digital devices and technologies.

Eligible companies must be Canadian legal entities. Selected companies can obtain a maximum contribution of $4 million per project per year.

Recently, the program awarded Neil Squire Society’s LipSync project $3.06 million to develop and distribute switches, mouth operated systems and mounting solutions for digital technologies. These solutions will make electronic devices more user-friendly for people with disabilities.

Business Development Bank of Canada (BDC)

BDC is a federal government corporation acting as Canada’s only financial institution dedicated exclusively to entrepreneurs. BDC provides investment capital for technology entrepreneurs at every stage of a company’s lifecycle, from initial seed funding and continuing through growth stages.

BDC provides services including (1) loans for new projects, business expansion or for upgrading information and communications technology; (2) working capital loans for cash flow protection; and (3) specialized financing through a network of financial intermediaries.

Eligible companies must have capable management and high growth potential. While BDC offers financing to companies at all stages, the amount of financing is generally lower for startups than it is for more established businesses. Non-Canadian businesses can also apply if one third of their voting interests are owned by Canadians and their stakeholders have sufficient business connections to Canada.

BDC Capital, the investment arm of BDC with over $2 billion under management, offers a spectrum of more specialized funding and serves as a strategic partner to many of Canada’s most innovative and high potential companies. BDC Capital has also launched multiple successful venture capital funds for technology startups, most recently including a $250 million Industrial Innovation Venture fund to invest in tech companies and entrepreneurs accelerating the transformation of core Canadian industries. BDC Capital also offers flexible growth and transition capital solutions for more established Canadian entrepreneurs looking to finance a new project or business transition.
Export Development Canada (EDC)

In 2018, BDC and Export Development Canada (EDC) entered into a partnership agreement to offer $50 million in new financing for Canadian technology firms. Under the partnership, technology firms engaged in or planning to engage in, international business can access working capital loans of up to $1 million. BDC and EDC will refer clients to each other which improves access to financing and offers more networking opportunities for technology entrepreneurs.

Innovation, Science and Economic Development Canada (ISED)

The Innovation, Science and Economic Development Canada (ISED) is a Canadian federal government department with a mandate of fostering a growing, competitive and knowledge-based Canadian economy. ISED specifically supports Canadian innovation efforts, global trade and investment, enterprise growth and customized economic development in Canadian communities.

ISED funds and administers the Strategic Innovation Fund, which allocates repayable and non-repayable contributions to firms of all sizes across all of Canada’s industrial and technology sectors. ISED also administers the Innovation Superclusters Initiative, which will invest up to $950 million between 2017–2022 to support business-led innovation superclusters with the greatest potential to energize the economy and become engines of growth. Recently, ISED launched Innovative Solutions Canada, a new program with over $100 million dedicated to supporting the scale up and growth of Canada’s innovators and entrepreneurs by having the federal government act as a first customer.

National Research Council Industrial Research Assistance Program (NRC-IRAP)

The National Research Council (NRC) is the Canadian federal government’s leading research and development organization. NRC is business-focused, working with Canadian companies to develop and implement new technologies to fit their needs. NRC’s services include providing access to lab facilities, assisting with intellectual property licensing and providing the opportunity to collaborate with NRC scientists and engineers.

NRC funds and administers the NRC-IRAP, which assists small and medium-sized Canadian enterprises (businesses with fewer than 500 employees) by providing advisory services and networking programs. NRC-IRAP provides funding for “technology innovation projects” – projects developing new technologies or bringing technologies to market. NRC-IRAP also collaborates with other federal entities, such as BDC, as well as provincial actors, like MaRS Discovery District, an innovation hub located in Toronto.
In 2019, NRC-IRAP announced a larger funding threshold of $10 million and highlighted some of the companies that benefited from the Federal Government’s investment of $700 million over the past five years. Among the companies highlighted was Applanix Corporation, which received $2 million supporting the design, development and global commercialization of next generation navigation solutions for autonomous vehicles for land, air and sea. Funding to NRC-IRAP is a key component of the Innovation and Skills Plan, along with the Government of Canada’s commitment to business innovation.

**Sustainable Development Technology Canada (SDTC)**

SDTC, a federally funded but privately run company, Canadian cleantech projects, and provides coaching and mentorship for growth to companies in the cleantech space. It encompasses a number of funds, including the SD Tech Fund aimed at projects that are pre-commercial and have the potential to demonstrate significant and quantifiable environmental and economic benefits such as climate change, clean air, clean water and clean soil. In 2017, the Government of Canada committed $400 million to re-capitalize the SD Tech Fund.

Historically, companies could apply for funding only when SDTC issued calls for submissions, twice a year. In 2017–2018, SDTC completed the shift to a continuous intake model. Cleantech firms can now apply for funding at any time. To date, SDTC has invested over $1 billion in over 300 Canadian companies.

**Provincial and Regional Programs**

**Government funded corporations**

The Ontario Capital Growth Corporation (OCGC), Alberta Innovates, the BC Tech Fund, and Nova Scotia’s Innovacorp are all independently run corporations that are backed by their respective provincial governments.

OCGC operates various funds, the largest of which is the Ontario Emerging Technologies Fund. This fund provides capital investments to high-growth, emerging technology companies. Funded businesses receive initial investments of up to $5 million and lifetime aggregate investments of up to $25 million. Notable alumni include Affinium Pharmaceuticals Inc., a Toronto-based pharmaceutical company, and Woodland Biofuels Inc., a Mississauga company that develops sustainable, renewable, and clean fuel.
Alberta Innovates has a broad focus on driving business growth in the bio, health, energy and technology sectors. For example, one of the organizations under the Alberta Innovates umbrella, Technology Futures, runs micro-voucher, voucher, and product development programs which provide between $10,000 and $300,000 to small and medium-sized enterprises. The programs may scale up funding as the funded companies grow.

The BC Tech Fund targets companies in information and communications technology, digital media, cleantech and life sciences or healthcare. The fund was started by the British Columbia government in 2016 and is managed by Kensington Capital Partners. It targets companies with completed products and revenues between $1 million and $3 million. Its first investment was in Mojio, a leader in connected car platforms which uploads and analyzes trip and other data using a cloud-based app.

Innovacorp has acted as an early stage venture capital organization in the information technology, clean technology, life sciences and ocean technology industries for the Atlantic provinces. The fund invests alone or in collaboration with government or private sector investors. For example, Appili Therapeutics, a company which develops anti-infective drugs, received $500,000 from Innovacorp along with investments from the Atlantic Canada Opportunities Agency and NRC-IRAP. Recently, Apillii received a further $2.8 million from the Atlantic Innovation Fund to begin clinical trials on a new drug.

**Atlantic Canada Opportunities Agency (ACOA)**

The Atlantic provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick are all covered by the ACOA. It runs the Business Development Program for startups and the Atlantic Innovation Fund for businesses developing new technology based products, processes and services, or adapting existing technologies to new markets. The main difference between the programs is the funding amount. The Business Development Program provides funding of up to $500,000 while funding from the Atlantic Innovation Fund ranges from $500,000 to $3 million.

This fund is federally run and funded but regionally focused. Eligible businesses must provide a significant economic benefit for Atlantic Canada. The fund favours businesses which will diversify the regional economy by pushing into new or underdeveloped sectors.

In 2018, the federal government introduced new innovation programming to ACOA, the Regional Economic Growth through Innovation (REGI). With the introduction of REGI, all innovation-related projects can now be funded through one of the two available streams from REGI: the Business Scale-up and Productivity Stream and the Regional Innovation Ecosystem Stream.
MaRS Discovery District (MaRS)

MaRS is an innovation hub located in Toronto, Ontario; a physical space for innovators and entrepreneurs to meet and collaborate. The MaRS campus contains state-of-the-art lab facilities as well as meeting and event spaces. It is committed to three sectors: cleantech, health, and information and communication technology. MaRS partners with corporations worldwide and offers a wide range of services including advice and expertise, facilities and funding.

The MaRS managed Investment Accelerator Fund, invests up to $500,000 in ten to twelve startups per year. Its current portfolio includes companies like Wysdom.AI, which has created a customer service interface that uses AI to understand and answer customer questions.

The MaRS Youth Investment Accelerator Fund provides up to $250,000 to innovative technology startups where the majority of the founders are under the age of 30.
Tax Incentives for Technology and Innovation

Scientific Research and Experimental Development (SR&ED) Program

The SR&ED tax incentive program is the largest source of federal government support for technology companies. It is designed to encourage research and development in Canada in the private sector and to assist small businesses to perform scientific research and experimental development. The SR&ED Program is considered one of the most generous and accessible research and development tax incentive programs in the world. The program is used by approximately 20,000 businesses for well over $3 billion in total funding annually.

The SR&ED tax incentive program provides two general tax incentives:

• **a deduction to reduce income for tax purposes** — businesses can deduct the SR&ED expenditures to reduce their tax liability

• **an investment tax credit** — businesses can receive an investment tax credit that can reduce taxes payable and is refundable in certain circumstances

SR&ED Expenditures

SR&ED involves the systematic investigation or search carried out in a field of science or technology by means of experiment or analysis. SR&ED activities eligible for tax incentives cover basic research, applied research and experimental development. This may include costs relating to:

• engineering

• design

• operations research

• mathematical analysis

• computer programming

• data collection

• testing

• psychological research
Expenditures eligible for the tax incentives include most current expenditures directly engaged in the SR&ED, including salary and wages, materials, overhead and contracts. SR&ED also allows for the inclusion of certain contract expenditures for SR&ED activities.

Activities generally not eligible for the tax incentives include: market research or sales promotion; quality control or routine testing of materials, devices, products, or processes; research in the social sciences or humanities; commercial production of a new or improved material, device or product or the commercial use of a new or improved process; style changes; routine data collection; and prospecting, exploring or drilling for, or producing minerals, petroleum or natural gas.

**SR&ED Investment Tax Credits**

Investment tax credits (ITCs) are a principal benefit of the SR&ED program. Subject to certain limitations (based on the taxpayer’s previous year capital), the following chart summarizes the available ITCs:

<table>
<thead>
<tr>
<th>Company Category</th>
<th>SR&amp;ED Expenditures</th>
<th>Investment Tax Credit (ITC) Rate</th>
<th>Refund Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian-controlled private corporations (CCPCs)</td>
<td>First $3 million*</td>
<td>35%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Excess of $3 million*</td>
<td>15%</td>
<td>40%</td>
</tr>
<tr>
<td>Foreign-controlled corporations and all corporations not eligible for CCPC status</td>
<td>First $3 million</td>
<td>15%</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Excess of $3 million</td>
<td>15%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*The 2019 Federal Budget repealed the use of taxable income in determining the threshold $3 million expenditure limit. Instead, the expenditure limit is solely determined by the amount of taxable capital employed in Canada by the company in the previous taxation year. A CCPC with taxable capital of up to $10 million will have unreduced access to the enhanced refundable SR&ED credit. When taxable capital begins to exceed $10 million the $3 million threshold will deteriorate until taxable capital reaches $50 million or higher, at which point the refundable credit will diminish to 15%.

Unused credits can generally be carried forward 20 years and back 3 years to reduce taxes payable in those years.
Enhanced Benefits for CCPC Status

CCPCs receive enhanced benefits under the SR&ED program (increased ITCs that are refundable). Very generally, a CCPC is a Canadian corporation that is not controlled in law or in fact by non-residents of Canada or public corporations. Factual control can be determined based on whether a party has a legally enforceable right to effect change to the board or its powers, or to exercise influence over the shareholders who have that right or ability. Canadian corporations that are not CCPCs are still entitled to favourable deductions and ITCs, as described above, without the enhanced features.

Provincial Tax Incentive Programs

Almost all Canadian provinces have SR&ED tax incentive programs that can be used in conjunction with the federal program to increase total assistance. Provincial tax assistance is based on the particular rules of provinces.
Private Funding Sources

Non-Profit Organizations (NPOs)

In addition to government support in the form of loans, grants and tax credits, there are also a number of private non-profit organizations operating regionally and nationwide that support innovation. Much like the government programs, these private NPOs offer funding and other support for startups and more established businesses. These private organizations do not typically disclose details of eligibility or past investments. Accordingly, this section serves as a general overview of notable NPOs with additional details provided where available.

Futurpreneur Canada

Futurpreneur Canada is a national NPO providing capital, advice and support to entrepreneurs between the ages of 18 and 39. In collaboration with BDC, Futurpreneur offers up to $60,000 in loans with Futurpreneur contributing up to $20,000 and BDC the additional $40,000. Loans are targeted at businesses that have passed the research and development stage but have been operating for fewer than 12 months. A unique feature is that financing is conditional on taking part in the Futurpreneur mentorship program. Companies are matched with a mentor who works with them for up to two years.

By the beginning of 2017, Futurpreneur had helped launch over 8,000 Canadian businesses. One of those business is Idénergie Inc, which started out making portable river turbines for powering homes but has since branched out into solar energy, developing an energy management system that simplifies home installation of solar panels.

Arctern Ventures

Arctern Ventures is a fund devoted to early stage cleantech businesses. The target sectors for the fund are power generation, resource use, advanced manufacturing and materials, agricultural technology and transportation.

Arctern has supported companies like Smarter Alloys, which is the only company in the world capable of programming multiple shape “memories” into smart alloys. Woodland Biofuels Inc. and Morgan Solar Inc., companies that received funding through the Ontario Emerging Tech Fund and SDTC respectively, are also part of Arctern’s portfolio.

Mitacs Elevate Program

Mitacs is a national NPO that has designed and delivered research and training programs in Canada for 20 years. Corporations can become partner organizations through the Mitacs’ Elevate Program, a postdoctoral fellowship with a customized research management training component.
Over a two-year fellowship, fellows divide their time between a partner organization project and university-based research with their faculty supervisor. The program helps partner organizations build their business with support from top-ranked, highly trained research talent. Partner organizations are expected to provide $30,000, and Mitacs provides $30,000, for a total research grant of $60,000 per year.

Participating fellows work closely with partner organizations to understand their business needs and apply research principles to address these needs. Participating organizations build crucial relationships, oversee development and access university resources that may otherwise be unavailable.

**New Brunswick Innovation Foundation (NBIF)**

NBIF is a provincially focused NPO that runs three separate programs: the Innovation Voucher Fund, the Startup Investment Fund and the Venture Capital Fund. The programs provide escalating levels of funding for small and medium-sized enterprises and startups starting with $80,000 in grants to cover eligible expenses with the Innovation Voucher and progressing to a maximum of $1 million through the Venture Capital Fund. The Venture Capital Fund, in particular, is one of the five most active venture capital funds in Canada.

To date, NBIF has invested over $100 million and helped to create over 113 companies. One example of an NBIF-supported company is Smart Skin, which developed an artificial touch-sensitive skin for electronic devices. Since 2009, NBIF has invested $1.5 million in Smart Skin.

These are just some of the examples of the vast array of financial support programs available to technology companies in Canada. The goal of the federal government’s Innovation and Skills Plan is to ensure that Canadian technology companies have the support they need to scale through all of the stages of growth and compete on a global scale. Companies should thoroughly research the many avenues of funding available to them so as not to miss out on opportunities for funding and support. A more complete description of available programs is included in the Appendices to this guide.
To assist clients in the technology sector, Goodmans brings together our acknowledged expertise in corporate/commercial, private equity, corporate finance, mergers and acquisitions, outsourcing, licensing, intellectual property, privacy, regulatory and media, cleantech, tax, litigation, human resources, corporate restructuring and administrative law. We do so both for innovative businesses in their start-up phase and for well-established businesses of all types. Goodmans continues to lead in the technology sector and is partnered with the DMZ at Ryerson University. The DMZ is a leading business incubator (selected by UBI as the top-ranked university incubator in North America, and third in the world), which connects its start-ups with resources, customers, advisors, investors and other entrepreneurs. Goodmans is also a proud partner of IDEABOost, an initiative of the Canadian Film Centre’s Media Lab, building the next generation of technology-based media entertainment products, services and brands. Through these partnerships, Goodmans provides legal advice, mentorship and networking opportunities to assist start-ups in maximizing their potential.

Goodmans is also an internationally recognized leader in other aspects of technology law and transactions. From our thought leadership, through participation on the Boards of associations such as CanTech (Canadian Technology Law Association), CORE (Centre for Outsourcing Research and Education), CIEG (Canadian Institute for Exponential Growth, which organized the Summit) and iTechLaw (International Technology Law Association), to our involvement in major technology procurement, joint venture and outsourcing transactions, to our representation, in court proceedings and in arbitrations, of major technology providers, and users of technology, in ground-breaking cases, our Technology Group is consistently at the forefront of leading technology transactions and cases.

Members of our Technology Group are recognized as leading technology lawyers in Chambers Global, Lexpert, Legal 500 Canada, Legal Media Group’s The Best of the Best, The Best Lawyers in Canada, Law Business Research’s The International Who’s Who of Business Lawyers, and The Lexpert/American Lawyer Guide to the Leading 500 Lawyers in Canada, teach internet and communications law at Canada’s largest law schools, are regular lecturers at technology industry events and legal conferences, and have published articles in the technology law field.
Appendix A – Selected Federal Government Programs

Agriculture and Agri-Food Canada

AgrInnovate Program

Description: This program provides repayable contributions for projects that aim to accelerate the commercialization, adoption and/or demonstration of innovative products, technologies, processes or services that increase agri-sector competitiveness and sustainability.

Available Funding: Information on specific funding ranges is not publicly available.

Eligibility: Businesses, corporations and co-operatives that are legal entities, capable of entering into legally binding agreements. Applicants must be able to illustrate how the proposed projects will commercialize, adopt or demonstrate an innovation new to the sector or country.

Website: www.agr.gc.ca/eng/programs-and-services/agriinnovate-program/?id=1515682916298

Agricultural Clean Technology Program

Description: The Agricultural Clean Technology (ACT) Program aims to support the research, development and adoption of clean technologies through investments in, and promotion of, precision agriculture and agri-based bioproducts. These technologies will help to reduce greenhouse gas emissions, generate a wide range of positive impacts, and promote sustainable and clean growth. The ACT Program runs to March 31, 2021.

Available Funding: Total maximum of $5 million per project. The program will cover up to 50% of total eligible projects costs. Support is available in the form of non-repayable contributions.

Eligibility: For-profit and not-for-profit organizations that are incorporated in Canada, including: businesses and/or corporations, co-operatives, Indigenous groups and academic institutions. Eligible activities include clean technology projects that invest in and/or promote precision agriculture and agri-based bioproducts, which benefit the sector.

Website: www.agr.gc.ca/eng/programs-and-services/agricultural-clean-technology-program/?id=1521202868490
Business Development Bank of Canada (BDC)

Description: A Crown corporation and the only Canadian financial institution dedicated to entrepreneurs. Provides loan financing through a variety of tailored programs.

Website: www.bdc.ca

Small Business Loan

Description: Provide companies with funding to purchase equipment or software, attend tradeshows and for other day-to-day activities.

Available Funding: Funding is available up to $100,000.

Eligibility: Canadian companies operating for at least 24 months.

Working Capital Loan

Description: Access to capital for growth of companies that do not have tangible assets sufficient to support conventional financing. Structuring as a loan means that businesses do not have to dilute or sacrifice ownership.

Available Funding: Financing between $250,000 and $35 million is available. Financing can be structured in three ways: (1) mezzanine loan, (2) cash flow financing, and (3) quasi-equity financing. Amortization period for loans is a maximum of 8 years.

Eligibility: Established high-growth firms with strong management teams and demonstrated high quality of financial reporting.

Tech Scale-up Loan

Description: Provides companies with funding to invest in marketing and advertising to increase sales and secure a market position.

Available Funding: Financing is available up to $750,000.

Eligibility: Canadian companies with confirmed sales traction, with backing by angel investors or venture capital.
Loans for Companies with Monthly Recurring Revenue

**Description:** Provides companies with funding to attract more customers to generate sales, with flexible repayment options and initial principal payment postponement.

**Available Funding:** Financing is available starting at $250,000 or more.

**Eligibility:** Canadian companies with recurring revenues of $50,000 or more, with financing needs of $250,000 or more.

BDC Capital

**Description:** A subsidiary of BDC that offers venture capital and growth and transition capital. BDC Capital has two roles: financing businesses and acting as a fund of funds with the goal of developing the venture capital fund industry in Canada. As a fund of funds, BDC Capital focuses on funds in industries including information and communications technology and healthcare, and micro venture capital funds.

(i) Venture Capital

**Description:** BDC Capital administers the following venture capital funds: the Women in Technology Venture Fund, the Industrial Innovation Venture Fund, the IT Venture Fund, the Industrial, Clean and Energy Technology Venture Fund and the Healthcare Venture Fund.

**Women in Technology Venture Fund:** Canadian companies that are women-led — meaning a female founder, co-founder, CEO or executive driving the direction of the business. Executives must be in their role for a minimum of one year.

**Industrial Innovation Venture Fund:** Companies and entrepreneurs accelerating the transformation of Canadian industries including agriculture and food technologies, resource extraction technologies and advanced manufacturing. The fund invests in early to late stage firms.

**IT Venture Fund:** Emerging and mid-stage Internet, mobile and enterprise companies.

**Industrial, Clean and Energy Technology Venture Fund:** Capital efficient and scalable businesses enhancing resource productivity with the potential to operate across a global market. The fund invests in early and development stage Canadian companies.

**Healthcare Venture Fund:** Transformative Canadian companies looking to dramatically increase healthcare productivity. The fund is currently seeking projects in the pharmaceutical, devices, diagnostics and digital health sectors.
(ii) Growth and Transition Capital

**Description:** Loans can take five forms depending on the needs of the business: (1) mezzanine loan, (2) cash flow financing (3) quasi-equity financing, (4) monthly recurring revenue loan where financing is a multiple of monthly revenue, and (5) unitranche loan which combines aspects of senior and subordinate debt to reduce legal costs.

**Available Funding:** Financing is available from $250,000 to $35 million. Loans are subordinated and are amortized over a maximum of 8 years.

**Eligibility:** High growth firms with effective leadership and quality financial reporting. Capital is available for three kinds of projects: (1) growth initiatives, (2) transferring a business, and (3) buying a business.

(iii) Growth Equity

**Description:** BDC’s Growth Equity team provides minority equity investments, and can participate in, lead or be a company’s sole partner in an equity transaction.

**Available Funding:** Funding is available from $3 million to $25 million.

**Eligibility:** Established companies with demonstrated markets, proven technology and business model, experienced, knowledgeable and financially committed management teams, solid financial results and pro-forma expectations as evidenced by a positive EBITDA.

**Innovation, Science and Economic Development Canada**

**Strategic Innovation Fund**

**Description:** The Strategic Innovation Fund (SIF) is a Canadian Government funding program that offers industrial and technology-based businesses financial support to fuel company expansion and R&D of processes, products and services, and facilitates the growth of innovative firms. It provides repayable and non-repayable contributions to support five distinct streams of activities:

**Stream 1:** Provides research and development 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
Stream 4: Advance industrial research, development and technology demonstration through collaboration between academia, non-profit organizations and the private sector

Stream 5: Support large-scale, national innovation ecosystems through high impact collaborations across Canada

Available Funding: Information on specific funding ranges is not publicly available.

Eligibility: Streams 1, 2 and 3 are available to Canadian for-profit corporations with projects related to the research, development and commercialization of innovative products, processes and/or services. Streams 4 and 5 are available to consortiums or networks, that may include Canadian universities, colleges, research institutes, for-profit corporations (including small or medium enterprises) and/or non-for-profit entities. For networks applying under Stream 4, the lead applicant must be a not-for-profit organization incorporated in Canada. For Stream 5, the lead applicant may be either a for-profit or not-for-profit organization.

Website: [www.ic.gc.ca/eic/site/125.nsf/eng/home](http://www.ic.gc.ca/eic/site/125.nsf/eng/home)

Accessible Technology Program

Description: The Accessible Technology Program invests in hardware and software solutions that help Canadians with disabilities overcome barriers that come in the way of their participation in the workplace. The program has a budget of $22.3 million over 5 years, starting in 2017-18. The program will co-fund innovative projects led by private sector, not-for-profit organizations and research institutes to develop these new assistive and adaptive digital devices and technologies.

Available Funding: Up to a maximum of $4 million per year. Where the primary recipient is a not-for-profit organizations or research institute the maximum cost-sharing ratio will be 80%. Where the primary recipient is a for-profit organization the maximum cost-sharing ratio will be 50%. The program will co-fund projects through non-repayable contribution agreements.

Eligibility: Eligible companies must be Canadian legal entities.

Website: [www.ic.gc.ca/eic/site/118.nsf/eng/home](http://www.ic.gc.ca/eic/site/118.nsf/eng/home)

Innovative Solutions Canada

Description: Innovative Solutions Canada is an innovation procurement program designed to support Canadian small businesses. Participating federal departments and agencies will issue challenges through Innovative Solutions Canada. The challenges are designed to seek novel solutions rather than known products or services. Each participating department will allocate funds to pre-commercial research and development and late-stage prototypes from Canadian small businesses in response to challenges.
Available Funding: Up to $150,000 in funding for 6 months to develop a proof of concept for a solution. If accepted, successful businesses could receive up to an additional $1 million to develop the prototype.

Eligibility: Solution proposals may be submitted by for-profit small businesses that are incorporated in Canada. The business must have 499 or fewer full-time employees. They must have research and development activities that take place in Canada. 50% or more of its annual wages, salaries and fees must be currently paid to employees and contractors who spend the majority of their time working in Canada. 50% or more of its full-time employees must have Canada as their ordinary place of work and 50% or more of its senior executives must have Canada as their principal residence.

Website: www.ic.gc.ca/eic/site/101.nsf/eng/home

National Research Council

Description: The National Research Council is the federal government’s leading research and development organization. It undertakes research designed to meet the needs of Canadian businesses. It also provides lab facilities, IP licensing, and collaborative research with businesses.

Industrial Research Assistance Program (NRC-IRAP)

Description: The program provides innovation assistance for small and medium-sized enterprises (SMEs) through a comprehensive array of financing and in kind services such as advisory services and networking and links to experts, advisors and business partners.

Available Funding: Information on specific funding ranges is not publicly available.

Eligibility: SMEs that are profit-oriented and defined as a business. They must have fewer than 500 full-time employees. Businesses must be active in Canada and must aim to develop or adapt new or improved technology products, services or processes.

Website: www.nrc-cnrc.gc.ca/eng/irap/services/financial_assistance.html

Natural Sciences and Engineering Research Council (NSERC)

Description: The Natural Sciences and Engineering Research Council (NSERC) is a departmental corporation of the Government of Canada. NSERC funds post-secondary institutions and partnerships between those institutions and business.
Alliance Grants

**Description:** The program provides funding to university researchers collaborating with private-sector, public-sector or not-for-profit organizations. The funding aims to support research projects led by strong, complementary, collaborative teams that will generate knowledge and accelerate the application of research results to create benefits for Canada.

**Available Funding:** Available funding ranges from $20,000 to $1 million per year, for up to 5 years. Alliance grants are calculated on the basis of cost-sharing with the partner organizations, according to the size and type of partner organizations involved. For large organizations (with 500 or more employees globally) acting as sole partner, NSERC will fund 50% of project costs. For small to medium-sized organizations as sole partner organization or in partnership with large organizations and other sectors, NSERC will fund 66% of the project costs. For not-for-profit organizations and public partner organizations, NRSEC will fund 100% of the project costs. For any private-sector partner organization with a 10% cash contribution from combined partner organizations, NSERC will fund 90% of the project costs.

**Eligibility:** The project must be directed towards responding to a research challenge in the natural sciences or engineering. Partner organizations must be private, public or not-for-profit, and at least one partner must have a demonstrated ability to exploit research results. Partner organizations must collectively support the project through cash and/or in-kind contributions.


Sustainable Development Technology Canada (SDTC)

**Description:** Sustainable Development Technology Canada (SDTC) is a foundation that was created by the federal government but is run independently by individuals from the private sector. SDTC’s mandate is to fund projects that support Canadian small and medium-sized enterprises advancing innovative technologies that are pre-commercial and have the potential to demonstrate significant and quantifiable environmental and economic benefits in one or more of the following areas: climate change, clean air, clean water and clean soil.

**Available Funding:** SDTC runs a number of subsidiary funds either alone or in partnership with other government entities. As an example, the Sustainable Development Tech Fund will cover, on average, one third of eligible costs with an average contribution of $2 million to $4 million with funds disbursed over the life of the project up to a five-year period. Funding is a non-repayable contribution, not a loan.
**Eligibility:** Eligible applicants must be a Canadian company developing a novel technology with quantifiable environmental benefits that will provide a significant Canadian benefits. Companies must have a defined project and be looking to demonstrate a pre-commercial technology. Companies must have a strong end-user, value proposition and be able to validate the market and commercialization potential of the technology. Companies must form a consortium that includes at least one other partner. SDTC recommends that applicants seek partners who are either end users or able to validate the need and market for the technology.

**Website:** [www.sdtc.ca/en](http://www.sdtc.ca/en)

**Trade Commissioner Service**

**Going Global Innovation (GGI)**

**Description:** Going Global Innovation (GGI) promotes and enhances Canada’s international innovation efforts and commercialization of technology by pursuing collaborative international research and development (R&D) opportunities through partnerships with key players in foreign markets.

**Available Funding:** $75,000 grant covering up to 75% of eligible costs.

**Eligibility:** Canadian companies must be in pursuit of targeted R&D partnerships with key foreign partners, with the aim of commercializing technology.


**Canadian International Innovation Program (CIIP)**

**Description:** The Canadian International Innovation Program (CIIP) funds Canadian research and development (R&D) projects in science and technology looking to partner internationally with the 5 CIIP member countries: Brazil, India, China, South Korea and Israel.

**Available Funding:** Maximum funding numbers are not available but the program will cover up to 50% of eligible costs.

**Eligibility:** Three kinds of R&D projects are eligible: (1) technology adaption — market expansion either into or out of Canada, (2) technology validation — market validation of product and product adoption and (3) technology co-development — acquisition of existing technology or combination of Canadian and foreign technologies to create a new “whole product”.

**Website:** [www.tradecommissioner.gc.ca/funding-financement/ciip-pcii](http://www.tradecommissioner.gc.ca/funding-financement/ciip-pcii)
Appendix B — Selected Provincial and Regional Government Programs

ALBERTA

Alberta Innovates Tech Futures

Micro-Voucher, Voucher and Product Demonstration Programs

Description: The programs are designed to cover multiple stages of technological development. The Micro-Voucher addresses early development stages. The Voucher funds collaborative efforts in mid to late stage development. The Product Development Program funds collaborative efforts with respect to advanced development stages.

Available Funding: Micro-Voucher: up to $10,000 to cover up to 75% of eligible expenses. Voucher: between $10,001 and $100,000 to cover up to 75% of eligible expenses. Product Demonstration: up to $300,000 to match eligible expenses. If a recipient receives other government funding, the total amount of funding cannot exceed 75% of the costs.

Eligibility: The programs are limited to small and medium-sized enterprises (SMEs) defined as those with fewer than 500 full-time employees and less than $50 million in gross revenue. The Voucher and the Product Development Program require that the business collaborate with up to three other businesses or institutions.

Website: www.albertainnovates.ca

Alberta Small Business Innovation Research Initiative

Description: The program matches small and medium-sized enterprises (SMEs) with industry partners that have challenges in their operations, so that the technologies developed by those enterprises better match user needs. The program was designed to support innovations in the mid-to-late development stages by providing funding, mentorship and “first-client opportunities”.

Available Funding: Funding and required contributions by enterprise and industry partners are determined on a case-by-case basis. If a recipient receives other government funding the total amount of funding cannot exceed 75% of the costs.

Eligibility: There are separate eligibility requirements for SMEs and industry partners. The application must have the participation of both an industry partner and an Alberta-based SME.

Website: www.albertainnovates.ca
Alberta SME Export Support Fund

**Description:** The program eases the cost of exporting for Alberta’s small and medium sized enterprises (SMEs) by reimbursing up to 50% for certain export activities. The fund supports companies looking to enter into new international markets or countries that comprise a small but growing portion of the companies’ annual sales. For the technology sector, the fund focuses on cleantech, bioindustrial technology and life science ventures.

**Available Funding:** Eligible companies will be reimbursed through a grant that ranges from $1,000 to $20,000 per year for a select range of approved export activities, up to 50% of eligible expenses. The grant is allocated on a first-come, first-serve basis.

**Eligibility:** To be eligible a company must: have annual sales of $50,000 to $25,000,000, be a for-profit company, have a minimum of one full-time employee in Alberta, be an incorporated legal entity in Alberta for at least the last 2 years, be operating and headquartered in Alberta and present an adequate market entry plan.

**Website:** [https://www.alberta.ca/export-support-fund.aspx](https://www.alberta.ca/export-support-fund.aspx)

BRITISH COLUMBIA

Innovate BC – Crown Agency

**Description:** Innovate BC is a Crown agency of British Columbia and is run by individuals from the private sector with oversight from the British Columbia Ministry of Jobs, Trade and Technology.

Innovate BC Ignite Program

**Description:** The program rewards and accelerates innovation of new technologies in natural resources and applied sciences.

**Available Funding:** Funding takes the form of awards handed out annually to leaders in innovation in British Columbia. The maximum size of an award is $300,000.

**Eligibility:** Awards go to consortia researching solutions for problems facing businesses. Research must be in natural or applied sciences or engineering. Projects must match the Ignite fund 2:1 through government or private sources.

**Website:** [www.innovatebc.ca](http://www.innovatebc.ca)
Innovate BC Tech Co-op Grant

**Description:** The program develops training opportunities for students and supports knowledge transfer and innovation in the technology sector.

**Available Funding:** Employers may receive $2,700 annually for each co-op student hired (up to a maximum of four students and $10,800) to recruit and train students within the technology field.

**Eligibility:** Employers must be physically based in British Columbia with 99 or less employees. Employers must either be a technology company or a non-technology company hiring for a technology role.

**Website:** www.innovatebc.ca

New Ventures BC Society

**Description:** New Ventures BC is a not-for-profit organization that supports entrepreneurship in British Columbia’s technology sector through an annual technology competition and early stage accelerator.

BCIC — New Ventures Competition

**Description:** The New Ventures Competition rewards and encourages technology entrepreneurship in British Columbia.

**Available Funding:** Over $300,000 in cash and prizes are provided annually to up to ten different start-ups, with prizes ranging from $10,000 to over $110,000.

**Eligibility:** Entrants must be technology companies based in British Columbia that are less than five years old and have previously raised less than $1 million.

**Website:** www.newventuresbc.com

BC Tech Fund

**Description:** The BC Tech Fund is a $100 million venture capital fund started by the British Columbia (BC) government in 2016 and managed by Kensington Capital. The fund invests directly in businesses and acts as a fund of funds for other venture capital investors. The fund focuses on the following sectors: information and communications technology, digital media, cleantech, life science and healthcare.
Available Funding: Information on specific funding ranges is not publicly available.

Eligibility: The fund looks for businesses in the above sectors with a completed product and annual revenues between $1 million and $3 million. Eligible companies must not be reporting issuers or listed on any stock exchange. Businesses must either have: (1) headquarters in BC or a significant number of senior executives in BC, or (2) a substantial portion of its operations or a significant number of its full-time employees must be located in BC.

Website: www.kcpl.ca/bc-tech-fund

NEWFOUNDLAND AND LABRADOR

Business Investment Fund (BIF)

Description: The Business Investment Fund (BIF) is run by the provincial government through the Department of Tourism, Culture, Industry and Innovation. It consists of two streams: the Business Investment Program and the Business Development Support Program.

Available Funding: Business Investment Program — up to $500,000 repayable loan per government fiscal year at a base rate of 3% and $500,000 in redeemable preferred shares. Business Development Support Program — up to $100,000 non-repayable contribution per government fiscal year.

Eligibility: Small and medium-sized enterprises having fewer than 100 employees and less than $10 million in sales. Businesses must also operate in a strategic sector as defined by the government.

Website: www.tcii.gov.nl.ca/programs/bif.html

Innovate NL of Newfoundland and Labrador

Description: Innovate NL is a group designed to foster greater innovation and accelerate business. It replaced a crown corporation called the Research & Development Corporation (RDC). The funding programs that used to fall under RDC were integrated into Innovate NL.

Available Funding: Depending on the fund, amounts range up to $250,000 covering a maximum of 75% of expenses.
Eligibility: The eligibility criteria varies depending on the program. Qualifying businesses must be based in Newfoundland and Labrador.

Website: www.tcii.gov.nl.ca/innovation/innovateNL/index.html

NOVA SCOTIA

Innovacorp

Description: Innovacorp is a provincial crown corporation. It acts as a venture capital fund and has been operational for more than 20 years. Their target sectors are information technology, clean technology, life sciences and ocean technology.

Available Funding: Funding availability varies depending on the venture.

Eligibility: There are no specific eligibility requirements. Innovacorp looks for “emerging venture-grade technology companies” that have a high potential for growth and risk adjusted returns.

ONTARIO

Ontario Capital Growth Corporation (OCGC)

Ontario Emerging Technologies Fund (OETF)

Description: The Ontario Emerging Technologies Fund (OETF) is a direct co-investment fund between OCGC and the Ontario government. The fund is managed by OCGC. Covington Capital Corporation and Ernst & Young assist with project evaluation. The fund was created to address the financial challenges faced by Ontario businesses in clean technology, life sciences and advanced health technologies, digital media and information and communication technology sectors. The fund attempts to increase direct investment in these companies and is meant to become self-sustaining.

Available Funding: The fund provides an initial investment of $5 million, and can grant funding up to $25 million in total.

Eligibility: The eligibility criteria is not available. The fund is discretionary so there is no entitlement to funds even if eligibility requirements are met.

Website: www.ocgc.gov.on.ca/index_en.php?page=ontario-emerging-technologies-fund
MaRS Discovery District (MaRS)

**Description:** MaRS is an innovation centre located in Toronto, Ontario. Its 1.5 million square foot campus makes it the world’s largest urban innovation hub. It is privately run but receives financial support from the Ontario government.

Innovation Accelerator Fund (IAF)

**Description:** Launched in 2007, and financed by the Ontario government, the Innovation Accelerator Fund (IAF) provides seed financing to startups in priority sectors including advanced materials and manufacturing, information technology, cleantech and life sciences.

**Available Funding:** The IAF provides up to $500,000 in funding. The Youth IAF provides $250,000.

**Eligibility:** The IAF looks for companies nearing the commercialization stage that have the potential to become world leaders in their fields and provide ongoing economic benefits to Ontario. For Youth IAF companies, the majority of the founders must be under the age of 30. The IAF invests in 10-12 companies per year.

**Website:** www.marsiaf.com

Northern Ontario Heritage Fund Corporation (NOHFC)

**Description:** The Northern Ontario Heritage Fund Corporation (NOHFC) aims to promote and stimulate economic development initiatives in Northern Ontario by providing financial assistance to projects that stabilize, diversify and foster economic growth of the region. NOHFC has an extensive list of funding programs that target sectors such as: advanced manufacturing, agriculture digital economy, forestry, minerals and mining supply, renewable energy, transportation and water technologies.

**Available Funding:** Each program has different funding structures. For more information, please visit their website.

**Eligibility:** While each program has different eligibility requirements, there are commonalities that apply to all programs. The projects should result in net economic benefits for Northern Ontario and should not unreasonably impact existing Northern Ontario businesses. Full-time job creation in Northern Ontario is also considered.

**Website:** https://nohfc.ca/
Ontario Centres of Excellence

Smart Seed Fund

Description: The Smart Seed Fund is a fund administered by the Ontario Centres of Excellence (OCE) offering funding to both youth (ages 18-29) and non-youth entrepreneurs. The program provides funding to start-ups in the validation stage which involves determining the technical and commercial viability of the product or service.

Available Funding: The OCE offers awards of $30,000 — the recipient must match 1:1 all funds received.

Eligibility: Ontario based start-ups incorporated in the last three years. The start-up must be endorsed by the Campus Linked Accelerator, the Regional Innovation Centre or the On-Campus Entrepreneurship Activities Accelerator. Eligible costs include prototype development and costs of attending learning conferences.

Website: www.oce-ontario.org/programs/entrepreneurship-programs/smartstart-seed-fund
QUEBEC

TechnoClimat Program

Description: The TechnoClimat program funds innovations that reduce greenhouse gas emission. These could include energy production or efficiency technologies. The program covers R&D, demonstration, pre-commercialization and market adoption projects.

Available Funding: Funding varies depending on the type of activity. Demonstration activity receives up to $3 million to cover 50% eligible expenses.

Eligibility: Qualifying projects must be carried out at least in part in Quebec. Moreover, the project must be technologically innovative and have commercial potential.

Website: www.transitionenergetique.gouv.qc.ca/innovation/programme/technoclimat

Programme Innovation

Description: Programme Innovation funds businesses in order to help advance their capacity for innovation.

Available Funding: Funding ranges from $50,000 to $350,000 and can cover up to 50% of eligible expenses.

Eligibility: The projects must use innovation to develop or improve a product or manufacturing process. Additionally the project must require R&D efforts, be facing business uncertainty and have commercial potential.

Website: https://www.economie.gouv.qc.ca/bibliotheques/programmes/aide-financiere/programme-innovation/

ATLANTIC REGION

Atlantic Canada Opportunities Agency (ACOA)

Description: Atlantic Canada Opportunities Agency (ACOA) is a federal agency that focuses on business development, community development, policy and advocacy to diversify, strengthen and grow the Atlantic economy. The agency offers two funding streams to businesses that support innovation.
Business Development Program (BDP)

Description: The business development program (BDP) provides support to firms looking to start a business, expand or modernize an existing one. It can provide funding to develop innovative ideas, improve competitiveness and develop clean technology projects. The BDP is not limited to innovative companies but is useful for businesses that do not meet the $500,000 minimum threshold of the Atlantic Innovation Fund. The BDP focuses on small and medium-sized enterprises and co-operatives.

Available Funding: Funding is available up to a maximum of $500,000 covering 75% of eligible expenses. Funding is repayable but interest-free.

Eligibility: Businesses must demonstrate the need for financial assistance, provide economic benefit for Atlantic Canada, meet strategic priorities identified by the ACOA and be economically viable.

Website: www.acoa-apeca.gc.ca/eng/ImLookingFor/ProgramInformation/Pages/BDP-commercialization.aspx

Atlantic Innovation Fund (AIF)

Description: The Atlantic Innovation Fund (AIF) provides direct financial assistance to businesses with new products and services that will lead to growth in strategic sectors. The fund supports projects from businesses, academic and research institutions, and partnerships of the two.

Available Funding: $500,000 to $3 million covering up to 80% of eligible costs for projects led by not-for-profit organizations and up to 75% of eligible costs for private-sector-led projects. Loans are conditionally repayable based on the commercial success of a project.

Eligibility: The projects must be: compatible with AIF objectives, be scientifically or technically sound, demonstrate management capability to successfully undertake the project and demonstrate significant economic benefits for Atlantic Canada. The projects must also support a new or improved technology or a new application of an existing technology with strong commercial potential. The projects must have adequate financing for the duration of the project, be incremental and support one or more strategic sectors or technologies.

Website: www.acoa-apeca.gc.ca/eng/ImLookingFor/ProgramInformation/AtlanticInnovationFund/Pages/AtlanticInnovationFund.aspx
Regional Economic Growth through Innovation (REGI)

Description: Canada’s regional development agencies (RDA) administer the government’s Innovation and Skills plan in the regions. RDAs across Canada deliver two common streams of programming to fuel economic growth through innovation and create more well-paying jobs for Canadians. REGI offers two streams of funding, the Business Scale-up and Productivity Stream and the Regional Innovation Ecosystem stream.

REGI Business Scale-up and Productivity Stream

Description: Funding offered under this stream helps businesses to accelerate their growth and assists with the adoption of innovative technologies that support scale-up, productivity and global competitiveness as well as the development of and entry into new markets.

Available Funding: Information on specific funding ranges is not publicly available.

Eligibility: Funding is available to high-growth firms looking to: scale up and expand, businesses that support technology demonstration and the commercialization of new technologies, businesses that encourage the early adoption or adaptation of leading-edge technologies and processes to improve productivity and businesses looking to grow through market diversification and entry into global markets.

REGI Regional Innovation Ecosystem Stream

Description: Funding under this program stream helps create, grow and develop strong and inclusive regional networks that support business growth and innovation. ACOA’s investments target not-for-profit organizations that provide support to businesses at each stage of development in areas where there are opportunities for growth and where investments will further enhance business support networks for under-represented groups.

Available Funding: Information on specific funding ranges is not publicly available.

Eligibility: Funding is available to strategic clusters and groups supporting businesses who are: leveraging regional strengths; scaling up or commercializing innovative products, technologies and services. Funding is available to business accelerators and incubators and other organizations that support entrepreneurs, start-ups and innovative companies with high-growth potential. Funding is also available to innovation-oriented organizations looking to increase and promote business productivity, global competitiveness, investment and talent attraction.
Private Funding Programs

**Futurpreneur**

*Description:* Futurpreneur is a not-for-profit organization providing capital, advice and support to entrepreneurs aged 18 to 39.

*Available Funding:* Futurpreneur will provide loans of up to $15,000. BDC, acting as partner, will provide additional loans of up to $30,000.

*Eligibility:* Recipients must be aged 18 to 39. Recipients must agree to participate in the mentorship program, which matches the recipient with a mentor who will meet with the recipient for four to five hours per month for up to two years.

*Website:* [www.futurpreneur.ca/en](http://www.futurpreneur.ca/en)

**Arctern Ventures**

*Description:* Arctern Ventures is a venture capital firm investing in early stage cleantech start-ups. Their target sectors are energy, natural resources, advance manufacturing and materials, agri-tech and mobility. Arctern often invests alongside government or private investors.

*Available Funding:* Investments are determined on a case-by-case basis.

*Eligibility:* The company must operate in one of the target sectors. Otherwise, there are no set eligibility requirements.

*Website:* [www.arcternventures.com](http://www.arcternventures.com)

**Mitacs Elevate Program**

*Description:* Mitacs is a national NPO that has designed and delivered research and training programs in Canada for 20 years. Corporations can become partner organizations through the Mitacs’ Elevate Program, a postdoctoral fellowship with a customized research management training component.

*Available Funding:* Partner organizations are expected to provide $30,000, and Mitacs provides $30,000, for a total research grant of $60,000 per year.

*Eligibility:* The program is a postdoctoral fellowship, regardless of discipline. A minimum one-year research project (normally two years in duration) is conducted with a partner organization in need of high-level expertise.

**New Brunswick Innovation Foundation**

**Description:** A not-for-profit organization that runs three separate funds investing in start-ups and small to medium enterprises (SMEs) in New Brunswick. The three funds, the Innovation Voucher Fund, Startup Investment Fund and Venture Capital Fund offer different levels of funding to assist a variety of companies.

**Available Funding:** Innovation Voucher Fund – grant of up to $80,000 to cover 80% of costs. Startup Investment Fund – up to $100,000. Venture Capital Fund – between $50,000 and $1 million.

**Eligibility:** Requirements vary between the three funds. Businesses must be located in New Brunswick. The Innovation Voucher Fund is only available to SMEs defined as companies with fewer than 500 employees that have been operating for at least 24 months.

**Website:** [https://nbif.ca/en/about/](https://nbif.ca/en/about/)