

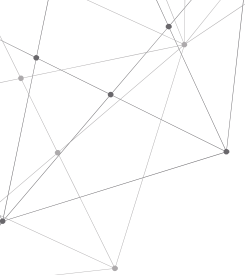


**CANADA'S DIGITAL  
TECHNOLOGY  
SUPERCLUSTER**

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# Co-investment Guidelines

February 2020




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## Disclaimer

This document is for information purposes to provide a general understanding about eligibility for Supercluster co-investment and the acceptable uses of funds. The guidance provided within this document does not bind Canada's Digital Technology Supercluster or the Government of Canada and is subject to change at any time. Actual co-investment determinations will be made by the Supercluster based on the then current Supercluster policies.





## 1 Introduction

Canada's Digital Technology Supercluster ("the Supercluster") will position Canada as a global leader in digital innovation by unlocking the potential of data to transform our economies and securing economic success and social wellbeing for Canadians. We invest in ambitious projects that propose solutions that have the potential to transform industries and propel the economic growth of Canada.

Our investments are aimed at creating digital solutions that can be extended across multiple industries including natural resources, healthcare and industrial sectors. This will create products, processes, platforms and companies that will drive new commercial opportunities and provide access to untapped markets. We support industry-driven research and the development of digital innovations that will support the transformation of our industries and drive us to global leadership. The Supercluster delivers the Technology Leadership Programs to enable the projects that will lead to the adoption and creation of such innovations.

Our investment in technology development will also integrate the development of a diverse and skilled workforce to support the scaling of small and medium enterprises and a robust innovation ecosystem. We support projects and opportunities that will support our mandate to build capacity in the digital technology ecosystem, increase the breadth and diversity of talent in the sector and expand Canada's capacity to be a global leader in digital technology development, adoption and deployment. The Supercluster delivers the Capacity Building Program to enable projects that will support this mandate.

The purpose of the Co-Investment Guidelines is to provide guidance on eligibility for Supercluster co-investment and the acceptable uses of funds. For more information on projects and how to participate, refer to the Program Guide found on the Member Resource Portal.

## 2 What is meant by "co-investment"?

The term "co-investment" refers to the concept of the project consortia and the Supercluster co-investing together in a project. Members of selected projects are eligible to receive reimbursement of up to 43% of total project costs. Please note that co-investment is subject to the eligibility of project costs and is only available for eligible members in good-standing. See Section 3 to determine your organization's eligibility and Section 4 for eligible and ineligible costs.



### 3 Organizations eligible for co-investment

#### A Technology Leadership Projects

While all types of organizations are able to participate in Technology Leadership projects, **only Founding Member, Gold Member or Regular Member** are eligible for co-investment, providing they meet the following criteria.

Type of organization	Members*	Associates
For-profit	✓	✗
Not-for profit	✓**	✗
Post-secondary institutions	✗	✗
Non-federal crown corporations (whose funding is derived from commercial activities)	✓	✗
Federal crown corporations	✗	✗
Federal, provincial, territorial or municipal government sources	✗	✗
Other entities	<i>If approved in advance by the Supercluster</i>	

\* "Members" refers to any Founding, Gold or Regular Member only

\*\* if they facilitate and fund research and development and whose funding is received primarily from private sector organizations



## B Capacity Building Projects

While all types of organizations are able to participate in Capacity Building projects, only the following organization types are eligible for co-investment, providing they meet the following criteria.

Type of organization	Members*	Associates
For-profit		
Not-for profit		
Post-secondary institutions		
Non-federal crown corporations (whose funding is derived from commercial activities)		
Federal crown corporations		
Federal, provincial, territorial or municipal government sources		
Other entities	<i>If approved in advance by the Supercluster</i>	

\* "Members" refers to any Founding, Gold or Regular Member only



## 4 Co-investment eligibility principles

Project costs eligible for Supercluster co-investment are those that are incremental, reasonable and directly relate to project execution and achievement of the project objectives.

The Supercluster will co-invest in Eligible Project Costs (outlined below). Project teams are required to track and report on all costs as detailed below.

### A Eligible Project Costs


Project costs eligible for Supercluster co-investment are:

- a) direct costs of the project;
- b) portion of gross wages, salaries or contracts incurred and can be specifically identified and measured as having been performed on project activities;
- c) costs related to equipment, facilities and supplies, including purchase, rental, operation and maintenance costs;
- d) user fees;
- e) materials and supplies;
- f) incremental room or facility rentals in respect of the project;
- g) costs related to rent facilities to support conferences and related telecommunication expenses;
- h) travel costs, including meal and accommodation costs in accordance with the [National Joint Council Travel Directive](#);
- i) dissemination costs (publication and other activities);
- j) capital expenditures that are linked to the objectives of the project, vital for the success of research, development, demonstration or commercialization of the project, and not otherwise available as a shared resource. Capital expenditures over \$1 million must be pre-approved by the Supercluster before purchase;
- k) foreign costs: on an exceptional basis, the Supercluster may authorize expenditures incurred outside of Canada if, they are necessary for the success of the project and could not otherwise be undertaken in Canada. Approval is required in advance for any Project Costs to be incurred outside of Canada; and
- l) discounted cash costs, which are a good or service that is sold, or will be sold, as part of an organization's normal business model. These costs are assessed at fair market value, require pre-approval and are maxed at 25% of the total industry's contribution of project costs.

### B Ineligible Project Costs

Project costs not eligible for Supercluster co-investment are:

- a) costs unrelated to achieving the objectives of the project;
- b) expenses relating to the construction, purchase of a building or land,

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- c) gross wages, salaries or contracts in excess of \$300,000 per year;
  - d) fines, penalties, cancellation fees;
  - e) provisions for contingencies;
  - f) losses on investments, other projects, contracts, bad debts or expenses for the collection charges;
  - g) taxes;
  - h) non-incremental costs including depreciation or amortization, excess facilities, vacant or unused space;
  - i) honoraria, gifts, donations, entertainment expenses and alcoholic beverages;
  - j) dues and other memberships other than regular trade and professional associations;
  - k) discretionary severance or separation packages;
  - l) extraordinary or abnormal fees for professional advice;
  - m) costs related to the routine administration and operation including overhead;
  - n) costs for which any project consortium member organization is eligible for a rebate or tax credits from federal, provincial, territorial or municipal government sources;
  - o) legal, accounting and consulting fees in connection with contract negotiations, litigation or financial reorganization.

## 5 Co-investment eligibility principles

The conditions for co-investment by the Supercluster are:

- a) **A signed Master Project Agreement** between all project consortium participants, including the Supercluster.
- b) **A budget summary** that outlines all project costs and funding for the project.
- c) Certification by a senior executive with signing authority from each consortium organization confirming that all cost submissions are accurate, meet the eligibility criteria and are incremental for the organization
- d) **Membership in the Supercluster and the project are both in good standing.** An organization is considered in good standing if they remain current on payments due (such as Program Management Fees) and comply with the Supercluster Code of Conduct and terms outlined in the relevant Master Project Agreement(s).
- e) **Reporting** is received that complies with the Supercluster's requirements and includes details of spending against plans, supporting documents, and metrics.

*The Supercluster reserves the right to withdraw its agreement to co-invest in any selected project that does not meet the requirements of the program or if there is a substantial change to the project or budget that is not approved.*