



CANADA'S DIGITAL
TECHNOLOGY
SUPERCLUSTER

TECHNOLOGY LEADERSHIP PROGRAM
CO-INVESTMENT GUIDELINES
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Table of Contents

DISCLAIMER	1
INTRODUCTION	2
WHAT IS MEANT BY “CO-INVESTMENT”?	2
ORGANIZATIONS ELIGIBLE FOR CO-INVESTMENT	2
CO-INVESTMENT ELIGIBILITY PRINCIPLES	3
ELIGIBLE PROJECT COSTS	4
INELIGIBLE PROJECT COSTS	4
OTHER GOVERNMENT FUNDING	5
CO-INVESTMENT CONDITIONS	5



Co-Investment Guidelines

Technology Leadership

Disclaimer

This document is for information purposes to provide an understanding about the types of expenses that are eligible for Supercluster co-investment for Technology Leadership projects. This guidance does not bind the Digital Supercluster or the Government of Canada and is subject to change at any time. Actual co-investment determinations will be made by the Digital Supercluster at the time a claim is submitted.





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

2 What is meant by "Co-investment"?

The term "co-investment" refers to the concept of project partners and the Supercluster investing together in a project. The Supercluster's co-investment portion is up to 43% of total eligible project expenses paid by eligible organizations who are Members of the Supercluster.

3 Organizations Eligible for Supercluster Co-investment

Supercluster co-investment is paid to organizations that are for-profit Members of the Supercluster, representing industry, and non-profit Members whose funding is primarily sourced from private organizations ("Eligible Members"). However, we encourage all types of organizations to participate in projects.



4 Co-investment Eligibility Principles

Eligible costs must be incremental, reasonable, and directly relate to the execution and achievement of project outcomes. Co-investment is paid to Eligible Members against their actual Eligible Project Costs (outlined below) after a claim is approved. Project teams are required to track project expenses, substantiate them with evidence, and report on their project costs. Project expenses are subject to an audit by the Supercluster and/or the Government of Canada.



A Eligible Project Costs

- a) direct costs of the project related to the achievement of project outcomes and specifically attributable to the completion of project deliverables
- b) portion of gross wages, salaries or contracts incurred and can be specifically identified and measured as having been performed on project deliverables;
- c) statutory paid employee benefits (CPP, EI, Employer Health tax, workers compensation)
- d) costs related to equipment, facilities and supplies, including purchase, rental, operation and maintenance costs;
- e) user fees;
- f) materials and supplies;
- g) incremental room or facility rentals in respect of the project;
- h) incremental costs to support conferences and related telecommunication expenses;
- i) travel costs, including meal and accommodation costs in accordance with the [National Joint Council Travel Directive](#);
- j) dissemination costs (publication and other activities);
- k) 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;
- l) 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 cannot otherwise be undertaken in Canada. In order to be eligible, Supercluster **pre-approval is required in advance** of any spending to determine eligibility of any project costs incurred outside of Canada; and
- m) Existing IP, if it is already commercialized such as software licenses. If existing IP is eligible, a special claim process is required. If IP is not commercialized prior to the start of the project, then it is not eligible for co-investment.

B Ineligible Project Costs

- a) costs unrelated to achieving the objectives of the project;
- b) gross wages, salaries or contracts in excess of \$300,000 per person per year;
- c) extended health benefits for employees in excess of statutory benefits
- d) taxes, fines, penalties, cancellation fees or contingencies;
- e) costs for which any project consortium member organization is eligible for a rebate or tax credits from federal, provincial, territorial or municipal government sources;
- f) non commercialized IP costs such as software work in progress,
- g) expenses relating to the construction, or purchase of a building or land,
- h) legal, accounting and consulting fees in connection with, litigation or financial



reorganization or extraordinary or abnormal fees for professional advice. Fees related to the Supercluster application process and Master Project Agreement completions unless pre-approved by the Supercluster;

- i) non-incremental costs including depreciation or amortization, excess facilities, vacant or unused space and costs related to the routine administration and operation including overhead or discretionary severance or separation packages;
- j) losses on investments, other projects, contracts, bad debts or expenses for the collection charges;
- k) honoraria, gifts, donations, entertainment expenses and alcoholic beverages;
- l) dues and other memberships other than regular trade and professional associations.

C Other Government Funding

Other Government Funding received for the same project expenses is required to be disclosed by each project participant receiving Supercluster Co-Investment. Funds received from any other government source, with the exception of Scientific Research & Experimental Development credits, decreases the amount eligible for co-investment.

5 Co-Investment Conditions

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** that outlines all project costs and funding by type of expense, participant and funding for the project.
- c) Confirmation and satisfaction by the Supercluster of each participant's ability to fund their portion of the project for the duration of the project.
- d) Certification by a senior executive with signing authority from each Eligible Member confirming that budgets are accurate, meet the eligibility criteria and are incremental to the organization
- e) **Membership in the Supercluster and good standing as a Member.** An organization is considered in good standing if they remain current on payments due (such as Membership Fees) and comply with the Supercluster Code of Conduct and terms outlined in the related Master Project Agreement(s).
- f) **Reporting** is received that complies with the Supercluster's requirements and includes details of spending against plans, supporting documents, and metrics as outlined in the related Master Project Agreement.

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