

# Saskatchewan Advantage Innovation Fund (SAIF) Program Guidelines

## *Introduction*

The Saskatchewan Advantage Innovation Fund (SAIF), is a research and development (R&D) funding program managed by Innovation Saskatchewan (IS). It is intended to support and accelerate commercialization of game-changing technological innovations in the province's core economic sectors.

Through SAIF, IS provides non-repayable grants for approved projects proposed by a group of companies. Expressions of interest (EOI) can be submitted at anytime. EOIs will be evaluated at the following intake deadline. Only shortlisted applicants will be invited to submit full proposals.

## *Program Objectives*

1. Support industry-driven, innovative R&D projects proposed by a consortium of companies.
2. Support and accelerate commercialization of innovative technologies that will benefit (an) economic sector(s).
3. Create broad and tangible economic benefits through technological innovations.

## *Eligibility Criteria*

All applications must meet the following criteria to be considered for funding:

1. Proposed by a group of active private sector partners. Ideally, the group should be representative of the project's full value chain, including researchers, those involved in the production/supply process, and customer/end users.
  - **Active partner:** participating in the project either through cash and/or in-kind contribution, equity investment, and/or letter of intent to purchase.
  - The lead proponent must be a private entity based in Saskatchewan.
  - Priority is given to proposals that also have an academic partner from a Saskatchewan post-secondary or research institute.
2. Demonstrate how the technological innovation will solve a specific industry-wide challenge and benefit the sector as a whole, not just individual companies.
3. Development of novel and innovative solutions.
4. Demonstrate a feasible path to commercialization, benefits expected, and how those impacts will be sustained in the long-term.
5. Industry partners providing half or more of the proposed project's budget. The amount requested from IS is no more than 30% of the proposed budget.

SAIF will accept applications for R&D projects related to the following areas:

1. Mining
2. Energy
3. Agricultural Technologies
4. Manufacturing
5. Education
6. Healthcare

As part of the EOI evaluation process, all proponents will be required to fill out a questionnaire to determine whether the proposed project meets the above criteria. Projects that do not meet the eligibility criteria will not be invited to submit full proposals.

### ***Funding Structure***

SAIF grants are capped at a lifetime maximum of \$450,000 for each lead proponent. Proponents should only request amounts that can be broken down into justifiable costs. Unjustified expenditures will negatively affect the success of an application. Projects that are shorter than 3 years in duration are subject to lower maximums.

In addition to the limit on grants, IS will provide no more than 30% of the project's budget. Industry partners must provide 50% or more of the budget. The remaining amounts can be secured from other sources (i.e. federal funding agencies). In-kind matching contributions cannot exceed 20% of the budget and must be valued at cost.

Proponents must disclose term sheets if the contribution budget includes equity investments. IS reserves full discretion to declare equity investment ineligible as part of the proponent's contribution.

Once funding has been approved, IS will disburse payments based on achievements of milestones, submission of progress reports and dates as specified in the contract. The final payment will be disbursed at the end of the contract after the final report has been received by IS.

### ***Stacking Policy***

Any contributions provided by an IS-funded institute will be counted towards IS' contribution (i.e. IMII, PTRC, CLS, SHRF, Fedoruk Centre, and VIDO). Funding stacked from other provincial government sources will be considered on a case-by-case basis.

Applicants applying to both SAIF and the Saskatchewan Technology Start-up Incentive (STSI) are limited to a lifetime cap of \$450,000 combined between the two programs (ie. SAIF \$250,000 +

STSI \$200,000). The total amount of funding stacked will be calculated by adding the contribution being requested under SAIF to the total amount of tax rebates the primary proponent's investors are slated to receive under STSI. It is highly recommended that applicants applying to both SAIF and STSI contact the program manager.

### *Eligible Costs*

Funding from SAIF can be used to cover costs deemed essential to the R&D of the technology leading up to commercialization. Eligible costs include but not limited to the following:

- Capital expenditures (ie. Equipment purchase)
- Contracted services
- R&D labour (ie. Salaries of R&D personnel)
- Intellectual property generation and protection
- Travel

IS reserves full discretion to declare expenditures ineligible. Ineligible costs include but are not limited to the following:

- Capital expenditures not critical to the project
- Marketing
- Land and building purchase
- Non-R&D personnel salaries
- Professional/association membership fees and dues
- Hospitality and entertainment

## ***Application Process***

### *Annual Intakes*

Intakes for SAIF are held twice per fiscal year. Prospective applicants are to submit an EOI and complete the "Eligibility Questionnaire" before the EOI deadline to be considered for funding. Only selected applicants will be invited to submit full proposals. Shortlist decisions made by IS' internal selection committee are final.

In years where applicants exceed available funding, only proposals determined to be most strategically aligned with the province's R&D priorities will be invited to submit full proposals. The number of grants approved per year will be based on budget availability.

Below are important dates for each intake periods:

#### **Intake Period 1:**

*April 30* – Deadline for EOIs

*May 31* – All invites for full proposals sent  
*July 31* – Deadline for full proposals  
*September 30* – Funding decisions made

**Intake Period 2:**

*September 30* – Deadline for EOIs  
*October 31* – All invites for full proposals sent  
*December 31* – Deadline for full proposals  
*February 28* – Funding decisions made

*Expression of Interest*

EOIs are evaluated based on their alignment with the eligibility criteria and IS' strategic priorities. Only shortlisted proponents will be invited to submit full proposals.

The EOI should be no longer than three pages. Applicants must use the template provided to develop the EOI. EOIs not using the template will not be accepted. Below are the evaluation criteria that must be fully addressed in the EOI by the applicant:

1. **Project Overview:** Provide an overview of the proposed project and the technology being developed. Include the project's objectives, major activities planned, partners, and timeline.
2. **Benefits to Sector:** Demonstrate that the technology being developed is driven by industry's demand. Highlight the specific industry challenge being addressed by the proposed technology. Explain how the technology will provide broad and tangible benefits to the related sector(s).
3. **Innovation:** Demonstrate that the solution being developed is innovative and unique, not a derivative of or minor improvement on existing technologies. Outline the risks involved, justifying government support for the project.
4. **Path to Commercialization:** Outline a feasible path towards commercialization. Provide an overview of the plan to bring the developed technology to market.

The EOI must be submitted alongside with a completed copy of the "Eligibility Questionnaire".

*Application Guidelines*

The full application should not exceed 20 pages. Applicants must use the template provided to develop the application. Applications not using the template will not be accepted.

Below are the evaluation criteria that must be addressed fully in the proposal by the applicant:

1. **Executive Summary:** Expand on the overview in the EOI. Provide background, objectives, activities planned, and how the results of the project will be implemented in the long-term to create positive impacts in the province.
2. **Alignment with Industry Needs:** Demonstrate industry demand for the technology being developed. Explain how the proposed technological innovation will solve a specific industry challenge and benefit stakeholders in the sector.
3. **Financial Leverage:** Provide a detailed breakdown of the project's funding sources:
  - Amount requested from SAIF;
  - Amount provided by the applicant's industry partners;
  - Other sources of funding (i.e. Federal government, universities, research institutes, etc.);
  - Percentage of each source of funding (including SAIF); and
  - Completed copy of the "Financial Questionnaire and Information Request Form" in the appendices.
4. **Academic Research Asset Leverage:** Identify the Saskatchewan-based research infrastructure and personnel to be utilized by the project, if any. Explain how the project will be leveraging these assets to assist with developing the technology. Academic research assets include, but are not limited to:
  - Research institutes (i.e. Canadian Light Source, VIDO-InterVac, etc.);
  - Researchers employed at a Saskatchewan research institute, university or polytechnic; and
  - University-owned research infrastructure.
5. **Project Design:** Describe in detail how the project will be carried out to reach its objectives. Include the following:
  - Detailed description of work required and deliverables;
  - Cost breakdown and justification for the amount requested from SAIF;
  - Project timeline; and
  - Further R&D or commercial activities planned after SAIF's investment period.
6. **Proponent Capacity:** Demonstrate the applicants' capacity to carry out the project from start to finish. Identify any unique expertise or capabilities each partner brings to the consortium. Provide a list of personnel who will be involved in the project and brief biographies.
7. **Technology Adoption:** Identify the group(s) who will benefit from the results of the project and their readiness to adopt the technological innovation. Describe efforts to address challenges in the market's ability to adopt the technology. Include at least two letters of intent in the appendices from committed customers.
8. **Competitive Analysis:** Submit a table outlining direct or indirect competitors in the market. Demonstrate how the technology being developed differs from that of competitors. Discuss what advantages or disadvantages the technology has over existing products/services.
9. **Risks:** Identify and discuss potential risks in developing and implementing the proposed technology. Specify if there are any regulatory risks or hurdles associated with the

technology. Include a table of risks identified, likelihood, severity, and mitigation strategies.

**10. Economic Impact:** Estimate and quantify the economic impact the project and the resulting technology will have on the province. Provide a detailed breakdown of the estimated amounts. This can include:

- Jobs created;
- Private investment attracted; and
- Increased productivity in the relevant sector(s).

**11. Environmental Impact:** Describe potential positive and/or negative impacts to the environment associated with the project, if any.

**12. Impact Sustainability:** Discuss the long-term sustainability of the technology being developed. Outline a plan of action to bring the technology to additional markets and to ensure it creates long-term impacts. Include an intellectual property (IP) management plan.

### *Financial Questionnaire and Information Request Form*

This form must be submitted in the appendix as part of the full proposal. The document and the information requested are used to determine the primary proponent's financial capacity to carry out the project from start to finish. An external independent consultant will review the materials and provide an assessment of the state of the proponent's financial health.

### *Letters of Intent from Customers*

All applications must include at least two letters of intent from prospective and/or committed customers of the technology being developed. These letters ensure the proponent has completed market validation and that there is demand for the technology being developed. Having more than two letters of intent and committed buyers will significantly strengthen an application.

### *Evaluation Process*

Evaluation of SAIF proposals is a rigorous, multi-stage process to ensure public funds are being invested in strategically aligned projects with the highest potential return on investment. It will take approximately two months from the submission deadline before funding decisions are made. This process is outlined below:

#### *Preliminary Review and Proposal Refinement*

Once the project proposal is received by IS, a preliminary evaluation will be conducted internally. This process is done to determine whether the application has adequately addressed all the evaluation criteria and readiness for review by the advisory committee. If gaps are identified, IS will work with the proponent to revise the application. Proponents will have approximately one

month before the final version of the application is presented to the advisory committee for review.

### *Technical and Financial Review*

To determine a proposal's technical merit and financial feasibility, IS contracts independent external subject matter experts to provide recommendations. These independent external reviewers will evaluate:

- Technical claims;
- Accuracy of cost projections;
- Feasibility of anticipated results;
- Proponents' technical capacity to carry out the project;
- Primary proponent's financial health;
- Primary proponent's financial capacity to carry out the project; and
- Business case/feasibility.

The technical and financial reviews occur at the same time as the preliminary review. This allows the program lead to provide prompt feedback to the proponent should any technical and/or financial gaps be identified.

### *SAIF Advisory Committee Review*

After the preliminary reviews and refinements are completed, the proposals will be reviewed by the SAIF Advisory Committee. This committee consists of external experts in industry, academia and/or policy. Evaluations are conducted based on the program criteria as outlined in the "Application Guidelines" section.

Proposals are first reviewed individually by each of the committee members. The committee will then meet to decide on whether to recommend the project(s) to the Board of Directors for approval based on the scores aggregated from the individual reviews.

### *Board of Directors Approval*

IS' Board of Directors is comprised of individuals with business, legal, and/or government backgrounds. Applications recommended to the IS Board of Directors for approval will be evaluated based on their strategic alignment with provincial priorities and IS' strategic objectives. Approval will also depend on the funding amount requested from SAIF and the level of funding available.

## *Important Information*

### *Funding Contract Structure*

After an application has been approved by IS' Board of Directors, the proponent group has 30 days to sign the agreement. Failure to sign the agreement within the allotted time will result in the rescindment of approval.

The funding contract will be made between IS and the project's primary proponent. It is recommended that the primary proponent has contracts or service agreements in place with other members of the proponent group.

### *Intellectual Property*

IS will not assume ownership of any product and/or solution that results from funded projects. An IP agreement must be in place between all members of the proposing industry consortium prior to funding being approved. IP disputes between members of the proponent group resulting in extended delays and/or deviations from the original project objectives could result in discontinuation of funding (refer to "Termination of Contract" below).

The proponent group is responsible for ensuring it has the freedom to operate. IS will not assume any costs or damages related to potential IP disputes with a third party. IS retains the right to terminate funding if a project becomes stalled due to IP issues.

### *Confidentiality*

IS will not release personal, technical, and/or financial details of a project to any party without the explicit consent from the primary proponent. Funding contract details will remain confidential between IS and the primary proponent. Consultants contracted by IS to evaluate proposals are bound by non-disclosure agreements. IS may coordinate with other provincial and/or federal funding bodies contributing to the project. Information may be shared between these funding parties.

### *Media Releases*

From time to time, IS will make public media releases on funding decisions and projects. Proponents will be notified and consulted with prior to any releases being made. IS will not disseminate any personal or commercially sensitive information referenced above under "Confidentiality" without explicit consent from the primary proponent.



### *Termination of Contract*

IS retains full discretion to terminate contracts and discontinue funding for reasons including, but not limited to the following:

- Change in project objectives;
- IP disputes between proponent group members that result in extended delays or deviations from the original project objectives;
- Disbandment of the proponent group; and/or
- Missed milestones and/or progress reports.

IS should be notified of any anticipated delays in order for the SAIF lead to work with the proponent in developing a feasible action plan and/or amend the funding contract to reflect revised deadlines. If the proponent fails to produce a satisfactory action plan to address extended delays in meeting milestones and/or submitting progress reports, a 60-day notice will be given before funding for the project is terminated.

### *Reporting Requirements*

The primary proponent will be required to submit periodic progress reports throughout the duration of the project. Funding payments are tied to submission of progress reports. The final payment is tied to the submission of the final report. A progress report template will be provided to the proponent, which clarifies information expected to be included in the reports.