
PROGRAM GUIDE: GLOBAL PARTNERSHIPS: ALBERTA – NUEVO LEON INNOVATION AND COMMERCIALIZATION PROGRAM

PROGRAM OVERVIEW

Background

The Government of the State of Nuevo Leon, Mexico and the Government of Alberta have signed a memorandum of understanding (MoU) to initiate a program on developing innovation and commercialization to participants from both regions on a planned annual basis.

The Alberta - Nuevo Leon Innovation and Commercialization program is designed to support Small Medium Enterprises (SMEs) from Alberta, Canada and Nuevo Leon, Mexico to collaborate on novel and innovative technology development leading to future educational, labor and commercialization opportunities that will enhance relations and trade between and provide mutual benefit to both regions.

This collaboration is intended to improve opportunities for joint projects in technology development, as well as commercialization activities between Alberta and Nuevo Leon. Participating SMEs can benefit from increased market, revenue and new products and services.

Program Details

The Alberta - Nuevo Leon Innovation and Commercialization Program is available to SMEs with less than

500 employees. Each Project must have a minimum of one Applicant from each jurisdiction (Alberta and Nuevo Leon) with an interest in commercializing the technology.

The priority areas of technology for Round 1 (2019-2020) are of ICT (Information and Communications Technology) and can include IoT (Internet of Things), Mobile; Data Analytics, Artificial Intelligence; and, Block Chain technologies.

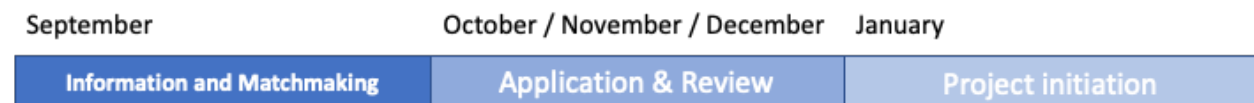
Alberta Innovates (AI) works, in conjunction with our Nuevo Leon Partner, Secretaria de Economica y Trabajo, to help respective SMEs find a relevant partner to take part in the competitive process for the program. Joint matchmaking sessions are held, based on company provided criteria, to define and attract a suitable partner.

Potential Projects can include proof of concept, industry patent commercialization, prototype development and technology demonstration. This includes start-ups and mature company product diversification.

The matching grant Program provides industry-focused collaboration leading to commercialization of products and services in both jurisdictions.

HOW THE PROGRAM WORKS

The Alberta - Nuevo Leon Innovation and Commercialization Program works in “rounds” with one round per year. Below outlines a general timeline and high-level process.



Round 1 will be condensed to provide a path to enable Project(s) to be started by January 2020.

Eligibility

(a) Applicant Eligibility Criteria - To qualify as an Applicant, an Alberta SME is required to satisfy the following criteria:

- be a for-profit SME;
- demonstrate the relationship between the Alberta Applicant and the Nuevo Leon Applicant does not create a conflict of interest;
- meet the following definition of an SME: a company with fewer than 500 Full Time employees, and less than \$50,000,000 annual revenue;
- have a physical presence in Alberta or Nuevo Leon;
- be a legal entity:
 - incorporated in Alberta or Nuevo Leon; or

- incorporated federally or in another jurisdiction and extra-provincially registered in Alberta; or
- a General Partnership, Limited Partnership or Limited Liability Partnership and registered in Alberta;
- have no outstanding balance or otherwise owe money to Alberta Innovates and its subsidiaries, InnoTech Alberta and C-FER Technologies, or with the government of Nuevo Leon.

(b) Project Eligibility Criteria

To qualify for funding all Projects must:

- have the participation of at least one Applicant from each jurisdiction;
- fall within the round priority area of technology;
- attend all Program workshops and Program related sessions (mandatory);
- be completed within two (2) years from Project beginning;
- Nuevo Leon Applicant must be approved by Secretaria de Economia y Trabajo in Nuevo Leon prior to Application;
- not be pure research in nature and must have potential for commercialization, including patents;
- include a commitment to 4 face-to-face meeting during the term of the Project;

Program Objectives and Performance Measurement

The Alberta – Nuevo Leon Innovation and Commercialization Program has wide ranging objectives and impact for Applicants and both jurisdictions.

The matching grant Program funds on a milestone completion basis. This means the Alberta Applicant is expected to complete a task and submit a Progress Report before Alberta Innovates advances the next tranche of funds. The same applies in Nuevo Leon.

Once Projects are completed, Alberta Innovates continues to monitor performance to accurately evaluate the economic, social and environmental benefits realized for the province.

All Investment Agreements outline performance indicators tracked over the course of the Project and the responsibilities of the Alberta Applicant to report on outcomes subsequent to the completion of the Project. Alberta Innovates also has a common set of performance metrics it monitors, both at the individual Project level and for the aggregate Program. These are highlighted on the next page.

Objectives and Performance Metrics



SME BENEFITS

Collaborative technology development in a “non-competitive” environment

“Soft landing” for **international commercialization**

Funding de-risk for technology and commercialization development

Established **pilots** in discrete environments

Long-term **business partnerships** that extended market access

Quality human resources and **highly qualified people** unavailable regionally

New **capital sources** for growth

Alternative markets to guard against regional trends



PROJECT PERFORMANCE INDICATORS

of SMEs participating in the matchmaking

of joint Applications submitted

of successful Projects

SME satisfaction rates

\$ invested in Alberta as a result of the Project

SHORT TERM



PROGRAM PERFORMANCE INDICATORS

Revenue growth

Job growth

Export growth

Increase in the number of customers served

\$ invested in Alberta as a result of the Program

LONG TERM



ALBERTA OBJECTIVES

Demand-pull innovation increases success of government investment

Increased industry **R&D spending**

Globally competitive SMEs and large-scale enterprises

How Funding Works

(a) Project Funding

The Program is a “matching” grant Program, whereas each Applicant and funding agency provide equal contributions to the Project. The maximum allowable funding from Alberta Innovates is \$250,000. This must be equally matched by the Alberta Applicant with 50% as cash towards the Project and 50% in-kind towards the Project. The Nuevo Leon Applicant and Secretaria de Economia y Trabajo will also equally match this amount for an estimated Project total of \$1million Canadian.

Funding will be dispersed to successful Applicants at the end of each milestone based on milestone proof, over the maximum two-year Project.

Alberta Innovates encourages co-funding of Projects with other funding agencies but employs a stacking limit to ensure there is sufficient financial commitment from the industry partner and Applicant. The stacking limit is employed as follows: the maximum level of total government assistance, whether from federal, provincial/territorial, or municipal sources, cannot exceed 75% of the eligible Project Costs.

(b) Eligible and Ineligible Expenses

Alberta Innovates funds expenses directly attributable to the performance of agreed upon Projects. All costs incurred must be critical to the performance of the Project, as outlined in the Application.

Alberta Innovates only funds reasonable costs incurred subsequent to a signed Investment Agreement between Alberta Innovates and the Alberta Applicant. Any costs incurred prior to the signing of the Investment Agreement, or costs greater than market prices are deemed ineligible. Please refer to our standard form Investment Agreement to get an in-depth understanding of eligible and ineligible costs.

The chart below provides a high-level summary of eligible and ineligible expenses.

If in doubt on eligible or ineligible cost during the Project, contact AI for determination. Please note that these expenses do not reflect allowable expenses as outlined by Nuevo Leon.

Summary of Eligible and Ineligible Expenses

Category	Eligible Expenses	Ineligible Expenses
Labour	<ul style="list-style-type: none"> ✓ Salary and benefits for new hires, individuals who are specifically working on the Project 	<ul style="list-style-type: none"> ✗ Overhead costs charged to employee labour rates ✗ Professional training & development ✗ Professional fees unless directly related to the Project
Materials	<ul style="list-style-type: none"> ✓ Reasonable material costs directly attributed to the Project 	
Capital Assets & Software	<ul style="list-style-type: none"> ✓ Capital improvements ✓ Capital equipment ✓ Software or information databases <p><i>Note: Eligible costs will be pro-rated to the Project time frame based on the asset's expected economic life</i></p>	<ul style="list-style-type: none"> ✗ Acquisitions of land or buildings ✗ The undepreciated value of eligible capital costs which extends beyond the Project timeframe ✗ Duplication of infrastructure, access to facilities, equipment and services in Alberta and Nuevo Leon
Travel	<ul style="list-style-type: none"> ✓ Mileage, lowest economy class airfare, and accommodation where the SME Partner's place of business is located. 	<ul style="list-style-type: none"> ✗ Costs relating to meals, entertainment, hospitality and gifts ✗ Passport or immigration fees ✗ Reimbursement for airfare purchased with personal frequent flyer programs ✗ Commuting costs between place of residence and place of employment
Sub-contractors	<ul style="list-style-type: none"> ✓ Services or products of another entity 	<ul style="list-style-type: none"> ✗ Costs associated with applying for government grants and programs ✗ Provisions for contingencies, technical or professional journals ✗ Routine testing and maintenance
Other	<ul style="list-style-type: none"> ✓ Costs which Alberta Innovates pre-approves in writing as an eligible expense 	<ul style="list-style-type: none"> ✗ Collection charges, allowance for interest on debt, fines and penalties ✗ Federal and provincial income taxes, goods and services taxes ✗ Expenses for projects or activities outside the approved Project

HOW TO APPLY

The Alberta - Nuevo Leon Innovation and Commercialization Program is delivered in three phases.



PHASE 1 Solicitation and Matchmaking

The **Solicitation phase** is to establish the company profiles to share with our Nuevo Leon funding partners. Alberta SMEs complete a company profile sheet that outlines their company, requirements, and the type of company they are looking to partner with. AI shares the profile sheets with the Nuevo Leon funding partner to find potential partners. **Matchmaking phase** –brings SMEs from Nuevo Leon and Alberta together in 2 matchmaking events in both jurisdictions. This gives SMEs the opportunity to meet, have on-site visits and work on building a relationship with the potential partner prior to the application process



PHASE 2 Application & Evaluation

Applicants have four to six weeks to submit a **joint Application** on their Project.

Applications outline the Project, the benefits and the Project finances are competitive and address intellectual property (IP) rights.

Applications are measured against nine criteria, including Project summaries and Project plans.

Applications are reviewed using independent third-party reviewers from each region evaluate and rank the Applications.



PHASE 3 Project Management

For approved Applications, the Alberta Applicant will execute an agreement with Alberta Innovates to proceed with the activities of the Project.

On-going management, reporting of milestones and payments on each milestone based on success.

EVALUATION PROCESS

During the different phases of the Program, Alberta Innovates and Secretaria de Economia y Trabajo leverage internal staff, and external expert reviewers to evaluate Applications submitted by Applicants. Alberta Innovates and Secretaria de Economia y Trabajo retain the sole right to determine the evaluation process and does not disclose the names of its external reviewers to ensure their objectivity and impartiality. All external parties are subject to both confidentiality and conflict of interest policies set by Alberta Innovates.

The assessment criteria and all investment decisions are at the sole discretion of Alberta Innovates and Secretaria de Economia y Trabajo.

TERMS AND CONDITIONS

This Program Guide is intended as a high-level overview of the Alberta - Nuevo Leon Innovation and Commercialization Program. It provides interested SMEs with a roadmap of the program processes and benefits. The Program Guide changes for each round to accommodate changes in the Program. This may include technology areas of priority developed between the Executive Steering Committee in Alberta and Nuevo Leon, the amount and variation of funding available and the scope of the matching investment.

Alberta Innovates will only correspond in writing and provide copies of the Application to the person named in the application form as the one authorized to speak for the Alberta Applicant.

Once we have evaluated and approved an Application for funding, Alberta Innovates will require the Alberta Applicant sign our standard form Investment Agreement including updating the Milestone, Reporting and Payment Schedule. A copy of the [Investment Agreement](#) is available on the Alberta Innovates website. The Investment Agreement sets out in detail the roles, responsibilities and obligations of the various Parties to ensure a successful Project. Alberta Innovates will not provide any funding until the Investment Agreement has been signed by all Parties. Alberta Innovates and Secretaria de Economia y Trabajo will only fund Applicants who have satisfied all eligibility criteria. Meeting the eligibility criteria does not guarantee access to funding, and all funding decisions will be made by Alberta Innovates and Secretaria de Economia y Trabajo at their sole discretion. Each region will enter into individual contracts with their respective program manager. Alberta Applicants will enter into an Investment Agreement with Alberta Innovates and Nuevo Leon Applicants with Secretaria de Economia y Trabajo.

Both AI and Secretaria de Economia y Trabajo support the companies through the process and help ensure both companies are participating under the Terms and Conditions of the Agreements. AI and Secretaria de Economia y Trabajo also act as dispute resolution should issues arise. Should you have any questions about this Guide or what is expected, please contact Alberta Innovates.

CONTACT INFORMATION

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