
PROGRAM GUIDE: GLOBAL PARTNERSHIPS: ALBERTA – JALISCO INNOVATION AND COMMERCIALIZATION PROGRAM

PROGRAM OVERVIEW

Background

Since the original memorandum of understanding (MoU) was signed in January 19, 2009, between the Government of the State of Jalisco, Mexico and the Government of Alberta, the Alberta-Jalisco Innovation and Commercialization Program has been offered to participants from both regions on an annual basis.

The Alberta-Jalisco program is designed to support Small Medium Enterprises (SMEs) from Alberta, Canada and Jalisco, 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 Jalisco. Participating SMEs have benefited from increased market, revenue and new products and services.

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

Program Details

The Alberta – Jalisco Innovation and Commercialization Program is available to Alberta SMEs with less than 500 employees (the Applicant). Each project must have a minimum of one Applicant from each jurisdiction (Alberta and Jalisco) with an interest in commercializing the technology.

The priority areas of technology for Round 7 (2017-2018) are; ICT (Mobile, Security, IoT, Data Analytics); Robotics / Artificial Intelligence; Life Science (e-personal health, e-health, e-agriculture); and, Clean Energy (Environmental technologies, green technologies).

Alberta Innovates (AI) works, in conjunction with our Jalisco Partner, COECYTJAL, 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.

HOW THE PROGRAM WORKS

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



Typically, the first part of the year is dedicated to matchmaking and the application process with awarding and project start by the fall.

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 Jalisco Applicant does not create a conflict of interest;
- have a physical presence in Alberta;
- be a legal entity:
 - incorporated in Alberta; 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 or its subsidiaries.

(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 areas of technology;
- attend all program workshops and program related sessions (mandatory);
- be completed within two (2) years from project beginning;
- Jalisco applicant must be approved by COECYTJAL in Jalisco 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 – Jalisco Innovation and Commercialization Program has wide ranging objectives and impact for Applicants and both jurisdictions.

Over the life of a project, Alberta Innovates employs an active project management philosophy, regularly monitoring performance and supporting the Applicant to reach their objectives. Funding is tied to outcomes and achievement of results. For this reason, Alberta Innovates funds on a milestone completion basis. This means the Applicant is expected to complete a task and submit a progress report before Alberta Innovates advances the next tranche of funds.

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

All funding agreements outline performance indicators tracked over the course of the project and the responsibilities of the 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

SHORT TERM



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

LONG TERM



ALBERTA OBJECTIVES

Demand-pull innovation increases success of government investment

Increased industry **R&D spending**

Globally competitive SMEs and large scale enterprises



PROGRAM PERFORMANCE INDICATORS

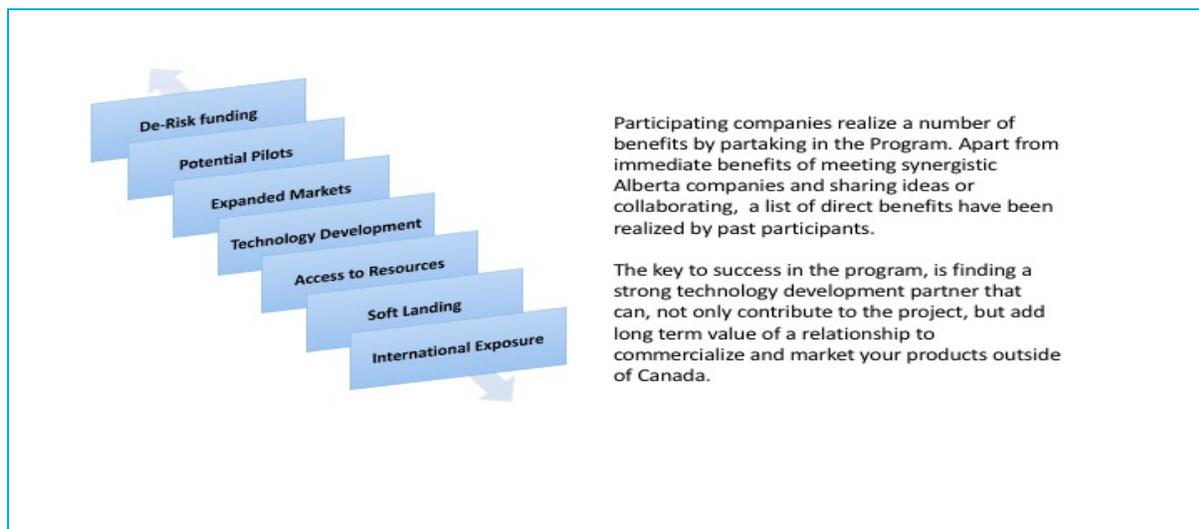
Revenue growth

Job growth

Export growth

Increase in the number of customers served

\$ invested in Alberta as a result of the program



How Funding Works

(a) Project Funding

The program is a “matching” grant program, meaning 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 Jalisco Applicant and COECYTJAL 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; however, such funds are considered ineligible for matching purposes, and will not count towards the total Alberta Project Cost.

(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 funding agreement between Alberta Innovates and the Alberta Applicant. Any costs incurred prior to the signing of the funding agreement, or costs greater than market prices are deemed ineligible. Please refer to our standard form funding 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 non-eligible cost during the project, contact AI for determination. Please note that these expenses do not reflect allowable expenses as outlined by COECYTJAL in Jalisco.

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 Jalisco are not eligible
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 ✗ Costs which have been or will be funded by other government programs ✗ Expenses for projects or activities outside the approved Project

HOW TO APPLY

The Alberta Jalisco 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 Jalisco 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 Jalisco funding partner to find potential partners.

Matchmaking phase –brings SMEs from Jalisco 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 companies.



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 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 COECYTJAL leverage internal staff, and external expert reviewers to evaluate applications submitted by SMEs. Alberta Innovates and COECYTJAL 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.

TERMS AND CONDITIONS

This Program Guide is intended as a high-level overview of the Alberta Jalisco 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 Jalisco, the amount and variation of funding available and the scope of the matching investment.

Alberta Innovates will only provide copies of the application (and should only correspond in writing) to the person named in the application form as the one authorized to speak for the company.

Once the application is approved for funding, Alberta Innovates will require the Applicant sign our standard form investment agreement including updating the milestone payment and reporting template. 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. Each region will enter into individual contracts with their respective program manager. Alberta Applicants will enter into agreement with Alberta Innovates and Jalisco Applicants with COECYTJAL.

Both AI and COECYTJAL support the companies through the process and help ensure both companies are participating under the terms and conditions of the agreements. AI and COECYTJAL 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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