



Networks of Centres
of Excellence

Réseaux de centres
d'excellence

Business-led NCE

Letter of Intent Guide for the 2009 Competition

A program to fund Business-led NCEs (B-NCE) is a key element of the federal government's *S and T Strategy*. The main goal of the program is to establish networks conducting research in strategic priority areas resulting in long-term competitive advantage to consortia of Canadian firms, supported by networks of academics and government researchers in support of the *Entrepreneurial Advantage*.

The B-NCE Program is overseen by a tri-agency steering committee (NCE Steering Committee) made up of the Deputy Minister of Industry Canada, the Presidents of the three granting agencies (NSERC, SSHRC and CIHR) and the President of the Canada Foundation for Innovation (as an observer). The Steering Committee will make the final funding decisions.

The Private Sector Advisory Board (PSAB) will assess the economic and commercial benefits and opportunities of each Network proposal and provide advice and funding recommendations to the NCE Steering Committee. The PSAB will have input from an international peer review of the full proposals.

Day-to-day administration of the B-NCE Program is provided by the Networks of Centres of Excellence Secretariat (The NCE Secretariat).



The 2009 Competition Budget is \$46M over a four (4) year period ((\$11M 2008-09, \$11M 2009-10, \$12M 2010-11, \$12M 2011-12) and is expected to fund up to five (5) B-NCE networks over this period at an approximate level of \$2M per year.

Summary

The Business-led NCE (B-NCE)
Program

- Goal
- Expected Results
- Eligible Recipient Organizations
- Competition Budget and Size of Grants
- Eligible Expenses

Competition Process

- Timetable
- Program Criteria
- Review and Decision Process
 - Stage 1 – Letter of Intent
 - Stage 2 – Full Application

Guidelines for Completing a Letter of Intent

- General Presentation
- Submission Procedures
 - Deadline
 - Number of Copies

Checklist

Business-led Networks of Centres of Excellence (B-NCE)

Goal

The goal of the B-NCE program is to fund large-scale collaborative networks to perform research to support private sector innovation in order to deliver economic, health, social and environmental benefits to Canadians and to encourage an *Entrepreneurial Advantage*. There is no restriction on the Canadian industrial sector that can apply for a Network. However, as established in the S&T Strategy and the Budget 2007, the research undertaken by the proposed Networks must be in one or more of the five (5) priority research areas, namely:

- **Environmental science and technologies**
- **Natural resources and energy**
- **Health and related life sciences and technologies**
- **Information and communications technologies**
- **Management, business or finance**

Expected Results

The B-NCE Program goal is accomplished by funding business-led national research networks that will be world-class and expected to yield the following benefits:

Research-Related Benefits

- Increased private sector R&D capacity, including among SMEs, and receptivity to the results of R&D.
- Increased private sector investment in R&D and advanced technologies.
- Strengthened public-private sector collaboration, including links between researchers and firms, to address significant research challenges that meet business needs.
- High quality graduate and post-doctoral training in innovative applied research and to increase the business skills and know-how of these young researchers.

Commercialization-Related Benefits

- Creating, growing and retaining companies in Canada that are able to capture new markets with new innovations.
- Accelerating commercialization of leading edge technologies, goods and services in priority areas where Canada can significantly advance its competitive advantage.
- Creating clear paths to market or business application for the proposed research.
- Commercialization which positions Canadian firms in high value segments of the production chains.
- Strengthening domestic collaboration that ensures that benefits spill over to a wide array of firms, sectors and regions of the country.

Eligible Recipient Organizations

Organizations eligible to receive funds are not-for-profit consortia that represent the interests of private sector enterprises with substantial R&D operations in Canada or potential to benefit from R&D (ideally comprising both SME and large companies, research providers and research-users). These applicants may form research partnerships with (or links with other networks of) Canadian academic, private sector or government researchers and innovators as appropriate to achieve their objectives.

Funding provided for the direct costs of research activities incurred by *for-profit corporations* participating in the network, or performing the R&D under contract to the network, will be awarded by the proponent through open requests for proposals and a competitive process.

Researchers and organizations that receive B-NCE funds must meet the general eligibility requirements of one of the three federal granting agencies supporting the program.

As a condition of eligibility, organizations receiving B-NCE funds shall have an established Board of Directors responsible

for the approval of its annual financial reports and audits.

Competition Budget and Size of Grants

A total of \$46M is available for the 2009 Competition (\$11M 08-09, \$11M 09-10, \$12M 10-11, \$12M 11-12) and is expected to fund a total of five B-NCE networks over a 4 year period at an approximate level of \$2M per year.

Multiple sources of funding for projects are expected. Total assistance being provided to a project will be carefully monitored to ensure all sources of funding do not exceed eligible costs.

Eligible expenses

The B-NCE program may provide funding for up to 50 per cent of the total eligible direct research costs, and up to 75 per cent of other total eligible costs (as described below). Total federal government assistance for eligible expenses of the Centre shall not exceed 75%. The balance of the funding must come from non-federal sources.

The balance of the funding can be made up in terms of direct cash contributions or cash-equivalent in-kind contributions made to the B-NCE by the private sector. These should be clearly indicated on the application form.

A discussion of eligible in-kind contributions can be found on the granting agencies websites:

NSERC: http://www.nserc.gc.ca/professors_e.asp?nav=p_rofnav&lbi=p4#2

CIHR: <http://www.cihr-irsc.gc.ca/e/3758.html>

Government scientists and researchers can not directly receive B-NCE funds.

All capital expenditures are ineligible.

The program will provide support for the following eligible expenditures:

1. Research Costs (up to 50% paid from B-NCE funds)

As a general guideline, the regulations of the granting agencies regarding allowable direct research expenses will also apply to B-NCE awards. The direct costs of research include:

- Salaries of research personnel (Students, PDFs and/or Technical/professional assistants)
- Equipment or facility (purchase or rental, operation and maintenance costs and user fees)
- Materials and supplies
- Travel (conferences, field work, collaboration/consultation)
- Dissemination costs (publication costs, other activities)

The payment of stipends to students and postdoctoral fellows follows the regulations of the granting agency under whose mandate the network research falls.

Please refer to the **2007 Tri-Agency Financial Administration Guide** http://www.nserc.gc.ca/professors_e.asp?nav=p_rofnav&lbi=toc_fin

2. Networking, administration and outreach costs in support of the operation of the Network (up to 75% paid from B-NCE funds)

It is expected that the not-for-profit consortium will provide the necessary infrastructure required to support the operation of the proposed B-NCE.

2.1 Administrative costs

- Network leader salary & benefits
- The B-NCE funds can be used to partially support the salary and benefits of a Network Leader who will undertake a leadership role to coordinate and direct the activities of the Network over the 4 year funding period. A maximum of \$100K of B-NCE funds can be used to support the salary of this position. The final salary, partially funded by industrial contributions, is subject to approval of the Network Board of Directors. The salary support provided to the B-NCE Network Leaders must enable them to

dedicate corresponding time to network-related activities.

- Salaries and benefits for network staff.
- Contracting of professional services only where necessary; to provide services and expertise not available within the network.

2.2 Costs related to networking

- Communications activities.
- Travel accommodation for network personnel, researchers, and members of network boards and committees.

2.3 Commercialization related costs

- **Intellectual property:** on an annual basis up to 50% of the total cost of protection for intellectual property resulting from network-funded research.
- **Market studies:** subject to approval by the Board of Directors, market studies to determine the market potential for a B-NCE-generated development or to determine the appropriate market(s) for a development.
- **Prototype development:** subject to approval by the Board of Directors, provided that due diligence has been used to find a partner to share in the costs of development, normally on a matching basis.

Stacking Provisions

Research funding is administered in the following environment:

- For each approved grant, the B-NCE Program only funds a portion of the amount requested due to financial and budgetary constraints. Because of this, the networks are encouraged to seek other sources of funds to finance their work.
- When a grantee is successful in attracting other funding, the additional funds do not displace the grant provided by the B-NCE Program. The network will use the

additional funds to complement B-NCE funded activities, by conducting additional work, hiring more research personnel, or by widening the scope of its activities.

- The network must have a control framework to ensure that expenditures charged to its accounts are for the purpose intended by the grant.

The current principles and practices related to stacking of assistance are as follows:

- Access to program funds should be fair for all applicants, regardless of their other sources of funding;
- Applications are evaluated according to the program's selection criteria;
- Applicants must provide a statement of other sources of funding with their application and on a yearly basis. There must be no duplication of funding for the same items. However, when Networks are supported by multiple sources, the additional benefits of B-NCE support must be well explained and justified. The maximum level (stacking limit) of total government assistance for this program will not exceed 75% of the costs being covered. In the event total government assistance to a recipient exceeds the stacking limit, it will be necessary for relevant federal agencies to adjust the level of assistance so that the stacking limit is not exceeded.

The onus is on the applicant to provide sufficient information to enable review committees to evaluate the relationship with other sources of support (held or applied for) and to recommend the appropriate NCE funding level. The consequence of not providing adequate information to enable a selection committee to assess the relationship to other research support is that the committee can recommend reduced or no funding.

Intellectual Property

Guidelines

The ownership and disposition of intellectual property arising from network-funded research must be governed by the arrangements described in the Network Agreement. Intellectual property resulting from network funded research must be promptly and concurrently disclosed by researchers to the not-for-profit consortium and the industry liaison office of the employing or contracting institution.

Dissemination

Normally, the results of research funded through public sources must be published or otherwise disseminated to the community in a timely manner. Since the transfer of knowledge and technology to the user sector is of paramount importance in the B-NCE program, it may be necessary to obtain protection for intellectual property resulting from network funded research prior to disclosure in a public forum. Provision for reasonable publication delays (usually not exceeding six months), or other arrangements, may be made to avoid jeopardizing the commercial potential by premature disclosure.

Sharing of Benefits and Costs

Agreements made regarding the ownership of the intellectual property resulting from network funded research must take into account the B-NCE objective of creating partnerships. This implies a sharing of eventual benefits between the partners commensurate with their respective contributions, as well as the sharing of costs to protect the intellectual property.

Commercialization

The industrial partners' contributions to the network must be recognized by allowing them access to the commercial exploitation of the intellectual property under terms commensurate with the nature and level of their contributions.

Competition Process

Each Letter of Intent must present a potential new B-NCE and describe how it would achieve the goal of the program.

Letters of Intent will be used to screen potential Networks. The deadline for submission is **Wednesday, January 30, 2008**.

Based on a review of the Letters of Intent, selected applicants will be invited in **April 2008** to submit Full Proposals for a deadline of **July 30, 2008**. Decisions reached by the NCE Steering Committee are final. There is no appeal process.

Timetable: 2009 Competition for B-NCEs

| Dates | Milestone |
|------------------|---|
| November 6, 2007 | Competition Announced |
| January 30, 2008 | LOI Deadline |
| March 2008 | Private Sector Advisory Board (PSAB) review of LOIs and Steering Committee Decision |
| April 2008 | Invitations for Full Applications |
| July 31, 2008 | Full Application Deadline |
| September 2008 | Expert Panel Review |
| November 2008 | Recommendation by PSAB/Decision by the NCE Steering on selected Networks |
| Early 2009 | Funding Released & New B-NCEs Announced |

Program Criteria

To ensure that the program objectives are met, proposals are assessed against the three selection criteria outlined below.

1. Benefits to Canada

- The extent to which the network will contribute to increasing private sector R&D capacity, including among SMEs, and receptivity to the results of R&D.
- The potential to strengthen public-private sector collaboration, including links between young researchers and firms, to address significant research challenges that meet business needs.
- Likelihood that the network will provide high quality graduate and post-doctoral training in innovative research & provide business skills.
- Evidence that the network will lead to commercialization benefits that position Canadian firms in high value segments of production chains.
- The opportunity offered by the network to create, grow and retain companies in Canada that are able to capture new markets with new innovations.
- The opportunity to accelerate the commercialization of leading edge technologies, goods, services in priority areas where Canada can significantly advance its competitive advantage in the global market.
- The applicants' ability to strengthen domestic and international collaborations and ensure that benefits spill over to a wide array of firms, sectors and regions of the country.

2. Track Record and Potential of the Applicants

- The achievements of the applicants and their ability to lead and direct the network's research program.
- Identification and selection of the best possible expert researchers in academia, government and/or the private sector to carry out and achieve the research objectives.

- The ability of the private sector partners to assist in the training of and to potentially hire innovative and internationally competitive researchers in areas and technologies critical to Canadian productivity, economic growth, public policy and quality of life.
- The ability of the applicants to attract investment.

3. Strength of the Business Plan

- Excellence, focus and coherence of the research program.
- The ability of the applicants to outline a clear path to market or business application for the proposed research.
- The extent to which the B-NCE can leverage funding from partners and other government and non-government sources.
- The likelihood of the B-NCE to stimulate support to continue beyond the 4 year funding cycle.
- The effectiveness of the plan to manage, protect and exploit intellectual property resulting from network-funded research.
- The quality and appropriateness of the proposed organizational structure with suitable representation on the Board of Directors and management team.
- Evidence that the applicants have in place an accountability framework likely to result in effective leadership and sound financial decision-making.

Review and Decision Process

Stage 1: Letters of Intent

Applicants will submit letters of intent (LOI) that describe first the **vision** of their sector/cluster's shared needs over the next 5-10 years, the major R& D and commercialization challenges and barriers to that vision, and how the proposed network will address these research

challenges and barriers to enhance their innovativeness and competitiveness.

The LOI should go on to describe the B-NCE, its operations and planned activities, required funding, members and supporting partners and their duties and respective contributions, and expected research and/or commercialization benefits for the project period and beyond.

Letters of Intent must include **letters of support** from other key funding organizations, companies involved in the consortium, research providers from academia, government and the private sector as appropriate.

The Private Sector Advisory Board will assess the letters of intent against the program selection criteria, and recommend a short-list of applicants to the Steering Committee for advancement to Stage II. The names and affiliations of the members of the Private Sector Advisory Board will be included in its final report. This report will be available at www.nce.gc.ca after the new awards are announced.

Stage 2: Full Proposals

Networks advanced to Stage 2 will develop full project proposals. The details of what is required for a full proposal submission will be available shortly.

Full proposals will undergo review by Expert Panels established by the NCE Secretariat, comprised of domestic and international experts, who will evaluate the project proposals, meet with applicants, and produce in-depth written assessments of the proposals. The Private Sector Advisory Board will read the full proposals, review each Expert Panel report, assess the comments from the parties consulted, and then recommend to the NCE Steering Committee a short list of Networks for approval and decision. Networks failing to be endorsed by Expert Panels as having the potential to achieve excellence in their research and/or commercialization plan will not be eligible for program funding.

Given the multi-disciplinary nature of the projects, funding for a given Network may come from more than one Granting Agency, and so the NCE Secretariat will be the primary point of interaction for all project applicants throughout the life of their projects. Funding disbursements will be managed by the NCE Secretariat and disbursed to the recipient(s) against a funding agreement under the legal authority(ies) of the relevant granting agency(ies) (NSERC, and/or SSHRC and/or CIHR).

Guidelines for Completing a Letter of Intent

The Letter of Intent (LOI) provides information on the proposed B-NCE in relation to the goals and objectives of the B-NCE Program. It will be used in the screening process to determine which groups will be invited to submit Full Proposals. It will be evaluated according to the B-NCE program criteria discussed above.

The LOI must be developed in collaboration with relevant stakeholders. The letters of support from stakeholder organizations should indicate briefly the nature of the anticipated support and potential involvement in the proposed B-NCE. Each letter of support must not exceed two pages.

General Presentation

Print must be in black ink, of letter quality (minimum standard), with no more than six lines per inch. The type size for fonts measured in points (pts) must be no smaller than 12 pts. If measured in characters per inch (cpi), it must be no more than 10 cpi. *Condensed type is unacceptable.* Use white paper, 8½ x 11 inches (21.5 cm x 28 cm), with margins of ¾ of an inch (1.75 cm) (minimum) all around. Enter the title of the B-NCE at the top of every page and number the pages consecutively. Graphs and illustrations may be included, but will count as part of the page limits set out below. Either single or double column presentation of text, graphs or illustrations is

acceptable. **Any extra material will be removed.**

The Letter of Intent must include the following:

1. Covering letter (maximum 2 pages)

A letter, signed by the proposed Network Leader and the President or CEO of the consortia or one of the major contributing private sector companies, should include the details of the not-for-profit consortium, or association, that proposes to lead and manage the network. This letter should outline the nature of anticipated support from the not-for-profit to the B-NCE and the expected support from industrial sponsors.

The signatures on the letter should match the signatures on Section A of the Application Form.

2. Summary Information – B-NCE 2009 LOI Application Form (Excel file)

Complete and sign Section A of the B-NCE 2009 LOI Application Form available on the NCE Web site at www.nce.qc.ca. The following information **must** be provided:

- **Network Leader:** name, mailing address, telephone and fax numbers, and, e-mail address for the proposed Network Leader; letters of intent must identify a single Network Leader;
- **Identification of the Not-for-Profit Consortia:** title of the incorporated body or if not yet incorporated at the time of the LOI – potential title.
- **Title:** name and acronym of the proposed Network (in both official languages) as it will be used for publication and communication purposes.
- **Keywords:** up to ten key words related to the proposed Network.
- **Anticipated number of researchers:** anticipated number of researchers involved in Network activities at participating institutions who would be funded by the

proposed Network (including graduate students, postdoctoral fellows and research associates).

- **List of letters of support:** from the letters of support submitted with the application, provide in Section A of the B-NCE LOI Application Form the name and organizational affiliations of signatories of five key stakeholder letters of support.
- **B-NCE Funds Requested and Total Industry Cash and In-kind Contributions:** from section B.
- **Signatures:** The Network Leader and the Chair of the BOD of the consortium or if not yet incorporated the President or CEO of one of the major contributing private sector companies.

Preliminary budget allocation

- Use Section B of the B-NCE 2008 LOI application form to indicate the anticipated expenditures of B-NCE funds for the Network. Provide preliminary estimates for years 1 through 4. Also indicate on the form the sources of funding available to cover the proposed expenditures and the request from the B-NCE funding.
- In Section C of the Letter of Intent application form for the 2008 Competition, provide any required explanation of the preliminary budget allocation. Use only the space provided (approximately 1 page).

Summary of the proposal

- Use Section D of the B-NCE 2008 LOI application form to give a clear overview summary of the vision of the proposed B-NCE; also give highlights from the 3 criteria for the program (1 page only).

3. Discussion of the Vision (Maximum 2 pages)

Provide a vision of the industrial sector/cluster's shared needs over the next 5-10 years and the major R& D and commercialization challenges and barriers to that vision. Describe how the vision was arrived at including detailing any technology road-mapping exercises, or like methods, that were used to arrive at the stated vision.

4. Articulation of the Proposed Network's Benefits to Canada (Maximum 3 pages)

Describe what the Network proposes to achieve in a 4 year time span, including specific goals and objectives in order to address key elements of the vision detailed in Section 3. The expected end-results of the research and commercialization (if appropriate) activities over and following the course of the funding period should be clearly described, with respect to potential economic, social and/or environmental benefits to Canada.

5. Information to help assess the track record and potential of the applicants (Maximum 5 pages)

Background information about the lead applicants is required to assist in the assessment of their ability to guide and manage the network to ensure that the articulated business-research needs are being met. As well as the main researcher providers, who have been identified as being committed to working with the private sector partners, will be assessed to ensure that they have the track record to deliver a quality research program.

Network leader:

Describe in detail the make-up of the already established, or to be established*, not-for-profit consortium, that represents a collection of private sector enterprises, that will lead this initiative. Give a brief biography of the proposed Network Leader (up to 200 words) and outline the location and resources of the proposed administrative centre of the B-NCE.

* The not-for-profit consortium that represents the interests of the for-profit companies must be incorporated before the grant is awarded.

Researchers:

Provide a list (or table) of the names and affiliations of the proposed researchers, their affiliation and their main research area.

The research providers may be experts from academia, the private sector and/or from government as deemed necessary and appropriate.

N.B. Government scientists can not receive direct funding from the B-NCE.

Management:

Provide a list (or table) of the names and affiliations of the current or proposed members of the Network's Board of Directors.

Biographies are requested for the Chair and at least 4 other members of the Board of Directors, including the Proposed Chair (up to 200 words each).

6. The Business Plan (Maximum 5 pages)

Network research and potential commercialization programs must be developed in collaboration with relevant stakeholders, and must integrate private sector priorities. Include the following in the Network's proposed business plan:

- Give the details of the research program including the major research topics with objectives and milestones.
- Give an outline of the path to market or business application for the proposed research.
- Describe the partnerships that will exist and involve various levels of government and the private sector to complement the funding available through the granting agencies or other federal funding sources.

- Elaborate on the plan to manage, protect and exploit intellectual property resulting from network-funded research.
- Describe the proposed organizational structure with appropriate representation on the Board of Directors and management team.
- Describe the accountability framework that will be used to result in effective leadership and sound financial decision-making.

7. Letters of Support from Stakeholders (Maximum 2 pages per letter)

A maximum of ten (10) letters of support may be included from key stakeholder organizations. Letters of support must make explicit reference to the proposed Network, and should:

- Come from a senior executive;
- Make commitments especially in terms of financial and/or in-kind support; and
- Indicate how the proposed Network would help their organization.

Submission Procedures:

The Deadline for LOI Submission is **4:30 PM EST, Wednesday, January 30, 2008.**

Checklist

A Letter of Intent (including the cover letter, LOI Application Form but not the letters of support) **must not exceed** twenty-one (21) pages, organized by section, as follows. Tables, graphs and figures may be included within the page limits noted above. **Any extra material will be removed.**

| | | |
|---|--------------------|---|
| 1 | 1-2 pages | Cover letter from not-for-profit consortia |
| 2 | 4 pages | B-NCE 2009 LOI Application Form (Section A, B, C & D) – includes Summary Form |
| 3 | 2 pages | Discussion of the Vision; Identification of Challenges and Barriers - Major Research Needs |
| 4 | 3 pages | Benefits to Canada |
| 5 | 5 pages | Track Record and Potential of Applicants |
| 6 | 5 pages | Business Plan (including ½ page organizational chart) |
| 7 | 2 pages per letter | Up to a Max. of Ten (10) Stakeholder Letters of Support (maximum 2 pages per letter). Include a summary list of the letters provided. |
| <i>Any extra material will be removed</i> | | |

The following must be mailed or couriered to this address:

Networks of Centres of Excellence
 16th floor, Mailroom
 350 Albert Street
 Ottawa, Ontario, Canada
 K1A 1H5

1. A CD containing:

- a) The 4 page Letter of Intent - Application Form in Excel Format which gives a summary report of the proposal and details the requested B-NCE Budget.
- b) The complete LOI Application as a single PDF File containing all the material, including application form, budget and scanned letters of support in order.

2. One complete original copy unbound.

3. Twenty-five (25) extra printed copies.

An email will be sent confirming the receipt of the LOI to the identified Network Leader.

If you do not receive this confirmation in the week following your submission (by February 6, 2008), please contact the NCE Secretariat at:

Telephone: 613-995-6010
Fax: 613-992-7356
E-mail: b-nce@nce.gc.ca