

## Call for Proposal #3 Full Application Guidelines – April 2024

---

The applicant information summary provides an overview of the following sections for those engaging MICA for Technical Projects:

1. [General Information and Submission Deadline](#)
  2. [Essential Eligibility Requirements](#)
  3. [Eligible Cost Activities \(including effective date\)](#)
  4. [Eligible Expenses & Cost Categories](#)
  5. [Ineligible Costs](#)
  6. [Payments to Ultimate Recipients](#)
  7. [Stacking Limit for Funding](#)
  8. [In-Kind Contributions](#)
  9. [Technology Readiness Levels \(TRL\)](#)
- 

### 1.0 General Information

These guidelines are for the information and convenience of Applicants, who will also be referred to as Ultimate Recipients, to MICA. They provide an overview of general guidelines including eligible and ineligible expenditures as well as other requirements that must be complied with in order to be eligible to receive MICA funding.

In all questions of interpretations of these Guidelines, MICA interpretation shall prevail.

Projects that receive MICA funding in a given year are subject to the Guidelines and policies in effect for that fiscal year. Changes to the MICA guidelines and/or policies made in a subsequent fiscal year will not apply retroactively, unless specifically stated.

It is the responsibility of the Ultimate Recipient to ensure MICA receives all documentation relevant to its application, and to update such documentation and information after a material change. MICA may request other documentation and information to conduct the assessment and evaluation of the project. For the purposes of the project assessment and evaluation, MICA reserves the right to rely solely on the materials submitted by the Ultimate Recipient.

### 1.1 Submission Deadline

The deadline for MICA Members to make a submission of a Full Application for MICA funding is **11:59 pm EDT, Monday, May 10, 2023**. The submission must be made on-line using the Decision Hub Link provided for the CFP#3 full application.

A word version of the Full Application form is provided as a working copy if you so wish. However, the information is required to be submitted through the on-line link above to be considered for evaluation. In addition, the completion and submission of the Project Budget Workbook is also required. Please note that there are word limits for the answers to questions. You will also have the option of including a maximum of 3 attachments in PDF format (8 ½ x 11) for supporting documents (Gantt Chart, Letters of Support).

The following completed documents must be submitted for the application to be considered complete:

1. MICA Full Application - submitted through the on-line portal
2. MICA Full Application Budget – submitted as an attachment in Excel Format

Projects must contribute to one of the four (4) technical MICA themes: 1) increase productive capacity at lower cost, 2) reduce energy consumption and GHG emissions, 3) reduce environmental risk and long-term liabilities, and 4) increase the use of smart digital technologies in the mining sector.

## 2.0 Essential Eligibility Requirements

1. **MICA Funding Support for projects is limited to 33% of Total Eligible Project Costs – Ultimate Recipients are responsible for securing the remaining investment required to complete the project**
2. **MICA will support up to a maximum of \$2.5M for a single project**
3. **MICA funding will be provided to projects of varying duration and the program requires projects that will be completed in year 1, year 2 and year 3 of the program. Only a very few projects can extend to the maximum 3.5 years The latest completion date considered for projects will be June 30, 2026.**
4. **Ultimate Recipients must be carrying on business in Canada and must be incorporated pursuant to the laws of Canada**
5. **Projects must include the participation of at least one Canadian SME (small to medium enterprise 0-499 employees – this may be the project applicant)**
6. **IP Created by Ultimate Recipients must remain in Canada for a minimum of 5 years after the end of the funding period**
7. **Project activities must be primarily undertaken in Canada – there is some allowance for expenditures outside of Canada which requires prior approval**
8. **Projects selected for funding will require Ultimate Recipients to enter into a funding agreement with monitoring and regular reporting requirements.**
9. **Ultimate Recipients agree that a 15% Program Administration Fee will be incurred on SIF funding received. This fee that is due to MICA is NOT an eligible project expense.**

If for any reason an applicant believes they may not be able to meet these essential requirements, please contact us at [info@micanetwork.ca](mailto:info@micanetwork.ca) to discuss prior to submission of the Full Application.

### 3.0 Eligible Cost Activities

**Activities related to carrying out/ undertaking the project as outlined below:**

1. Industrial research, including activities related to the discovery of new knowledge that aim to support the development of new technology-driven products, processes or services: and
2. Large-scale technology demonstration, including the advancement and development of new technologies into product-specific applications at mid-to-late stage technology readiness levels.

***Eligible cost activities (and related expenses) will have an effective date of May 1, 2023.***

### 4.0 Eligible Expenses & Cost Categories

**Eligible expenses are incremental expenses directly related to carrying out/ undertaking the project and must be in direct relation to Eligible Cost Activities previously mentioned. Costs incurred must be within the definition of Eligible Expenses as outlined below:**

**A. Direct Labour:**

The portion of gross wages or salaries incurred and paid by the Ultimate Recipients for eligible activities which can be specifically identified and measured as having been performed for the Technical Activities and which is so identified and measured consistently by the Ultimate Recipients' cost accounting system. The cost accounting system should sufficiently prove the hours worked by employees are directly related to the Eligible Cost Activities. (Note: These are salaries or wages that are directly involved in the technical activities and it is not expected that it will include executive level salaries)

**B. Subcontractors and Consultants:**

Costs of subcontracts or consultants incurred and paid are the costs for work or services performed by an external third party, which can be specifically identified and measured as having been incurred and paid for Eligible Activities. Ultimate Recipients cannot be a Recipient and a Subcontractor in the same Network or on the same Eligible Project.

**C. Direct Materials:**

The costs of materials which are incurred and paid and can be specifically identified and measured as having been processed, manufactured and used in the performance of Eligible Activities, which are measured consistently by the Ultimate Recipients' cost accounting system.

- i. Materials purchased solely for the Eligible Activities shall be at the net laid down cost to the Ultimate Recipients, net of any sale taxes and after any discounts offered by suppliers.
- ii. Materials issued from the Ultimate Recipients' general stocks shall be measured in accordance with the material pricing method consistently used by the Ultimate Recipients.

Direct materials include, but are not limited to, items such as circuit boards, cables, and metals, essentially any raw material that is "used up" by completing Eligible Activities.

#### **D. Equipment:**

The capital cost of equipment which are incurred and paid and can be specifically identified as having been purchased for Eligible Activities and measured consistently by the Ultimate Recipients' costing system.

- i. If a Recipient has built the equipment themselves, the costs would be allocated to the appropriate cost categories (Direct Material, Direct Labour, etc.)
- ii. If a Recipient has equipment built by a third party, the costs would be allocated to the Equipment category if readily identifiable, otherwise the equipment could be reported in the Subcontractors category; and
- iii. If a Recipient outright purchases a piece of equipment, the costs would be allocated to the Equipment category.

Equipment costs included but are not limited to, the purchase of equipment necessary for the Eligible activities, costs to alter or modernize the equipment, costs to get the equipment into working order and shipping costs.

Capital equipment acquired under the Agreement may be subject to the Minister's approval for disposal under certain conditions (e.g. more than \$100,000).

#### **E. Land, Building and Building Improvements:**

Meaning the capital cost of land, buildings or building improvements that are incurred and paid, and are necessary to carry out Eligible Activities and have been approved by the Minister. Eligible building costs may include the acquisition costs, construction of new or the expansion of existing facilities, the development of testing facilities, investments in modern buildings, building and land leases (the incremental cost of leasing land during the Work Phase of the Eligible Activities) and permanent building improvement.

- i. If a Recipient has built the facility themselves, the costs would be allocated to the appropriate cost categories (direct Material, Direct Labour etc.)
- ii. If a Recipient has a facility built by a third party, the costs would be allocated to the Subcontractors category, and
- iii. If a Recipient outright purchases an already existing building, the costs would be allocated to the building category

#### **F. Other Direct Costs**

Eligible direct costs, not falling within the categories of direct costs previously mentioned, but which are incurred and paid, and can be specifically identified and measured as having been incurred and paid by the Ultimate Recipients for the Eligible Activities and which are so identified and measured consistently by the Ultimate Recipients' costing system.

#### **G. Travel and Outreach Costs**

Eligible direct costs incurred and paid by the Recipient that are directly related to Eligible Activities. Travel expenses shall be appropriate, economical, reasonable and available to most of the employees of the Ultimate Recipients. Travel costs can be claimed, to the maximum allowance, as per the conditions in the national joint council directive or treasury board policies.

**\*\*\*Cost of items must be net of all taxes, regardless of whether or not they are recoverable.**

### Indirect Costs (Overhead)

Costs which, though necessarily having been incurred and paid by the Ultimate Recipients for the conduct of the business in general, cannot be identified and measured as directly applicable to the carrying out of the Eligible Activities included.

- a. Indirect materials and supplies including, but not limited to, supplies of low-value, high-usage and consumable items (e.g. safety supplies) which meet the definition of Direct Material costs but for which it is commercially unreasonable, in the context of the Eligible Activities, to account for their costs in the manner prescribed for Direct Costs. Costs such as stationery, office supplies.
- b. Indirect labour, network management and administrative support, including but not limited to the remuneration of executive and corporate officers, general office wages and salaries, clerical expenses, HR, accounting/finance staff, overtime, premiums, bonuses, all types of benefits paid by employer (CPP, EI).

Administration costs spent on the following activities are considered Indirect Costs:

- i. Review and approval of documents,
- ii. Oversight,
- iii. Quality review,
- iv. Strategic guidance,
- v. Participation in all-staff meetings,
- vi. Professional development,
- vii. Performance reviews and any costs associated with interactions with government including application,
- viii. Claims,
- ix. Amendment, and
- x. Audit and reporting communications

Notwithstanding the above, indirect costs will not include those direct labour costs described above.

- c. Indirect building costs including, but not limited to, snowplowing costs, public utilities expenses, power, HVAC, lighting, and the operation and maintenance of general assets and facilities;
- d. Expenses such as property taxes, rentals of equipment and building (not covered as direct cost) and depreciation costs;
- e. Indirect equipment costs including, but not limited to, maintenance cost of assets, office equipment, office furniture etc.; and
- f. Other indirect costs including, but not limited to, daily commutes, unreasonable modes of transportation, general software and licenses and travel insurance.

***Indirect Costs (Overhead) thresholds of 55% on eligible Direct Labour, and no more than 15% of total Eligible Supported Costs will apply for each Ultimate Recipient (and for each individual Eligible Project if more than one Eligible Project is selected for a Ultimate Recipient)***

## 5.0 Ineligible Costs

Costs incurred and paid by the Ultimate Recipients are not eligible for MICA Contribution, regardless of whether they are reasonably and properly incurred and paid in the carrying out of the Eligible Activities.

- a. Any form of interest paid or payable on invested capital, bonds, debentures, bank or other loans together with related bond discounts and finance charges; the interest portion of the lease cost that is attributable to cost of borrowing regardless of types of lease;
- b. Legal, accounting and consulting fees in connection with financial reorganizations (incl set up of new a not-for-profit ), security issues, capital stock issues, obtaining licenses, establishment and management of agreements with Ultimate Recipients and prosecution of claims against the Minister. Such legal costs associated with developing the agreement template and in connection with obtaining patents or other statutory protection for Network intellectual property are considered eligible;
- c. Losses on investments, bad debts and expenses for collection charges;
- d. Losses on other projects or contracts;
- e. Federal and provincial income taxes, GST, value added taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes, except duty taxes paid for importing is eligible cost;
- f. Provisions for contingencies;
- g. Premiums for life insurance on the lives of offices and/or directors where proceeds accrue to the Recipient;
- h. Amortization of unrealized appreciation of assets;
- i. Depreciation of assets paid for by the Minister;
- j. Fines and penalties;
- k. Expenses and depreciation of excess facilities;
- l. Unreasonable compensation for officers and employees;
- m. Product development or improvement expenses not associated with the work being performed under the Network;
- n. Advertising, except reasonable advertising of an industrial or institutional character placed in trade, technical or professional journals for the dissemination of information for the industry or institution;
- o. Entertainment expenses (including but not limited to; catering, alcohol non-travel expenses);
- p. Donations;
- q. Dues and other memberships other than regular trade and professional associations;
- r. Extraordinary or abnormal fees for professional advice in regard to technical, administrative or accounting matters unless approve from the Minister is obtained;
- s. Selling and marketing expenses associated with the products or services or both being developed under the Agreement;
- t. In-kind costs; and
- u. Recruiting fees, unless approval from the Minister is obtained.

## 6.0 Payments to Ultimate Recipients

The funding of projects will be claims based. Eligible expenses must be substantiated with supporting documentation (e.g. invoices) for claims processing. Claims will be submitted quarterly along with progress reporting.

## 7.0 Stacking Limits

The combined level of financial assistance from all government (federal, provincial, territorial, municipal) sources can not exceed seventy-five (75%) of Eligible Supported Costs for each individual eligible project.

## 8.0 In-Kind Contributions

In-kind contributions are not eligible for matching purposes and leveraging MICA funding. However, it is recognized that in-kind contributions are an important part of every project and the information will be collected and reported on with progress reporting of projects.

## 9.0 Technology Readiness Levels (TRL)

These are the 9 technology readiness levels, with 1 being the least ready and 9 being already used in real-life conditions.

**Level 1:** Basic principles of concept are observed and reported

Scientific research begins to be translated into applied research and development. Activities might include paper studies of a technology's basic properties.

**Level 2:** Technology concept and/or application formulated

Invention begins. Once basic principles are observed, practical applications can be invented. Activities are limited to analytic studies.

**Level 3:** Analytical and experimental critical function and/or proof of concept

Active research and development are initiated. This includes analytical studies and/or laboratory studies. Activities might include components that are not yet integrated or representative.

**Level 4:** Component and/or validation in a laboratory environment

Basic technological components are integrated to establish that they will work together. Activities include integration of "ad hoc" hardware in the laboratory.

**Level 5:** Component and/or validation in a simulated environment

The basic technological components are integrated for testing in a simulated environment. Activities include laboratory integration of components.

**Level 6:** System/subsystem model or prototype demonstration in a simulated environment

A model or prototype that represents a near desired configuration. Activities include testing in a simulated operational environment or laboratory.

**Levels 7 through 9 represent the pre-commercialization gap for innovations**

**Level 7:** Prototype ready for demonstration in an appropriate operational environment

Prototype at planned operational level and is ready for demonstration in an operational environment. Activities include prototype field testing.

**Level 8:** Actual technology completed and qualified through tests and demonstrations

Technology has been proven to work in its final form and under expected conditions. Activities include developmental testing and evaluation of whether it will meet operational requirements.

**Level 9:** Actual technology proven through successful deployment in an operational setting

Actual application of the technology in its final form and under real-life conditions, such as those encountered in operational tests and evaluations. Activities include using the innovation under operational conditions.