

Challenge Stream – Phases 1 and 2

Grant Instructions and Procedures – Call 004

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PART 1 - GENERAL INFORMATION

1.1 Introduction

Innovative Solutions Canada (ISC) helps Canadian innovators by funding research and development (R&D) and testing prototypes in real-life settings.

The ISC Grant Instructions and Procedures document is prepared by Innovation, Science and Economic Development Canada (ISED) to help prospective applicants understand the rules and procedures associated with submitting a Phase 1 and/or Phase 2 proposal in response to an ISC challenge supported by a grant.

This document will be periodically updated and revised. Details related to each grant funded challenge, including available funding, the duration and their specific closing date will be published under distinct Challenge Notices on the ISC website.

This document invites grant funded proposals for Phase 1 and Phase 2 (including direct to Phase 2 entry) of the ISC Challenge Stream only.

1.2 Innovative Solutions Canada Program Overview

The ISC program consists of two streams – Challenge and Testing.

This document addresses entry into the Challenge Stream for challenges that use grants as the funding mechanism.

Challenges that use contracts as the funding mechanism are covered by an open Call for Proposals (CFP) solicitation issued by Public Services and Procurement Canada (PSPC). Information on the CFP is posted on CanadaBuys.

For entry into the Testing Stream, interested businesses will need to respond to an open CFP solicitation issued by PSPC. Information on the next Testing Stream CFP will be posted on the ISC website.

1.2.1 Challenge Stream

The Challenge Stream is designed to support the development of early-stage, pre-commercial innovations by small and medium-sized businesses that demonstrate the capacity to develop an innovative solution in response to a challenge issued by a federal department or agency. Eligibility criteria is defined in section 1.4 of this document.

ISC challenges issued by federal departments and agencies that use grants as the funding mechanism are designed to seek novel solutions that address specific marketplace gaps. As such, prospective applicants should be aware that solutions funded by ISC grants are not intended for acquisition by Canada.

The Challenge Stream invites applicants to submit innovative solutions within Technology Readiness Level (TRL) 1-9 (inclusive) to address a specific challenge issued by the program.

Challenge Stream:

Phase 1: Proof of Feasibility

The objective of Phase 1 is for selected applicants to conduct R&D on their proposed solutions and deliver a proof of feasibility to Canada. Applicants enter Phase 1 at TRL 1-4.

Applicants that demonstrate successful completion of Phase 1 could be invited to submit a proposal for Phase 2.

If the solution did not meet the original needs of the Challenge, the sponsoring department may choose to stop the challenge here and not move forward with a Phase 2 award. This may occur for various reasons such as but not limited to:

- the company not addressing all the requirements articulated in the challenge
- the scientific and technical risk being too high
- the R&D not progressing as expected
- the company has been unresponsive at various points during the project and/or has not provided agreed upon progress reports
- the company not having the internal resources or skill sets to advance the R&D

Phase 2: Prototype Development

The objective of Phase 2 is to conduct R&D on the proposed solution with the goal of developing a prototype addressing the Challenge and ready for commercialization up to the end of TRL 9.

Entry into Phase 2 could occur after a small business has demonstrated successful completion of Phase 1 and continues to meet the eligibility criteria or by submitting an Entry at Phase 2 proposal (for a challenge that is open to both Phase 1 and Phase 2* or only Phase 2*).

The Phase 2 proposal will be evaluated against criteria that are the same or similar to those in Attachment 1 of this document. Participation in Phase 2 is not guaranteed. It is at the sole discretion of Canada to proceed with Phase 2.

***Note:** For challenges open for direct to Phase 2, entry TRL will be between TRL 5-9.

Other ISC opportunities :

1.2.1.1 Testing Stream: Prototype Testing

The Innovative Solutions Canada Testing Stream helps Canadian small and medium-sized enterprises with an innovation between TRL 7-9 by purchasing and testing prototypes in real-life settings.

1.2.1.2. Pathway to Commercialization

The Pathway to Commercialization provides Canadian small and medium-sized enterprises that have participated in the ISC program and are ready to commercialize the opportunity to sell their innovation to the Government of Canada.

1.3 Definitions

The ISC Glossary outlines the terminology employed throughout this document and are complementary to the terms and conditions of any resulting grant award. Applicants should visit the ISC website for specific information on the ISC program.

1.4 Who Can Submit a Grant Funded Proposal

Applicants are required to certify program eligibility as part of their proposal. Selected applicants will be required to re-certify eligibility before entering Phase 1. Re-certification may be required at any phase under the ISC program. In order to remain eligible for the Challenge Stream, eligibility criteria must be met at all times.

Applicants under the Challenge Stream are those that meet all of the following eligibility criteria:

- for profit
- incorporated in Canada (federally or provincially)
- 499 or fewer full-time equivalent (FTE)† employees*
- research and development activities that take place in Canada
- 50% or more of its annual wages, salaries and fees are currently paid to employees and contractors who spend the majority of their time working in Canada*
- 50% or more of its FTE employees have Canada as their ordinary place of work*
- 50% or more of its senior executives (Vice President and above) have Canada as their principal residence*

* Calculations must take into account and include affiliated businesses, such as parent companies and subsidiaries that are either in or outside of Canada.

† A full-time equivalent (FTE) employee is defined as receiving a T4 Statement of Remuneration Paid slip (or equivalent) from the applicant. One FTE is defined as at least 30 hours/week of paid labour. Part-time employees must be included as fractions of 1 FTE based on average labour hours compared to typical hours for 1 FTE employee.

Under the ISC program, an "affiliate" relationship exists in the following situations:

- An affiliate is a corporation that is a subsidiary of another corporation;
- If a corporation has two subsidiary corporations, the two subsidiaries are affiliates of each other; or
- If two corporations are controlled by the same individual or business, the two corporations are also affiliates of each other.

A subsidiary is understood to be a business which has more than 50% of its ordinary shares or voting power owned by another business or individual.

1.4.1 Subcontractors

Only applicants that are eligible businesses can submit a proposal. However, applicants are allowed to use subcontractors to perform portions of the anticipated R&D in Phases 1 and 2. Subcontractor(s) may be academic, industrial or not-for-profit. Applicants must perform at least two-thirds (2/3) of the research and development (R&D) work in Phase 1 and at least half (1/2) of the work for Phase 2. The remaining R&D can be subcontracted to other organizations or individuals. Subcontractors are not required to meet program eligibility criteria. Specific subcontractor limitations are specified in section 3.4 of this document.

1.5 Intellectual Property (IP)

The default position of Canada is to allow funding recipients to retain the IP rights associated with their solutions.

1.6 Attachments

The following attachments form part of this document:

Attachment 1 - Evaluation Criteria – Challenge Stream Entry - Phase 1
Attachment 2 – Evaluation Criteria – Challenge Stream Entry - Phase 2
Attachment 3 – Challenge Stream – Advancement to Phase 2 (Prototype Development) – Required Documents

PART 2 - GENERAL INSTRUCTIONS

2.1 General Instructions, Terms and Conditions

Applicants who submit a Phase 1 and/or a Phase 2 proposal in response to a grant-funded challenge agree to be bound by these instructions and procedures and accept the terms and conditions of any resulting funding agreement.

An applicant may withdraw their proposal by providing written notice to the ISC Secretariat at any time.

2.2 Enquiries

All enquiries regarding grant-funded challenges must be submitted in writing to the ISC Secretariat **no later than (10) ten calendar days** before the Challenge Notice closing date. Enquiries received after that time may not be answered.

Applicants should reference as accurately as possible the numbered item in this document to which the enquiry relates. Care should be taken by applicants to explain each question in sufficient detail in order to enable Canada to provide an accurate answer. Technical enquiries that are of a "proprietary" nature must be clearly marked "proprietary" at each relevant item. Items identified as proprietary will be treated as such except where Canada determines that the enquiry is not of a proprietary nature. Canada may edit the questions or may request that the applicant do so, so that the proprietary nature of the question is eliminated, and the enquiry can be answered with copies to all other applicants. Enquiries not submitted in a form that can be distributed to all applicants may not be answered by Canada.

Applicants are encouraged to visit the ISC program's Frequently Asked Questions page.

2.3 Public Announcements

The Government of Canada retains the right to make primary funding agreement announcements. Funding recipients should consult the terms of their specific funding agreements to understand if any prohibitions are placed on news releases or public announcements relating to the funding agreement.

PART 3 – PHASE 1 AND PHASE 2 PROPOSAL INSTRUCTIONS

3.1 Proposal Submission

3.1.1 Applicants are solely responsible for ensuring their Phase 1 or Phase 2 proposal is received by the ISC Secretariat on time by the Challenge Notice closing date and time. Proposals received after the specified period will not be considered.

3.1.2 Applicants must submit their proposal using the Challenge Stream Electronic Submission Form. The form can be found by clicking the "Propose a solution" button on the ISC website under the specific challenge the applicant is responding to. Challenges can be found at the following link. Proposals that are submitted in an alternate format will not be accepted.

3.1.3 When a proposal is submitted, an automated email is sent to the applicant. This email serves as confirmation of receipt.

3.1.4 If a large number of applicants access the web-based system at the same time, the electronic submission of proposals may be delayed.

3.1.5 Applicants who are not able to submit their proposal using the web-based system must contact the ISC Secretariat at solutions@ised-isde.gc.ca to arrange delivery of their proposal before the Challenge Notice closing date and time.

3.1.6 All proposals submitted will be bound by the same terms, conditions and limitations. For all proposals submitted, any text submitted above the character limit specified in the Challenge Stream Electronic Submission Form will not be evaluated.

3.1.7 In the event that a proposal is submitted using the ISC web-based system and through an alternate mean for the same solution (e.g. email), the electronic proposal submitted via the ISC web-based system will take precedence unless otherwise specified by the applicant to the ISC Secretariat before the challenge closing date and time.

3.1.8 Applicants may submit proposals for one or more Challenges, but must submit a separate proposal for each Challenge. Each proposal will be evaluated separately on its own merit.

3.1.9 Unless otherwise stated in the Challenge Notice, applicants must only submit one proposal per Challenge. If more than one proposal is submitted for a Challenge only the last proposal submission will be considered. The last proposal submission will be determined by the system time stamp or the email time stamp in cases where the ISC Secretariat has approved delivery via email.

3.1.10 Any modification and/or tampering with the Challenge Stream Submission Form will result in the proposal being rejected.

3.2 Proposal Submission Difficulties

3.2.1 Should there be technical difficulties accessing or using the web-based system, or the Challenge Stream Submission Form, applicants must contact the ISC Secretariat at solutions@ised-isde.gc.ca. Applicants must contact the ISC Secretariat before the Challenge closing date and time as specified in the Challenge Notice if they are experiencing proposal submission difficulties. Communications received after the deadline specified in the Challenge Notice will result in a rejection of the applicant's proposal.

3.2.2 Despite anything to the contrary in, of the Standard Instructions, where an applicant has commenced transmission of its application through an electronic submission method in advance of the challenge closing date and time, but due to technical difficulties, Canada was unable to receive or decode the entirety of the application by the deadline, Canada may nonetheless accept the entirety of the application received after the challenge closing date and time, provided that the applicant can demonstrate the following:

- The applicant contacted Canada in advance of the challenge closing date and time to attempt to resolve its technical difficulties; OR

- The electronic properties of the applicant documentation clearly indicate that **ALL** components of the application were prepared in advance of the challenge closing date and time.

3.3 Technical Proposal

3.3.1 The Applicant's responses to the evaluation criteria presented in the Challenge Stream Submission Form will form the applicant's Technical Proposal. Applicants should respond to each criterion in a thorough, concise and clear manner. Applicants should explicitly demonstrate, in sufficient detail, how all criteria are met.

3.3.2 To maintain the integrity of the evaluation, evaluators will consider only information presented in the proposal. No information will be inferred and personal knowledge or beliefs will not be utilized in the assessment. Canada will not evaluate information such as references to website addresses where additional information can be found.

3.4 Financial Proposal

3.4.1 Applicants must complete the Financial Proposal set out in Section E of the Challenge Stream Submission Form. Responses provided in the form will constitute the applicant's Financial Proposal.

3.4.2 If the applicant's Financial Proposal exceeds the maximum grant funding level specified in the Challenge Notice, any dollar value exceeding the maximum grant funding amounts will be the

applicant's commitment of co-investment funding or funding through sources other than the ISC program.

3.4.3 The subcontractor costs in the applicant's Financial Proposal are not to exceed one-third of the total eligible costs. For Phase 1, a minimum of two-thirds (2/3) of the research and development or analytical effort – as expressed by the total value of eligible costs – must be performed by the funding recipient.

3.4.4 For Phase 2, a minimum of one-half (1/2) of the research and development or analytical effort – as expressed by the total value of eligible costs in the Phase 2 proposal – must be performed by the funding recipient.

3.4.5. Occasionally, deviations from these requirements may occur, and must be approved in writing after consultation with the ISC Secretariat, and in agreement with Canada.

3.5 Eligible Costs

3.5.1 Eligible costs will be those costs that are incurred by the eligible recipients in respect of eligible activities and which, in the opinion of Canada, are reasonable and necessary to carry out the eligible activities to which they relate. Eligible activities are identified in section 4.4.2 of this document.

3.5.2 Eligible costs are incurred in Canada, are deemed necessary to the performance of the Project and are directly related to achieving the objectives for which the ISC funding was granted. Eligible costs are specified in individual funding agreements and may include:

- **salary costs:** meaning amounts that are paid, or to be paid by an employer on a regular basis in the undertaking of the project, from which the employer withholds payroll deductions to the proper authorities on behalf of the employee. Salaries can include statutory holidays. Exclusions from salary costs are sick leave, vacation pay, profit, overhead, benefits, incentives and bonuses.

- **contractor's fees and sub-contracts** (not to exceed one-third (1/3) of total eligible project costs for a Phase 1 and half (1/2) for a Phase 2

- **travel costs in accordance with the National Joint Council Travel Directive**

- **reports and studies**

- **overhead** (maximum amount of eligible costs is set at 15 %): meaning those costs which, though necessarily having been incurred during the period of the performance of the Project activities for the conduct of the eligible recipient's business in general, cannot be identified and measured as directly applicable to the project

- **material cost:** meaning the costs of materials which can be specifically identified and measured as having been used or to be used for the performance of the Project and which are so identified and measured consistently by the eligible recipient's cost accounting system as accepted by Canada

- **patenting costs**

- **capital costs:** capital items (fixed assets) include equipment, testing tools, and instruments that have residual values as determined by Generally Accepted Accounting Principles (GAAP) at the end of the funding period. The eligible expense items allowed by the ISC are the cost of utilization/depreciation of capital item (fixed assets) specifically required for the delivery of the eligible project.

3.6 Ineligible Costs

3.6.1 Ineligible costs will include:

- Land acquisition, leasing land, buildings (acquisitions and leasing), renovation or construction, and other facilities, real estate fees and related costs;

- Financing charges, legal fees (not linked to patenting) and loan interest payments;

- Any goods and services costs which are received through donations or in kind;

- Property taxes;

- Lobbyist fees.

3.7 Pre-Agreement Costs

3.7.1 On a case-by-case basis, Canada may consider supporting the inclusion of eligible costs a recipient incurred prior to the signing of the funding agreement but not earlier than the date on which a proposal has been submitted. Retroactively eligible costs must not exceed 20 % of total eligible costs. Canada will not be obliged to pay incurred costs in the event an application is rejected.

3.7.2 Furthermore, even if an applicant is advised that their project has been approved and the applicant starts incurring costs, no costs are eligible for reimbursement unless a funding agreement is ultimately signed between the applicant and Canada. Any costs incurred prior to signing of a funding agreement would be incurred solely at the applicant's risk without obligation of payment by Canada.

PART 4 - EVALUATION PROCEDURES, PROPOSAL SELECTION AND GRANT AWARD

4.1 Evaluation Procedures

(a) Proposals will be assessed in accordance with the entire requirement and the evaluation criteria. The evaluation criteria is identified in "Attachment 1 – Evaluation Criteria – Challenge Stream Entry - Phase 1" and "Attachment 2 – Evaluation Criteria – Challenge Stream Entry – Phase 2".

(b) If additional evaluation criteria, beyond what is identified in 4.1 (a) is applicable, it will be identified in the Challenge Notice.

(c) An evaluation team composed of the National Research Council – Industrial Research Assistance Program (NRC-IRAP), and/or subject matter experts from other government departments will evaluate proposals. If required, Canada may use external Subject Matter Experts to evaluate any proposal. All evaluators will be required to confirm they are not in a conflict of interest, and sign a non-disclosure agreement.

(d) In conducting its evaluation, Canada may, but will have no obligation to, request clarifications from the applicant regarding information provided by the applicant with respect to any aspect of their proposal. This must not be construed as:

1. an opportunity to provide supplemental information; or
2. an intent to pre-qualify the proposal; or
3. an intent to award a grant to the applicant.

The applicant must provide a response to the written request for clarification or verification issued by Canada in accordance with the provisions of the request, which may include a time period in which to provide the response. Failure to comply with the request may result in the proposal being declared non-responsive and given no further consideration.

4.1.1 Phase 1 and Phase 2* Evaluation Criteria

Part 1 – Mandatory Criteria

Canada will first evaluate the mandatory criteria. Proposals must meet all mandatory criteria in order to proceed to Part 2. Proposals that do not meet all mandatory criteria will be considered **non-responsive** and will not proceed to Part 2.

Part 2 – Point Rated Criteria

Proposals that have proceeded to Part 2 will be evaluated against the point rated criteria. Proposals must achieve an overall minimum score of at least 65 of 130 possible total points in order to be considered **responsive** and be placed in the Challenge Pool of Pre-Qualified Proposals.

***Note**: The 65 of 130 possible total points (50%) minimum score applies to companies that apply for direct entry to Phase 2. A different evaluation process for Phase 2 may occur for companies that enter the program via Phase 1.

4.2 Challenge Pool of Pre-Qualified Proposals

The purpose of the Challenge Pool is to create a list of potential solutions for each challenge that Canada may select from.

Proposals that are deemed responsive and meet all other requirements as identified in this document and any others specified by the ISC Secretariat will be considered pre-qualified and placed in a pre-qualified pool.

Pre-qualified proposals will be placed in a pool for the specific challenge referenced in the proposal. The establishment of pre-qualified pools does not constitute a commitment on the part of Canada to award grants. **Placement into the Pool does not guarantee that a proposal will be selected or that a grant will be awarded.**

4.3 Proposal Selection

Pre-qualified proposals will be considered for grants. Proposals which earn the highest overall pass mark may not be the proposals selected. Selection from a pool of pre-qualified proposals does not guarantee that a grant will be awarded.

Two scenarios exist for proposal selection:

1. Proposal is reviewed and selected by Canada for further consideration and due diligence review.
2. Proposal is reviewed but not selected by Canada; however, it has been placed in the pre-qualified pool. Canada may revisit a pool at any time and make additional selections. This is at Canada's sole discretion.

4.3.1 Proposal Selection and Method of Selection

Canada will consider the evaluation results of the Pre-Qualified Proposals and may decide to make funding decisions on the basis of multiple parameters, such as:

- Proposals submitted by applicants signing the voluntary certification for Indigenous-owned companies, or Black-owned businesses;
- Departmental and/or Government of Canada priorities;
- Number of investments across priorities;
- Previous years' investments;
- The strength of individual proposals;
- Similar initiatives being funded by the Department and/or Government of Canada;
- Project types and technology readiness levels.

Canada may select one proposal, more than one proposal or no proposal under a specific Challenge Notice. **The decision to select a proposal is at the sole discretion of Canada.**

Federal departments/agencies with the authority to use ISC grants, other than the Challenge Sponsoring Department, may choose to fund proposals, provided that there are no significant deviations from the original scope of the challenge. The same proposal selection and grant award process will apply.

4.3.2 Debriefing

Each applicant will be issued a debrief communication noting the final results of the evaluation.

4.4 Grant Award Process

To be considered for an ISC grant, a proposal must:

a) comply with all the requirements of the ISC grant instructions and procedures;
b) comply with all program eligibility criteria;
c) be placed in a Challenge Pool of Pre-Qualified Proposals;
d) be selected by Canada; and
e) comply with all requests sought by Canada and to Canada's satisfaction.

If an agreement at any step of the process cannot be reached between Canada and the applicant, Canada reserves the right to stop the grant award process with the applicant and dissociate the funds.

4.4.1 Project Activities (include deliverables and milestones where applicable)

Canada and the applicant will work together to agree on the specific project activities (including deliverables and milestones, where applicable). A funding agreement will contain the project activities.

4.4.2 Eligible Activities

Eligible activities that may take place under a Phase 1 or Phase 2 funding agreement:

<u>Phase 1: Proof of Feasibility</u>

- Market studies to validate commercialization potential, including competitive analysis;
- Activities directly related to demonstrating the technical and scientific merit and feasibility of the innovative technology/solution;
- Testing a basic product or process in a simulated environment.

<u>Phase 2 : Prototype Development</u>

- R&D and developing a working prototype;
- Components are integrated for testing in a simulated environment;
- Testing and demonstration of a prototype in a simulated or real operational environment;
- Getting the technology ready for commercialization.

4.4.3 Due Diligence

Canada may request additional information from the applicant as part of a due diligence review prior to making any funding decisions. Additional information could include, but not be limited to, the following:

- information verifying costs in the financial proposal;
- audited and/or unaudited financial statements;
- past and forecasted financial statements, including for the years covered by the project;
- balance sheets;
- statement of retained earnings;
- income statements;
- detailed monthly cash flow statements;
- statement showing bank account balances;
- certification from authorized signing officer attesting to the accuracy of information;
- Pro Forma cash flow statements;
- any other financial-related documents;
- information regarding ownership and management;
- articles of incorporation;
- other corporate documents such as corporate by-laws;
- business experience of the applicant's ownership and management team;
- names of those officers responsible for the project, with details on the qualifications of the key individuals carrying out the proposed work;
- previous government assistance received (e.g., transfer payments or tax credits);
- information on any federal, provincial, territorial or municipal assistance or tax credit, received or likely to be received for the project;
- information on all other funding applications made by the Applicant, including the organizations from which assistance was requested and the amount requested, as well as the outcome of the applications;
- method of Payment to the Recipient;
- assurance that the Applicant is in good standing with regard to all federal, provincial, territorial and municipal laws and regulations;
- affirmation that any person including any consultant or in-house lobbyist who lobbies on its behalf to obtain funding under the ISC and who is required to be registered pursuant to the Lobbying Act is registered pursuant to that Act;
- affirmation that the Applicant has not nor has any person on its behalf engaged any person (other than an employee) for the purposes of obtaining ISC funding and paid, or agreed to pay, that person a commission, contingency or success fee or any other consideration (whether monetary or otherwise) that is dependent upon the Applicant receiving ISC funding;
- assurance that any former public servant, that derives benefit from the Funding Agreement, will be in compliance with the Values and Ethics Code for Public Sector;
- assurance that any former public office holder, that derives a direct benefit from the Funding Agreement, will be in compliance with the Conflict of Interest Act and Post-Employment Code for Public Office Holders; or
- assurance that no Member of the House of Commons or Senate will benefit from the grant agreement.

Canada reserves the right to stop the grant award process on the basis of information received during the due diligence review.

Applicants should not provide additional information unless asked by Canada.

4.4.4 Notification of Grant Award – Phase 1 and Phase 2

Upon successful completion of all steps in the Grant Award Process, the Challenge Sponsoring Department will inform the Applicant of final decisions on Phase 1 and Phase 2 Grant Awards.

4.5 Stacking Limits

Funding Recipients are required to inform Canada of any government (federal, provincial, territorial, municipal) financial assistance they have requested and/or received towards the Eligible Activities prior to Canada approving an ISC grant. Total Canadian government assistance for all projects, including federal, provincial/territorial and municipal, must not exceed 100 % of eligible costs funded. In no instances will the total Canadian government assistance be allowed to exceed the total of eligible costs.

Funding recipients must inform Canada of any government (federal, provincial, territorial, municipal) financial assistance (including tax credits) received towards the eligible activities during the project period covered by an ISC grant.

4.6 Monitoring and Reporting

Eligible recipients are required to provide information in support of reporting on the performance of the ISC program. As part of the signed funding agreement, eligible recipients may be asked to provide:

<u>In Phase 1 – Proof of feasibility</u>

Interim progress reports to support reporting on the performance of the ISC program and to review the R&D accomplished to date.

A Final Report which includes, but is not limited to, the feasibility of the innovation and benefits achieved during Phase 1.

<u>In Phase 2 – Prototype development</u>

Interim progress reports to support reporting on the performance of the ISC program and to review the R&D accomplished to date.

A Final Report which includes, but is not limited to, the prototype development of the innovation and benefits achieved during Phase 2.

4.6.1 Eligible recipients will be required to respond to requests from Canada to participate in business surveys for up to 5 years after completion of the project.

4.7 In Entry at Phase 2 – Prototype development

The Entry at Phase 2 option is for innovators who have already proven the feasibility of their solution using sources of funding outside of the ISC program and whose technology is now between TRL 5 to 9.

The goal for an Entry at Phase 2 challenge is to develop a working prototype ready for commercialization up to the end of TRL 9. Innovators must demonstrate the feasibility of their solution, outline the context of the R&D that has taken place to date, and the associated data regarding the technical merit and research and development of the solution's progress to date.

Note: Departments will decide whether a challenge is open to Phase 1, an Entry at Phase 2, or a combination of both. If a challenge is open to both Phase 1 and Entry at Phase 2, innovators submitting an Entry at Phase 2 proposal would not be considered for a Phase 1 award by default as they have selected a different entry point into the program.

4.8 Phase 2 Proposal Process (following a Phase 1)

If a Phase 1 funding recipient successfully completes Phase 1 and submits their Phase 1 Final Report, they have the option of submitting a Phase 2 project plan as part of their Phase 1 Final Report. The Phase 2 project plan is not required in the Phase 1 Final Report if the company does not wish to be considered for potential Phase 2 funding.

Small businesses that have completed their Phase 1 grant and where the innovation remains of interest to Canada may receive an invitation, by way of a request for documentation, to advance to Phase 2 at the sole discretion of Canada. The additional documentation includes information relating to the implementation team and a financial submission relating to Phase 2 activities. There is no minimum TRL level for a Phase 1 innovation to advance to Phase 2.

Small businesses must still meet the Eligibility Criteria set out in section 1.4 of this document and must provide all requested documentation. A request for documentation does not guarantee that a Phase 2 grant will be awarded.

Participation in Phase 2 after completion of a Phase 1 is not guaranteed. It is at the sole discretion of Canada to proceed with Phase 2. Canada will not provide justifications to small businesses as to why an innovation was not selected to participate in Phase 2.

Successful completion of a Phase 1 is defined by the receipt of a Phase 1 Final Report and acceptance of all Phase 1 funding agreement milestones by Canada.

ATTACHMENT 1—EVALUATION CRITERIA – CHALLENGE STREAM ENTRY - PHASE 1

This attachment outlines how the proposals will be evaluated when entering the ISC – Challenge Stream in Phase 1. Applicants should read this attachment to assist in the preparation of their proposal.

The Applicant must complete the Challenge Stream Submission Form with a degree of information sufficient to enable Canada's assessment of the proposal against the criteria and the Evaluation Schema. The information must demonstrate how the proposal meets the criterion. The Applicant may not add information to their submission at a later time.

Part 1: Phase 1 - Mandatory Criteria

Proposals must meet all mandatory criteria identified by achieving a "Pass" in order to proceed to Part 2. Proposals that do not meet all mandatory criteria will be deemed non-responsive and given no further consideration.

Mandatory Criteria (Applicant's proposal must address)	
Question 1 a: Scope	**Evaluation Schema (Mandatory - Pass/Fail)**
Describe the proposed innovation and demonstrate how it responds to the challenge. Include in your description the scientific and technological basis upon which the solution is proposed and clearly demonstrate how the solution meets all of the ***Essential Outcomes*** in the Desired Outcomes section in the Challenge Notice.	**Pass** The proposed innovation is within the scope for the challenge, and clearly addresses all Essential Outcomes identified in the Challenge. **Fail** • The proposed solution is articulated as out of scope for the challenge; OR • The proposal does not clearly demonstrate how the proposed solution addresses all Essential Outcomes identified in the challenge; OR • The proposed solution is poorly described and does not permit concrete analysis; OR • There is little to no scientific and/or technological evidence that the proposed solution is likely to meet all Essential Outcomes.

Question 2: Current Technology Readiness Level (TRL)	Evaluation Schema (Mandatory - Pass/Fail)
a. Indicate the current TRL of the proposed solution. (Drop Down Menu of the Challenge Stream Submission Form) **b.** Describe the research and development activities that have taken place to bring the proposed solution to the stated TRL. This section should include: • A description of the research method; • The objectives of the solution and an analysis of the results proving the feasibility of the solution; • Data proving the feasibility of the solution; • Evidence demonstrating the highest level of validation carried out (e.g. activities such as paper studies, analytical studies, components not yet integrated or representative, integration of "ad hoc" hardware in the laboratory, laboratory tests, simulated environment, field tests, debugging, etc.); • The type of environment(s) in which this was done and by whom, including title.	**Pass** The Applicant has demonstrated that the proposed solution is currently between TRL 1 to 4 (inclusive), and provided justification by explaining the research and development (R&D) that has taken place to bring the solution to the stated TRL. **Fail** The Applicant has not provided sufficient evidence to demonstrate that the current TRL is between 1 to 4 (inclusive) including one or more of the following: (1) *There is insufficient/no evidence provided for TRL judgment.* (2) *The solution involves the development of basic or fundamental research.* (3) *The solution is demonstrated at TRL 5 or higher.* (4) *Insufficient/unclear/no justification explaining the R&D that took place to bring the solution to the stated TRL.* (5) *The explanation simply paraphrases the description of a given TRL level.*
Question 3a: Innovation	**Evaluation Schema (Mandatory – Pass/Fail)**
Demonstrate how the proposed solution meets one or more of the ISC definitions of innovation below: a) An invention*, new technology or new process that is not currently available in the marketplace. b) Significant modifications to the application of existing technologies/components/processes	**Pass** The proposed solution meets one or more of the ISC definitions of innovation. **Fail** • The proposed solution does not meets any of the ISC definitions of innovation; OR

that are applied in a setting or condition for which current applications are not possible or feasible. c) An improvement in functionality, cost or performance over an existing technology/process that is considered state-of-the-art or the current industry best practice. * An "invention" is defined for the purposes of ISC as: "A manufacturing design or any other new and useful improvement that is new or novel, that is, not commonly known or not an obvious derivative of an existing way of doing things."	• The proposed solution is an incremental improvement, "good engineering", or a technology that would go ahead in the normal course of product development (i.e. the next version or release).
Question 3b: Advance on State of the Art	**Evaluation Schema (Mandatory Criteria – Pass/Fail + Points)**
Describe in detail the competitive advantages and level of advancement over existing technologies. Where appropriate, name existing technologies as well as potential substitutes or competitors. To demonstrate this, the proposal must include the following information: • Improvements (minor or major) over existing technologies or substitutes. Use direct comparison. • How the proposed innovation will create competitive advantages in existing market niches or market spaces.	**0 points/Fail:** • The Applicant has not demonstrated that the proposed solution advances the state-of-the-art over existing technologies, including available competing solutions; OR • The proposed solution improves minimally upon the current state of the art, though not sufficiently enough to create competitive advantages in existing market niches; OR • The stated advancements are described in general terms but are not substantiated with specific, measurable evidence. **5 points/Pass:** • The Applicant has demonstrated that the proposed solution offers one or two minor improvements to existing technologies, including available competing solutions that have potential to create competitive advantages in existing market niches. **12 points/Pass**:

	• The Applicant has demonstrated that the proposed solution offers three or more minor improvements to existing technologies, including available competing solutions, that together are likely to create competitive advantages in existing market niches; OR • The Applicant has demonstrated that the proposed solution offers one significant improvement to existing technologies that is likely to create competitive advantages in existing market niches. **20 points/Pass:** • The Applicant has demonstrated that the proposed solution offers two or more significant improvements to existing technologies, including available competing solutions that are likely to create competitive advantages in existing market niches and could define new market spaces; OR • The Applicant has demonstrated that the proposed solution can be considered a new benchmark of state of the art that is clearly ahead of competitors and that is likely to define new market spaces.

Part 2: Phase 1 - Point-Rated Criteria

Proposals must meet the overall minimum pass mark of 65 of 130 possible total points (50%) to be deemed responsive. Proposals that do not achieve the minimum pass mark will be declared non-responsive and given no further consideration.

Point-Rated Criteria (Applicant's proposal to address)	
Question1b: Scope	**Evaluation Schema (Point-Rated)**
Demonstrate the scientific and technological basis of **how** the proposed solution addresses the ***Additional Outcomes*** (if identified) in the Desired Outcomes section in the Challenge Notice. If no Additional Outcomes are identified in the Challenge Notice, text entered in this section will not be considered. **If no *Additional Outcomes* are identified in the Challenge Notice, Applicants will receive 10 points.**	i. Insufficient or no information provided to demonstrate that the solution will address any of the Additional Outcomes. ***0 points*** ii. Information provided demonstrates that the solution will address some (<50%) of the Additional Outcomes. ***3 points*** iii. Information provided demonstrates that the solution will address most (50% or more) of the Additional Outcomes. ***6 points*** iv. Information provided demonstrates that the solution will address all (100%) of the Additional Outcomes. ***10 points***

Question 4: Phase 1 Science and Technology (S&T) Risks	**Evaluation Schema (Point-Rated)**
Identify potential scientific and/or technological risks to the development of the proof of feasibility and describe how they will be mitigated in Phase 1.	i. Information is insufficient or no information provided to demonstrate that the Applicant has identified potential risks and described associated mitigation strategies or information provided contains significant gaps in risks and/or associated mitigation strategies. ***0 points*** ii. Information provided demonstrates that the Applicant has identified potential risks and described associated mitigation strategies but there are minor gaps in risks and/or associated mitigation strategies. ***5 points***

	iii. Information provided demonstrates that the Applicant has identified the potential risks and described associated mitigation strategies. ***10 points***

Question 5: Phase 1 Project Risks	**Evaluation Schema (Point-Rated)**
Identify potential project risks to the development of the proof of feasibility and describe how they will be mitigated in Phase 1. Applicants should address the following risks: • Human Resources • Financial • Project Management • Intellectual Property • Supply chain issues Note: S&T risks should not be included in this section. Question 4 addresses S&T risks.	i. Information is insufficient or no information provided to demonstrate that the Applicant has identified potential risks and described associated mitigation strategies or information provided contains significant gaps in risks and/or associated mitigation strategies. ***0 points*** ii. Information provided demonstrates that the Applicant has identified potential risks and described associated mitigation strategies but there are minor gaps in risks and/or associated mitigation strategies. ***5 points*** iii. Information provided demonstrates that the Applicant has identified the potential risks and described associated mitigation strategies. ***10 points***

Question 6: Phase 1 Project Plan	**Evaluation Schema (Point-Rated)**
Demonstrate a Proof of feasibility Phase 1 project plan by completing the table. • Indicate if any milestones and activities will be completed concurrently.	i. Insufficient or no information provided to demonstrate a feasible project plan for Phase 1 and/or the project plan exceeds the maximum duration indicated in the Challenge Notice. ***0 points*** ii. Information is feasible for the Phase 1 project plan but not clearly demonstrated and/or includes gaps. ***10 points***

• Indicate the estimated exit TRL at the completion of Phase 1. (Drop Down Menu of the Challenge Stream Submission Form)	iii. Information provided demonstrates a feasible project plan for Phase 1. ***20 points***

Question 7: Phase 1 Implementation Team	**Evaluation Schema (Point-Rated)**
Demonstrate how the project implementation team has the required management and technological skill sets and experience to deliver the project plan for Phase 1 by completing the table. A member of the implementation team can have more than one role.	i. Insufficient or no information provided to demonstrate that the project team has the required management and technological skill sets and experience to deliver the Phase 1 project plan. ***0 points*** ii. Information provided demonstrates that there are minor gaps in required management and/or technological skill sets and/or experience to deliver the Phase 1 project plan. ***10 points*** iii. Information provided demonstrates that the project team has the required management and technological skill sets and experience to deliver the Phase 1 project plan. ***20 points***
Question 8: Inclusivity	**Evaluation Schema (Point-Rated)**
A key objective of the Innovative Solutions Canada program is to increase the participation of under-represented groups in the research and development of the proposed solution. Applicants should describe the policies, strategies, and/or procedures (e.g. recruitment strategy, internships, co-op placements, or other initiatives) that they currently have in place or would put in place to support the R&D effort in Phase 1 including an overview of the group(s); and which specific under-represented groups (women, youth,	i. No description and/or concrete examples of actions provided that are in place or would be taken to encourage greater participation of under-represented groups. ***0 points*** ii. A description and concrete examples of actions to encourage greater participation of under-represented groups provided. ***10 points*** iii. If the Applicant is registered on the Indigenous Business Directory, Modern Treaty or Comprehensive Land Claim Agreement (CLCA) business list/directory, please provide this information as part of this criterion. A

persons with disabilities, Indigenous people, visible minorities, 2SLGBTQI+ community, etc.). **Note: Do not provide any personal information of individuals employed by your company or that of your subcontractors in the response.**	registered Indigenous Businesses will receive the maximum score for Question 8: Inclusivity. ***20 points***
Question 9: Phase 1 Financial Controls, Tracking and Oversight	**Evaluation Schema (Point-Rated)**
Describe the financial controls, tracking and oversight that will be used to manage the funds throughout Phase 1. Applicants should indicate if an individual or firm will be managing the funds and provide their credentials and/or relevant experience. A good financial control in R&D refers to effective management and oversight of financial resources allocated to R&D activities, with the goal of maximizing the return on investment and ensuring funds are used efficiently and effectively. For example, this section could include (but not limited to): - Establishing clear budgets and financial plan - Regular monitoring - Developing systems for tracking and recording costs (salaries, equipment and supplies, overhead expenses, etc.) - Providing accurate and timely financial reports (including actual and projected costs) to	i. Insufficient or no information provided to demonstrate the Applicant's ability to manage funds in Phase 1. ***0 points*** ii. Information provided is vague and/or contains gaps. The Applicant has some financial controls, tracking and/or oversight in place to manage the funds in Phase 1. ***5 points*** iii. Information provided demonstrates that the Applicant has financial controls, tracking and oversight to manage funds in Phase 1. ***10 points***

stakeholders such as management, funders or researchers - Ensuring compliance with relevant financial regulations, policies and procedures	

Question 10: Phase 2 Overview	Evaluation Schema (Point-Rated)
Demonstrate an overview for the prototype development plan if selected to participate in Phase 2. Responses should include: • key tasks; • estimated cost for materials; • human resources; and • project risks and mitigation strategies. **Note: A more detailed Phase 2 project plan will be requested at a later date if selected to participate in Phase 1. Additional information will be requested if selected to participate in Phase 2.**	i. Insufficient or no information provided to demonstrate that the Applicant has contemplated an overview for the Phase 2 prototype development. ***0 points*** ii. Information provided demonstrates an overview for Phase 2 prototype development, however it is vague and/or contains gaps. ***5 points*** iii. Information provided demonstrates that the Applicant has a defined overview for the Phase 2 prototype development. ***10 points***

ATTACHMENT 2 - EVALUATION CRITERIA - CHALLENGE STREAM ENTRY - PHASE 2

This attachment outlines how the proposals will be evaluated when entering the ISC – Challenge Stream directly to Phase 2. Applicants should read this attachment to assist in the preparation of their proposal.

The Applicant must complete the Challenge Stream Submission Form with a degree of information sufficient to enable Canada's assessment of the proposal against the criteria and the Evaluation Schema. The information must demonstrate how the proposal meets the criterion.

Part 1: Phase 2 - Mandatory Criteria

Proposals must meet all Mandatory evaluation criteria identified by achieving a "Pass" in order to proceed to Part 2. Proposals that do not meet all mandatory evaluation criteria will be deemed non-responsive and given no further consideration.

Mandatory Criteria (Applicant's proposal must address)	
Question 1 a: Phase 2 Scope	**Evaluation Schema (Mandatory - Pass/Fail)**
Describe the proposed innovation and demonstrate how it responds to the challenge. Include in your description the scientific and technological basis upon which the solution is proposed and clearly demonstrate how the solution meets all of the ***Essential Outcomes*** in the Desired Outcomes section in the Challenge Notice.	**Pass** The proposed solution is within the scope for the challenge, and clearly addresses all Essential Outcomes identified in the Challenge. **Fail** • The proposed solution is articulated as out of scope for the challenge; OR • The proposal does not clearly demonstrate how the proposed solution addresses all Essential Outcomes identified in the challenge; OR • The proposed solution is poorly described and does not permit concrete analysis; OR • There is little to no scientific and/or technological evidence that the proposed solution is likely to meet all Essential Outcomes.

Question 2: Proof of Feasibility and Current Technology Readiness Level (TRL)	Evaluation Schema (Mandatory - Pass/Fail)
a. Indicate the current TRL of the proposed solution (Drop Down Menu of the Challenge Stream Submission Form). **b.** Describe the research and development activities that have taken place to prove the solution's feasibility and bring the proposed solution to the stated TRL. This section must include : • A description of the method of research; • The solution objectives and an analysis of the results proving the feasibility of the solution; • Data proving the solution's feasibility; • Evidence to demonstrate the highest level of validation conducted (e.g., activities such as paper studies, analytic studies, components that are not yet integrated or representative, integration of ''ad hoc'' hardware in the laboratory, laboratory test, simulated environment, field testing, debugging, etc.); • The type of environment(s) in which this was done and by whom, including title.	**Pass** The Applicant has demonstrated that the proposed solution is currently between TRL 5 to 9 (inclusive), and provided justification by explaining the research and development (R&D) that has taken place to bring the solution to the stated TRL, proving the solution's feasibility. AND The Applicant has demonstrated the research and development activities that have taken place to prove the solution's feasibility and bring the proposed solution to the stated TRL. **Fail** The Applicant has not provided sufficient evidence to demonstrate that the current TRL is between 5 to 9 (inclusive) including: (1) *There is insufficient/no evidence provided for TRL judgment and/or to prove the solution's feasibility.* (2) *The solution involves the development of basic or fundamental research.* (3) *The solution is demonstrated at TRL 4 or lower.* (4) *The solution is demonstrated at higher than TRL 9.* (5) *Insufficient/unclear/no justification explaining the R&D that took place to bring the solution to the stated TRL.* (6) *The explanation simply paraphrases the description of a given TRL level and only provides a vague description and overview of the R&D completed.*
Question 3a: Innovation	**Evaluation Schema (Mandatory – Pass/Fail)**
Demonstrate how the proposed solution meets one or more of the ISC definitions of innovation below:	**Pass** The proposed solution meets one or more of the ISC definitions of innovation.

a) An invention*, new technology or new process that is not currently available in the marketplace. b) Significant modifications to the application of existing technologies/components/processes that are applied in a setting or condition for which current applications are not possible or feasible. c) An improvement in functionality, cost or performance over an existing technology/process that is considered state-of-the-art or the current industry best practice. * An "invention" is defined for the purposes of ISC as: "A manufacturing design or any other new and useful improvement that is new or novel, that is, not commonly known or not an obvious derivative of an existing way of doing things."	**Fail** • The proposed solution does not meets any of the ISC definitions of innovation; OR • The proposed solution is an incremental improvement, "good engineering", or a technology that would go ahead in the normal course of product development (i.e. the next version or release).
Question 3b: Advance on State of the Art	**Evaluation Schema (Mandatory Criteria – Pass/Fail + Points)**
Describe in detail the competitive advantages and level of advancement over existing technologies. Where appropriate, name existing technologies as well as potential substitutes or competitors. To demonstrate this, the proposal must include the following information: • Improvements (minor or major) over existing technologies or substitutes. Use direct comparison. • How the proposed innovation will create competitive advantages in existing market niches or market spaces.	**0 points/Fail:** • The Applicant has not demonstrated that the proposed solution advances the state-of-the-art over existing technologies, including available competing solutions; OR • The proposed solution improves minimally upon the current state of the art, though not sufficiently enough to create competitive advantages in existing market niches; OR • The stated advancements are described in general terms but are not substantiated with specific, measurable evidence. **5 points/Pass:** • The Applicant has demonstrated that the proposed solution offers one or two minor improvements to existing technologies, including available competing solutions that have potential to create competitive advantages in existing market niches. **12 points/Pass**:

	• The Applicant has demonstrated that the proposed solution offers three or more minor improvements to existing technologies, including available competing solutions, that together are likely to create competitive advantages in existing market niches; OR • The Applicant has demonstrated that the proposed solution offers one significant improvement to existing technologies that is likely to create competitive advantages in existing market niches. **20 points/Pass:** • The Applicant has demonstrated that the proposed solution offers two or more significant improvements to existing technologies, including available competing solutions that are likely to create competitive advantages in existing market niches and could define new market spaces; OR • The Applicant has demonstrated that the proposed solution can be considered a new benchmark of state of the art that is clearly ahead of competitors and that is likely to define new market spaces.

Part 2: Phase 2 - Point-Rated Criteria

Proposals must meet the overall minimum pass mark of 65 of the 130 possible total points (50%) to be deemed responsive. Proposals that do not achieve the minimum pass mark will be declared non-responsive and given no further consideration.

Point-Rated Criteria (Applicant's proposal to address)	
Question1b: Scope	**Evaluation Schema (Point-Rated)**
Demonstrate the scientific and technological basis of **how** the proposed solution addresses the ***Additional Outcomes*** (if identified) in the Desired Outcomes section in the Challenge Notice. If no Additional Outcomes are identified in the Challenge Notice, text entered in this section will not be considered. **If no *Additional Outcomes* are identified in the Challenge Notice, Applicants will receive 10 points.**	i. Insufficient or no information provided to demonstrate that the solution will address any of the Additional Outcomes. ***0 points*** ii. Information provided demonstrates that the solution will address some (<50%) of the Additional Outcomes. ***3 points*** iii. Information provided demonstrates that the solution will address most (50% or more) of the Additional Outcomes. ***6 points*** iv. Information provided demonstrates that the solution will address all (100%) of the Additional Outcomes. ***10 points***

Question 4: Phase 2 Science and Technology Risks	Evaluation Schema (Point-Rated)
Identify potential scientific and/or technological risks to the prototype development and describe how they will be mitigated in Phase 2.	i. Information is insufficient or no information provided to demonstrate that the Applicant has identified potential risks and described associated mitigation strategies or information provided contains significant gaps in risks and/or associated mitigation strategies. ***0 points*** ii. Information provided demonstrates that the Applicant has identified potential risks and described associated mitigation strategies but there are minor gaps in risks and/or associated mitigation strategies. ***5 points*** iii. Information provided demonstrates that the Applicant has identified the potential risks and described associated mitigation strategies. ***10 points***

Question 5: Phase 2 Project Risks	Evaluation Schema (Point-Rated)
Identify potential project risks to the prototype development and describe how they will be mitigated in Phase 2. Applicants should address the following risks: • Human Resources • Financial • Project Management • Intellectual Property • Material availability • Supply chain issues **Note to Applicants**: S&T risks should not be included in this section. Question 4 addresses S&T risks.	i. Information is insufficient or no information provided to demonstrate that the Applicant has identified potential risks and described associated mitigation strategies or information provided contains significant gaps in risks and/or associated mitigation strategies. ***0 points*** ii. Information provided demonstrates that the Applicant has identified potential risks and described associated mitigation strategies but there are minor gaps in risks and/or associated mitigation strategies. ***5 points*** iii. Information provided demonstrates that the Applicant has identified the potential risks and described associated mitigation strategies. ***10 points***
Question 6: Phase 2 Project Plan	**Evaluation Schema (Point-Rated)**
Demonstrate a feasible Phase 2 project plan by completing the table in the Proposal Submission Form. • Indicate if any milestones and activities will be completed concurrently; • Indicate the estimated exit TRL at the completion of Phase 2 (Drop Down Menu of the Challenge Stream Submission Form).	i. Insufficient or no information provided to demonstrate a feasible project plan for Phase 2 and/or the project plan exceeds the maximum duration indicated in the Challenge Notice. ***0 points*** ii. Information is feasible for the Phase 2 project plan but not clearly demonstrated and/or includes gaps. ***10 points*** iii. Information provided demonstrates a feasible project plan for Phase 2. ***20 points***
Question 7: Phase 2 Implementation Team	**Evaluation Schema (Point-Rated)**
Demonstrate how your project implementation team has the required management and technological skill sets and	

experience to deliver the project plan for Phase 2 by completing the table provided.	i. Insufficient or no information provided to demonstrate that the project team has the required management and technological skill sets and experience to deliver the Phase 2 project plan. ***0 points*** ii. Information is provided but there are minor gaps in required management and/or technological skill sets and/or experience to deliver the Phase 2 project plan. ***10 points*** iii. Information provided clearly demonstrates that the project team has the required management and technological skill sets and experience to deliver the Phase 2 project plan. ***20 points***
Question 8: Inclusivity	**Evaluation Schema (Point-Rated)**
A key objective of the Innovative Solutions Canada program is to increase the participation of under-represented groups in the research and development of the proposed solution. Applicants should describe the policies, strategies, and/or procedures (e.g. recruitment strategy, internships, co-op placements, or other initiatives) that they currently have in place or would put in place to support the R&D effort in Phase 2 including an overview of the group(s); and which specific under-represented groups (women, youth, persons with disabilities, Indigenous people, visible minorities, 2SLGBTQI+ community, etc.). **Note: Do not provide any personal information of senior officials, individuals employed by your company or that of your subcontractors in the response.**	i. No description and/or concrete examples of actions provided that are in place or would be taken to encourage greater participation of under-represented groups. ***0 points*** ii. A description and concrete examples of actions to encourage greater participation of under-represented groups provided. ***10 points*** iii. If the Bidder is registered on the Indigenous Business Directory, Modern Treaty or Comprehensive Land Claim Agreement (CLCA) business list/directory, please provide this information as part of this criterion. A registered Indigenous Businesses will receive the maximum score for Question 8: Inclusivity. ***20 points***
Question 9: Phase 2 Financial Controls, Tracking and Oversight	**Evaluation Schema (Point-Rated)**

Describe the financial controls, tracking and oversight that will be used to manage the funds throughout Phase 2. Applicants should indicate if an individual or firm will be managing the funds and provide their credentials and/or relevant experience. A good financial control in R&D refers to effective management and oversight of financial resources allocated to R&D activities, with the goal of maximizing the return on investment and ensuring funds are used efficiently and effectively. For example, this section could include (but not limited to): - Establishing clear budgets and financial plan - Regular monitoring - Developing systems for tracking and recording costs (salaries, equipment and supplies, overhead expenses, etc.) - Providing accurate and timely financial reports (including actual and projected costs) to stakeholders such as management, funders or researchers - Ensuring compliance with relevant financial regulations, policies and procedures	i. Insufficient or no information provided to demonstrate the Applicant's ability to manage funds in Phase 1. ***0 points*** ii. Information provided is vague and/or contains gaps. The Applicant has some financial controls, tracking and/or oversight in place to manage the funds in Phase 1. ***5 points*** iii. Information provided demonstrates that the Applicant has financial controls, tracking and oversight to manage funds in Phase 1. ***10 points***
Question 10: Commercialization Strategy	**Evaluation Schema (Point-Rated)**

Explain your plan to commercialize the solution after Phase 2 into the commercial marketplace and/or ISC's Pathway to commercialization. Applicants should address the following: • Any previous experience and record in commercialization (e.g., sales; marketing; IP protection; demographic/target market analysis; manufacturing; technology commercialization); • Additional funding commitments from private and/or non-ISC funding sources; • Previous investments secured outside of the ISC program. **Note:** Information on the Innovative Solutions Canada Pathway to commercialization process can be found on the program's website.	i. Insufficient or no information provided to demonstrate that the Applicant has planned a realistic strategy for commercialization. ***0 points*** ii. Information provided demonstrates a conceivably realistic strategy for commercialization, however there are gaps and/or elements of the strategy is vague. ***5 points*** iii. Information provided demonstrates that the Applicant has a clear, comprehensive and realistic strategy. ***10 points***

ATTACHMENT 3 – CHALLENGE STREAM - ADVANCEMENT TO PHASE 2 (PROTOTYPE DEVELOPMENT) - REQUIRED DOCUMENTS

Example Supplemental Submission Form:

Section A – General information

Please note that completion and submission of this form **does not guarantee** a Phase 2 Prototype Development grant award. It is at the sole discretion of Canada to proceed with any advancement to Phase 2 Prototype Development grant awards.

Maximum Value and Duration (from the Challenge Notice)

Any resulting Phase 2 Prototype Development grant award cannot exceed $ _____ for a maximum of _____months.

Submission Form Process

The Phase 2 Prototype Development Submission Form consists of 2 parts:

Part 1 – Implementation Team

Part 2 – Financial Submission