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**Program Guidelines for**  
**“Accelerating Food Innovation in Alberta -**  
***2014/15 Applied Research and Product***  
***Development Program”***



## 1.0 Program Guidelines

### 1.1 Purpose

The “Accelerating Food Innovation in Alberta - 2014/15 Applied Research and Product Development Program” is designed to provide funding for applied research and product development in the area of food, with a focus on the development of value added ingredients, food products, and/or beverages that are derived from Alberta crop or livestock commodities. The objective of this program is to support Alberta food, beverage, and ingredient producers and processors in their efforts of increasing revenues from value-added food production.

This research is intended to build on Alberta’s natural strengths in agriculture, Alberta’s academic excellence, and the entrepreneurial spirit of Alberta’s food industry. Investments in successful projects are designed to result in innovative new food ingredients and products for entry into local, national and international markets. Thus creating prosperity and diversity of Alberta’s agri-food sector and fostering long term health benefits for Albertans through the development of healthier food products.

This specific program will contribute to a competitive and prosperous agri-food sector, foster healthy families and communities, both rural and urban, and contribute to industry’s social licence to operate (ethical and environmental) by focusing on innovation in ingredients and food and beverage products.

Alberta Innovates Bio Solutions (AI Bio) has set aside \$1.5 million to invest in this initiative. In addition, other funders have expressed an interest in potentially contributing to projects on a project by project basis. AI Bio will request the applicant’s permission prior to sharing the Letter of Intent (LOI) or Full Proposal with a potential funder. These potential funders may include members of the Agriculture Funding Consortium [www.fundingconsortium.ca/](http://www.fundingconsortium.ca/) such as the Alberta Livestock Meat Association or the Egg Farmers of Alberta.

### 1.2 Participating Funding Partners and Their Mandates

AI Bio is pleased to announce this targeted research and innovation call. AI Bio has identified food innovation as a strategic priority for our organization. Applications will be selected on a project by project basis depending upon alignment with the program objectives and the quality of the proposal (science excellence, business acumen, industry capacity).

**AI Bio** has five strategic priority areas: Sustainable Production, Advancing the Bioeconomy, Food Innovation, Ecosystem Services, and Prion and Prion-Like Neurological Diseases. This targeted call falls under the Food Innovation umbrella. For more information about AI Bio’s priority areas please visit our website [www.albertainnovates.ca/bio](http://www.albertainnovates.ca/bio).

AI Bio is committed to stimulating growth and diversification of Alberta’s agri-food sector. AI Bio investments in research and innovation are intended to lead to new or

improved ingredients, food and beverage products, functional foods, and nutraceuticals that are competitive in the global marketplace, respond to consumer demand, add value to Alberta livestock and crop commodities and promote wellness. AI Bio also invests in research and innovation that enhances food safety and results in a reduction of food borne illness incidents.

### **1.3 Background**

It is expected that the world will need to feed over 9 billion people by 2050. An emerging middle class in Asia and other developing countries will increase the demand for high value proteins and crops. Global consumer demand for safe, healthy, nutritious food products which have verifiable ethical and sustainability attributes is experiencing unprecedented growth. To reap full benefits of a changing global marketplace, Alberta should focus on serving local and domestic markets, replacing imports and take advantage of emerging international market opportunities for verified safe and nutritious foods.

Currently, Canada has a net trade deficit in value added processed food. This began with a deficit of \$1 billion in 2004 that has further deteriorated to \$6.8 billion in 2013. Alberta has been dependant on export markets such as United States, China, Japan and Mexico for agri-food business growth. New markets are emerging as Canada becomes part of new trade agreements such as the Canada - European Union (EU) Comprehensive Economic and Trade Agreement (CETA). However, Alberta food businesses also face growing competition from low-cost producers in developing countries and from high-value producers in the developed world.

Alberta's agriculture sector is the largest renewable resource industry in the province, a robust economic driver employing 73,000 people and exporting over \$9.0 B in agriculture and food products. Food and beverage production adds value to agricultural commodities, stimulates local economies and increases employment in both rural and urban communities.

Alberta businesses continue to grapple with the following issues: minimizing costs of inputs including labor and energy; access to adequate supplies of water; plant efficiencies and scale; product differentiation; market access; reducing water consumption and production waste; and facilitating access to capital for upgrading or automation.

By building on its strengths, Alberta's agri-food industry has the potential to contribute to diversification and growth of Alberta's economy by harnessing Alberta's discovery capacity, commercializing inventions and improving products, processes and services. Competitiveness and profitability of the sector is highly reliant on innovation.

## 1.4 Areas of Interest and Guiding Principles

### Areas of Interest:

The following parameters describe the areas of interest of this program.

- Applied research and product development of globally competitive **ingredients and value added food or beverage products are of primary interest**. These products must be derived from or add value to Alberta's livestock and/or crop commodities, and respond to domestic and/or international consumer demand. Proposals must clearly describe the market-driven nature of their project.
- “**Genomics, metabolomics, other “omics”, and food nanotechnology** are emerging technologies in which Alberta has considerable strength. These technologies can be applied to ingredients, food or beverage innovation, and are eligible for funding if they support the objective of developing competitive value added products.

### Guiding Principles

- Preference may be given to those projects demonstrating a potential to be transformative for the industry. The proposal must show a **clear pathway to commercialization**. Ideally, the applicant must independently or with a partner commit and have the capability/resources to commercialize the newly created product within 18 to 24 months.
- All proposals must clearly demonstrate the **short and/or long-term benefits to Alberta's agri-food** sector and its contribution to Alberta's economy.

## 1.5 Who May Apply

- The **applicant must be a legal entity** (sole proprietorship, partnership, limited company, or cooperative) registered in Alberta or Canada, with offices in Alberta. The entity or partner must be capable of commercializing the resulting new ingredient, beverage, or food product from the proposed applied research and product development.
- Research that is required as part of the project must be conducted by **qualified researchers** within private industry, academic institutions, provincial and federal research centres, and/or non-profit research establishments. Proposals should identify opportunities for effective collaboration to ensure best use of resources, highly qualified personnel and infrastructure.

*Note: Researchers who have previously received funding from AI Bio, but are delinquent in deliverables identified in their agreements are not eligible to participate under this program until such time that AI Bio has received and approved all outstanding deliverables.*

## 1.6 Project Duration and Funding

- **Project Duration:** The proposed work must be completed within 24 months.
- **Funding available:** The total available fund for the program is \$1.5 Million with a maximum of \$200,000 being allotted to any one project. AI Bio recognizes the potential for a range of funding needs depending on the goals of the project. Applicants are encouraged to include additional funding partners as appropriate. AI Bio may be able to assist with identifying potential partners. Please ensure that all funding requests have undergone due diligence and the test of reasonableness.
- **Applicants must contribute a minimum of 25% of the total funding requested.** The intent of the Program is to ensure that proposals are demand driven and that the resulting products will be globally competitive. The 25% contribution may be in the form of prepaid expenses for activities that are out of scope of the program but are of direct benefit to the outcome of the project. Examples include feasibility studies, business plans, production or food safety plans, marketing plans, etc. These costs could have been incurred up to a maximum of 1 year prior to commencement of the grant. A description detailing any in-kind contributions must be included. AI Bio reserves the right to evaluate whether the in-kind contributions contribute to the 25% of total project funding described above.

## 1.7 Eligible Program Expenses

Category	Eligible
<b>Personnel – Project team</b>	<ul style="list-style-type: none"> <li>• Additional manpower specifically required to deliver project outcomes, at industry standard annual salary rates.</li> </ul> <p><b>NOTE: Salaries of ongoing employees of an institution or company are not eligible.</b></p>
<b>Travel</b>	<ul style="list-style-type: none"> <li>• Travel to project sites</li> <li>• Travel to present or discuss project with stakeholders</li> <li>• Travel for information dissemination purposes</li> </ul>
<b>Capital Assets/Equipment</b>	<ul style="list-style-type: none"> <li>• Equipment directly required for the project, as specified in the program guideline documents, not to exceed 15% of the overall project costs.</li> </ul>
<b>Supplies</b>	<ul style="list-style-type: none"> <li>• Cost of supplies directly required for the project</li> </ul>
<b>Communication, Dissemination, Linkage</b>	<ul style="list-style-type: none"> <li>• Cost of communicating with commercialization partners, funders, etc.</li> <li>• Costs associated with dissemination of knowledge to potential users</li> <li>• Cost of scientific publication if appropriate.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• <b>Indirect overhead is not an allowable expense.</b></li> <li>• Incremental administrative expenses, directly required to achieve project outcomes are eligible.</li> </ul>
<b>Work associated with Product Development</b>	<ul style="list-style-type: none"> <li>• Concept design, product formulation, and prototyping</li> <li>• Focus groups and consumer surveys</li> <li>• Evaluation of technical feasibility</li> <li>• Consumer sensory testing/acceptance (taste, odor, texture, appearance).</li> <li>• Support for pilot and preliminary scale-up problem solving</li> <li>• HACCP, quality assurance, and/or other production protocols</li> </ul>

**Out-of-scope for investment by funders, but allowable expenses for the expected 25% industry contribution include:**

- Product idea generation – Opportunities/need assessment for new products and technical feasibility
- Marketing analysis
- Intellectual property protection
- Business plan development, marketing plan development
- Commercialization of product, branding activities
- Packaging development

**1.8 Process and Timelines**

Applicants to the program must first submit a **Letter of Intent (LOI)**. Information can be found at the AI Bio website at <http://bio.albertainnovates.ca/funding/2014-15-food-innovation/>. Each LOI must be submitted through the on-line system, which can be found at [www.fundingconsortium.gov.ab.ca/aibio/account](http://www.fundingconsortium.gov.ab.ca/aibio/account). This system is targeted towards academics, which we have tried to mitigate through further instructions in the help or “?” function in the system. Applicants who need assistance are welcome to email or call the Program Manager identified on the last page of this document. AI Bio is willing to assist potential applicants in exploring ideas, identifying project research teams and answering questions associated with eligible expenses, appropriate leveraging, etc.

Applicants who submit LOI’s that are of interest to AI Bio will then be invited to submit a full proposal. Scientific/development process/business reviews will be conducted on all full proposals.

This program could potentially have two or more intakes until the program is fully subscribed. Once all funds allocated to this program have been expended, the program will be closed.

**1<sup>st</sup> Intake:**

<b>Food Innovation Program Timetable</b>	
<b>Date</b>	<b>Item</b>
March 7, 2014	Call for Letters of Intent announced
April 30, 2014 2:00 p.m. MDT	Deadline for submission of Letters of Intent. Late submissions will not be accepted.
June 11, 2014	Applicant is notified of the status of Letter of Intent. Applicants asked for a full proposal are strongly urged to address all comments contained in their letter of invitation.
July 16, 2014 2:00 p.m. MDT	Full Proposals are due. Late submissions will not be accepted.
August 27, 2014	Applicants are notified of funding decisions.

**2<sup>nd</sup> Intake** - AI Bio does not guarantee a second or successive intake will occur as the number of intakes will depend on the amount of funds remaining. The opportunity of a second intake of Letters of Intent will be publically announced.

## **2.0 Guidelines for Submissions**

### **2.1 Reporting of Other Funding Sources**

Transparency is critical to the success of any application. Contributions require proof of expenditures for previous expenditures to be claimed as the 25% industry contribution. Evidence must also be provided of the company's or industry partner's ability to carry out the project. This must be provided prior to acceptance of a funding offer letter.

Detailed information must be provided in the application form on other sources of support including those applied to or otherwise contacted for assistance. AI Bio will require written confirmation from contributors of their investment to the project outlined in the full proposals. This confirmation will be required once applicants are notified that their full proposal has been successful and the offer letter has been accepted.

Agreements/contracts for the project will not be executed until confirmation of all funds contributing to delivery of the project is available. Upon completion of the project, the applicant will be required to provide evidence that the contributions were provided.

### **2.2 Progress Reports and Financial Reporting**

AI Bio will require the applicant to submit detailed interim progress and financial reports as per the schedule contained in the grant agreement for delivery of the project. A final report will be required within three months of completion of the project. Up to 10% of the total grant will be held back until the final report has been submitted and approved by AI Bio.

### **2.3 Intellectual Property Principles**

Intellectual property developed and owned by the applicant must be managed by the applicant.

### **2.4 Confidentiality**

AI Bio is committed to keeping application details confidential, and is subject to the protection and disclosure provisions of the Freedom of Information and Protection of Privacy (FOIP) Act. External experts who act as reviewers must sign a confidentiality agreement. AI Bio will maintain the confidentiality of the material submitted, and will ask the Principle Investigator's permission before sharing proposals with other funders outside of the ones described in this program guideline document.

Personal information is collected pursuant to Section 33(c) of the Freedom of Information and Protection of Privacy Act as it relates directly to and is necessary for the Food Innovation program. Should you have any questions about the collection of this information, you may contact Director of Operations, AI Bio at 780-422-5737.

## 2.5 Evaluation Criteria

All proposals will be evaluated for research, product development and business excellence using pre-established criteria by AI Bio. If the proposal does not meet all the following mandatory administrative criteria no further rating will be conducted. Applicants will be notified immediately, if they do not pass this stage in the evaluation.

<b>Mandatory Administrative Criteria</b>	<b>Yes</b>	<b>No</b>
LOI is received on time as per timelines for the Intake.		
LOI is complete as per the on-line LOI template.		
LOI is submitted by an eligible applicant		
The project is consistent with the program Areas of Interest as outlined in the 1.4 of this document.		

**LOIs meeting all of the mandatory criteria will then be evaluated and prioritized using the following:**

<b>No.</b>	<b>Letter of Intent Evaluation Criteria</b>	<b>Max Score</b>
<b>A</b>	<b>Project Details:</b>	
	1. Background (including literature)	20%
	2. Objectives and deliverables	20%
	3. Project Description (methodology and activities)	15%
<b>B</b>	<b>Benefits to Alberta:</b>	20%
<b>C</b>	<b>Project Budget:</b>	15%
<b>D</b>	<b>Project Team:</b>	10%
	<b>TOTAL SCORE</b>	<b>100%</b>

**LOIs of interest to any of AI Bio will be invited to submit a full application.**

**Invited Full Proposals will then be evaluated using the following:**

<b>No.</b>	<b>Full Proposal Evaluation Criteria</b>	<b>Max Score</b>
<b>A</b>	<b>Project Details:</b>	
	1. Background (previously evaluated)	5%
	2. Objectives and Deliverables	15%
	3. Knowledge, Innovation and Uniqueness	10%
	4. Project Design and Methodology	25%
<b>B</b>	<b>Benefit to Alberta/Market Opportunity</b>	10%
<b>C</b>	<b>Future Commercialization Plans</b>	15%
<b>D</b>	<b>Project Team /Ability to Complete</b>	10%
<b>F</b>	<b>Budget</b>	10%
	<b>TOTAL SCORE</b>	<b>100%</b>

***For more information please contact:***

***Dr. Cornelia Kreplin, Executive Director***  
*Alberta Innovates Bio Solutions*  
*18<sup>th</sup> Floor, Phipps-McKinnon Building*  
*10020 – 101 A Avenue*  
*Edmonton, Alberta T5J 3G2*  
[cornelia.kreplin@albertainnovates.ca](mailto:cornelia.kreplin@albertainnovates.ca)  
*Tel: 780-638-3678*

***Program Manager:***

***Ms. Elizabeth Muir, Director***  
*Alberta Innovates Bio Solutions*  
*18<sup>th</sup> Floor, Phipps-McKinnon Bldg.*  
*10020 – 101 A Avenue*  
*Edmonton, Alberta T5J 3G2*  
[Elizabeth.muir@albertainnovates.ca](mailto:Elizabeth.muir@albertainnovates.ca)  
*Tel: 780-415-9820*