

BRIEFING NOTE FOR THE SENIOR EXECUTIVE COMMITTEE

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Security classification: **NON-SENSITIVE**

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Action required: **For information**

Date of meeting:	Distributed to members of the SEC on October 21, 2020
Subject:	NRC's approach concerning applicants seeking funding from the Strategic Innovation Fund (SIF) that are affiliated with the Vaccine Task Force (VTF) and the Transition Task Force (TTF)
Objective:	Establish guidelines concerning commitments to clients and the development of projects to minimize the possibility of conflict of interest in the funding of certain COVID-19-related projects likely to be carried out in collaboration with the NRC's research centres.
Background:	<p>As part of the Innovation Canada (IC) program, Innovation, Science and Economic Development (ISED) asked the NRC whether it could support and finance companies that are developing promising COVID-19 vaccines and treatments, but that were refused funding from the Strategic Innovation Fund (SIF) because their project was at too early a technical and marketing stage to meet the Fund's criteria and mandate.</p> <p>After a preliminary review of the summaries of the proposal, employees at NRC IRAP determined that certain projects submitted to the SIF could be eligible for funding from the Industrial Research Assistance Program (IRAP) and access to Human Health Therapeutics (HHT) Resource Centre technologies, capabilities and skills. However, since collaborative R&D services and access to exclusive HHT technologies are usually offered to collaborators on a cost-recovery basis, NRC's funding of companies that applied to the SIF and that could benefit from a collaboration with HHT could be seen as a conflict of interest.</p>
Key considerations:	The SIF's funding proposals were made known to the SMEs that applied to IC in May 2020. We need to act quickly if we want to optimize the potential

benefits of the most promising technologies and provide applicants with the assurance of the capital and resources to which they will have access.

Thanks to its experience working with SMEs, IRAP is in an excellent position to act quickly and effectively. Its industrial technology advisors (ITAs) can identify in a timely manner the projects most likely to benefit from NRC assistance and determine whether additional capabilities or resources might be helpful. The NRC already has effective procedures that allow ITAs to put companies in touch with the Pandemic Response Challenge Program (PRCP) and with HHT.

IRAP occasionally asks NRC researchers to do due diligence checks of projects and to offer consulting services. This support to NRC researchers should be offered only if the potential for a future R&D collaboration agreement with the researchers in question or their research centre is minimal.

Implementation:

The following guidelines concerning commitments to clients and the development of projects are intended to build a barrier between the NRC's funding activities and its business development activities with applicants recommended by the SIF.

- It is up to IRAP to manage interactions with all SIF applicants, to review all files and to make all funding decisions under its delegated authority and its rules and procedures.
 - IRAP may occasionally suggest that an applicant contact the PRCP for funding if that program appears to be better suited to the nature of the project and if the applicant wishes to collaborate with HHT.
 - Research Centre employees will not under any circumstances take part in the evaluation of applications, and will not have access to applications or other documents relating to the evaluation process.
 - When a Research Centre employee participates in a project proposal to IRAP, the costs of such participation are eligible in accordance with the NRC's standard costing procedures. These costs should be allocated to the proponent of the selected project, in accordance with the NRC's standard invoicing procedures. The standard costs of labour and the use of facilities are eligible for reimbursement by IRAP (see attached Comptroller General's direction respecting Vote 1 and Vote 10).
 - IRAP can put a project's proponent in touch with service providers (college, university, public laboratory, private service provider) with unique skills and capabilities if they can help. It is up to the project's proponent to select the service provider most likely to meet its needs.
- To make sure that IRAP's ITAs are capable of determining the appropriateness of potential relationships between an applicant and the PRCP and HHT, the PRCP and HHT will distribute presentations and

reference documents on the NRC's COVID-19 research activities to IRAP's sector teams and managing ATIs.

**Decision
communication
plan:**

This briefing note will be distributed to employees and directors affected by IRAP and the PRCP.