



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada

Canada

Canada's Industrial and Technological Benefits Policy

Defence Enhanced Surveillance from Space Project

Defence Procurement in Canada

THE DEPARTMENTS

CAPABILITY



Department of National Defence

Defines Canada's technical requirements and specifications for the platform or service being procured, including cost estimates

ECONOMIC BENEFITS



Innovation, Science and Economic Development (ISED)

Determines Canada's requirements for economic benefits to create jobs and economic growth in Canada, through the *ITB Policy*

CONTRACTING



Public Services and Procurement Canada

Acts as the contracting authority, manages stakeholder engagement and manages cost and technical evaluation

THE ITB POLICY

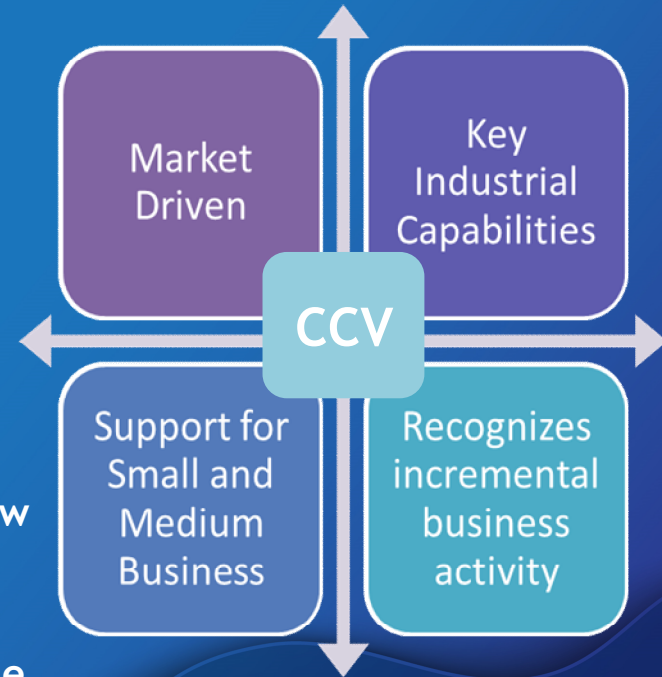
- Canada's main tool to strategically leverage procurements for economic benefit
- Requires prime contractors to undertake business activities in Canada equal to the contract value
- Applies to various procurement strategies including competitive, sole-source and international partnerships (i.e. Foreign Military Sales)

When does it apply?

- ✓ All eligible defence and Canadian Coast Guard procurements over \$100 million
- ✓ All eligible defence procurements with contract values between \$20-100 million are reviewed for the application of the ITB Policy
- ✓ *The ITB Policy may be applied when procurements are exempt from trade agreements, either due to a national security exception or other exemptions.*

The ITB Policy: How does it work?

- **Market driven**, flexible framework supported by analysis & industry engagement
- Targets support for Canada's **Key Industrial Capabilities**
- Supports **Small and Medium Businesses** (250 employees and under)
- Recognizes **incremental business** activity or “**new work**” in Canada
- Measures commitment in **Canadian Content Value (CCV)**



ITB Canadian Content Value (CCV)

All eligible business activities or Transactions are measured in CCV, which is the portion of product or service that includes **Canadian costs**.

INCLUDES



Components of Canadian origin

Wages paid to Canadians or permanent residents

Utilities, maintenance, and rent paid in Canada

Profit taxable in Canada

EXCLUDES



Parts imported into Canada

Wages, royalty and license fees paid to non-Canadians

Bid preparation costs

Taxes, duties, and lobbyist fees

EXAMPLE



Transaction: Satellite Antennas
CCV: 84%

Contract Value: \$2,500,000
Credited Value (CCV): \$2,100,000

ITB Transactions

*Business activities undertaken to fulfill and ITB obligation can be **Direct or Indirect** and must meet the **Eligibility Criteria***

TRANSACTIONS

Two main types:

Direct -Activities directly related to the contract- goods and services

Indirect-Strategic business activities unrelated to the contract

There are other transaction types to motivate different activities such as R&D, Commercialization, support for SMBs, Skills and Training etc.

ELIGIBILITY CRITERIA

- **Causality** –Transactions must have been pursued, in part, due to an ITB obligation.
- **Incrementality** – Transactions must involve new work. If not, then incremental growth over a 3 year baseline of ongoing work undertaken due to an ITB obligation may be claimed
- **Timing**- Transactions must occur within the ITB Achievement Period
- **Eligible Donor**- Transactions must involve Eligible Donors that meet the definition specified in the contract
- **Minimum CCV**- Indirect transactions must have a minimum 30% CCV
- **Minimum Technology Level**- Indirect transactions must have a similar or higher level of technology than the project

VALUE PROPOSITION

The Value Proposition is a bidder's economic proposal to Canada



Rated & Weighted

The VP proposal is an evaluated, scored, and weighted element of contractor selection along with technical and cost elements



Tailored

VP framework are designed on a procurement-by-procurement basis, through market analysis, industry engagement and third party consultation.



Flexible

The VP is inherently flexible allowing for varying criteria, weights, evaluation criteria, mandatory requirements and rating grids



Binding

Commitments from the VP proposal will be included in the final contract of the winning bidder. Achievements are subject to annual reporting and monitoring

VALUE PROPOSITION OBJECTIVES



DIRECT (DEFENCE) SECTOR WORK

Support the long-term sustainability and growth of Canada's aerospace and defence sectors



CANADIAN SUPPLIER DEVELOPMENT

Support the growth of prime contractors and suppliers in Canada, including small and medium business (SMBs) in all regions of Canada



RESEARCH AND DEVELOPMENT

Enhance innovation through R&D in Canada



EXPORTS

Increase the export potential and international competitiveness of Canadian-based firms



SKILLS DEVELOPMENT AND TRAINING

Fill skills and training gaps in the Canadian economy to support a more innovative Canada

KEY INDUSTRIAL CAPABILITIES (KICs)

- KICs are designed to help target priority areas of investment in areas of emerging technology and established industrial strength in Canada

- KICs were developed through analysis and expert input, and validated through extensive industry engagement

- Under the ITB Policy KICs are aligned with each specific procurement

EMERGING TECHNOLOGIES

Advanced Materials

Artificial Intelligence

Cyber Resilience

Space Systems

Remotely-piloted Systems and Autonomous Technologies

LEADING COMPETENCIES & CRITICAL INDUSTRIAL SERVICES

Aerospace Systems & Components

Armour

Defence Systems Integration

Electro Optical / Infrared Systems

Ground Vehicle Solutions

In-Service Support

Marine Ship-Borne Mission and Platform Systems

Munitions

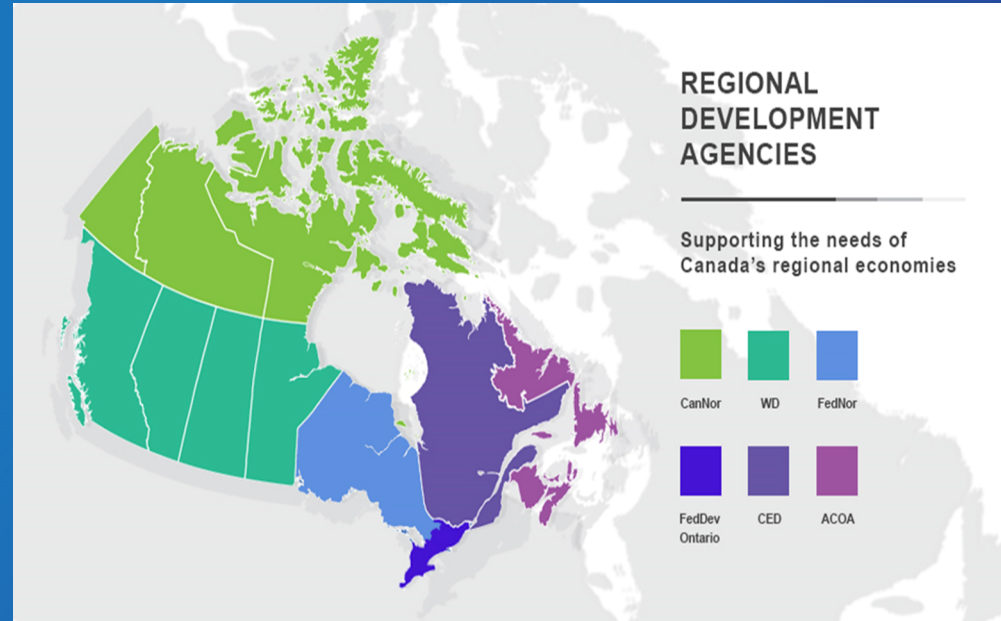
Shipbuilding, Design and Engineering Services

Sonar & Acoustic Systems

Training & Simulation

CANADA'S REGIONAL DEVELOPMENT AGENCIES (RDAs)

- Key Federal partners for regional economic development
- Help to identify and develop opportunities for Canadian industry to participate in ITB Policy
- Facilitate engagements, events, supplier development tours and B2B meetings
- Connecting with industry, post-secondary and public research institutes



RDA ITB Contacts

Atlantic Canada Opportunities Agency (ACOA) <i>Newfoundland and Labrador</i> <i>New Brunswick</i> <i>Nova Scotia</i> <i>Prince Edward Island</i>	Alan MacDonald alan.macdonald@canada.ca Katherine-Ann Chirke katherine.Chirke@Canada.ca
Canada Economic Development for Quebec Regions (CED-Q)	Mathieu Trudelle mathieu.trudelle2@canada.ca
Federal Development Agency for Southern Ontario (FedDev Ontario)	Craig McClelland craig.mcclelland@canada.ca
Federal Development Agency for Northern Ontario (FedNor Ontario)	Natalie Brabant natalie.brabant@canada.ca
Western Economic Diversification Canada (WD) <i>Manitoba</i> <i>Saskatchewan</i> <i>Alberta</i> <i>British Columbia</i>	Stewart Campbell stewart.campbell@canada.ca

ITB Information

For more information about the ITB Policy, you can visit the Industrial and Technological Benefits website:

www.Canada.ca/itb