

Update

March 2024



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SPECIAL NOTICE

Dear colleagues,

As you know, the Canada Foundation for Innovation (CFI) supports state-of-the-art research infrastructure projects across the country, including facilities, labs, equipment, computer hardware, software and databases.

No two projects are the same, and with that in mind, we have provided significant flexibility to institutions in implementing complex projects. Historically, the Government of Canada has also been flexible with us when we have asked for funds as yet unspent to be reallocated to future years, due to delays in project finalization and implementation at institutions.

However, in January, the Treasury Board rejected our most recent request to reallocate to future years \$101.3 million we determined would not be spent by institutions in 2023-24. As a result, the overall funding specified in our current contribution agreement with the Government of Canada will be reduced by \$101.3 million.

Why did we ask to reallocate 2023-24 funds to future years? In general, institutions have been taking longer to:

- finalize awards (due to delays in obtaining matching funding, and increased complexities in projects that include international partners and those with significant construction).
- implement projects often due to construction challenges (such as inflation and labour shortages) and supply chain and transportation issues.
- disburse funds allocated to them through the Infrastructure Operating Fund (IOF).

In addition, the pandemic resulted in unforeseen delays at institutions.

In addition, as part of federal budget reduction efforts, we have been advised that a further annual reduction of \$11.4 million will be applied to our contribution agreement starting in 2025-26.

Update

Innovation, Science and Economic Development Canada (ISED), the federal department that oversees the CFI, outlined this reduction when it **released its 2024-25 estimates** on February 29. We have been working closely with our colleagues at ISED to address this new fiscal reality, and we will work with institutions, provinces and territories to ensure they are strong partners as we navigate this situation.

We have developed a plan to address the reduction in our contribution agreement that will not impact the 2025 Innovation Fund. However, budgets for future Innovation Fund competitions (e.g., 2028) or other funding programs will be impacted.

Looking ahead, we may need to withdraw support for projects that are not finalized promptly or stop funding for projects that experience extensive delays in implementation. We encourage institutions to contact us as soon as they are aware of potential delays in a project so we can work together to find possible solutions.

To avoid further funding reductions in 2024-25 and beyond, institutions need to ensure projects are finalized and implemented on a timely basis. Our regular competition cycles will help in these efforts. We expect institutions to submit only projects that are mature and ready to implement within reasonable timelines, and to save projects that are still at a conceptual stage for a future competition.

We will provide further guidance for project implementation in our calls for proposals, starting with the Innovation Fund 2025.

Finally, institutions can help us meet our annual financial targets by promptly using available IOF allocations. We offer institutions significant flexibility in reporting IOF expenditures to the CFI. There is a simplified method for reporting facility charges and institutions may claim the full salary and benefits of technicians and professionals if infrastructure cannot be operated without their assistance. We will communicate directly with institutions that have substantial unspent IOF allocations.

We are confident that by working together, we can continue to ensure researchers have the tools they need to think big and innovate. We thank you for your continued support and understanding.

Sincerely,



*Mohamad Nasser-Eddine
Vice-President of Programs and Planning
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