



Technology & AI Sector Briefing

Federal Innovation Funding | Sovereign AI Compute | Regional AI Initiative

Prepared by

NORTHERN ARC PUBLIC AFFAIRS

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CONFIDENTIAL

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Artificial intelligence is one of the greatest economic opportunities of our time. By accelerating responsible adoption across the country, we are strengthening Canada's competitiveness and positioning Canadian firms to lead in the global digital economy.

The Honourable Evan Solomon, P.C., M.P.

Minister of Artificial Intelligence and Digital Innovation

RAII Atlantic Canada Announcement | March 3, 2026

\$200M

Regional AI Initiative (RAII)

\$2B

Sovereign AI Compute Strategy

\$300M

AI Compute Access Fund

\$10–25M

Combined Funding Target

Table of Contents

Executive Summary	3
How Federal Innovation Decisions Are Actually Made	6
The Three Levels of Federal Decision-Making.....	6
Why Alignment Matters.....	6
Part One: The Federal Funding Architecture	7
Industrial Research Assistance Program (IRAP).....	7
Regional Artificial Intelligence Initiative (RAII).....	8
Strategic Response Fund (SRF).....	8
Canadian Sovereign AI Compute Strategy.....	8
Next Generation Manufacturing Canada (NGen).....	9
Mitacs and NSERC.....	9
ElevateIP and IP Assist.....	9
BDC Capital and Financing Suite.....	10
SR&ED and Provincial Tax Credits.....	10
CanExport SMEs and IRAP International.....	11
Part Two: Federal Departments and Positioning	12
Innovation, Science and Economic Development Canada.....	12
Ministry of Artificial Intelligence and Digital Innovation.....	12
Regional Development Agencies.....	13
Federal Engagement Summary.....	13
Part Three: Provincial and International Stacking	14
Why Canadian Technology Companies Are Positioned to Succeed	15
What Northern Arc Public Affairs Brings	16
What We Do.....	17
Engagement Timeline and Deliverables	18
Investment and Expected Return	19
Conclusion	20

Executive Summary

The Government of Canada has built the most comprehensive federal innovation funding architecture in the country's history. Between the Industrial Research Assistance Program, the Regional Artificial Intelligence Initiative, the Strategic Response Fund, the Canadian Sovereign AI Compute Strategy, and the full suite of BDC Capital instruments, Canadian technology companies can access between \$10 million and \$25 million in combined non-repayable funding, repayable contributions, and venture capital across a 6 to 12 month engagement window.

The problem is not the money. The federal government has committed over \$2 billion to AI compute infrastructure alone, \$200 million to regional AI adoption through the RDAs, and maintains the largest innovation agency in the country through IRAP with project support up to \$10 million. The problem is that most Canadian technology companies have accessed none of it. They have not engaged their Industrial Technology Advisor. They have not positioned for RAI funding through their regional development agency. They have not explored whether their R&D expenditures qualify for the 35% refundable SR&ED investment tax credit, the 30% Clean Technology Manufacturing ITC, or the provincial credits that stack on top.

This briefing maps the federal innovation funding landscape for Canadian technology companies. It identifies the programs, the ministerial portfolios that control them, the political arguments that accelerate files, and the engagement strategy required to capture the combined funding target. The federal government wants to fund Canadian technology companies. The question is whether your company will be positioned to capture its share of that investment, or whether it will watch from the sidelines while competitors who prepared earlier secure the relationships, the funding, and the political positioning that compound over time.

THE FEDERAL FUNDING GAP

\$200 Million in Regional AI Funding. The RAI deploys \$200 million through Canada's regional development agencies to support AI commercialization and adoption. Each RDA runs its own intake with project contributions from \$250,000 to \$5 million. Applications are accepted continuously until December 31, 2028. Most Canadian technology companies have never applied.

IRAP: \$10 Million Per Project, Relationship-Driven. IRAP remains the federal government's primary innovation funding vehicle for SMEs, with non-repayable contributions from \$75,000 to over \$10 million per project. Access is driven by the Industrial Technology Advisor relationship. Companies that have never engaged their ITA are invisible to the program. Companies that build the relationship early access funding faster and at higher amounts.

Sovereign AI Compute: \$2 Billion for Canadian Infrastructure. Budget 2024 committed \$2 billion to the Canadian Sovereign AI Compute Strategy. The AI Compute Access Fund provides up to \$300 million to help Canadian AI companies purchase compute resources. The AI Sovereign Compute Infrastructure Program has opened its call for applications with a June 1, 2026 deadline. This is the largest single federal investment in AI infrastructure in Canadian history.

The Combined Target: \$10 to \$25 Million. When IRAP, RAI, SR&ED, provincial tax credits,

BDC Capital instruments, and program stacking are combined, a well-positioned Canadian technology company can access \$10 to \$25 million in total federal support over 6 to 12 months. The companies that have already built these relationships are compounding their advantage. The gap widens every quarter.

CANADA'S AI SOVEREIGNTY: THE NATIONAL ARGUMENT

Prime Minister Carney has made AI sovereignty a central pillar of his economic mandate. In his framing, Canada must not be forced to choose between hegemons and hyperscalers. The federal government has invested \$2 billion in sovereign compute capacity, created a dedicated Ministry of Artificial Intelligence and Digital Innovation under Evan Solomon, and committed \$200 million through the RDAs to accelerate AI adoption in every region of the country.

The Spring Economic Update 2026 outlined six pillars for the forthcoming national AI strategy, and Minister Solomon has signed AI collaboration agreements with the United Kingdom, European Union, Germany, the United Arab Emirates, and Qatar. The government has framed AI as the railroad of the twenty-first century: public infrastructure that enables private innovation at scale. For Canadian technology companies, this political framing creates a direct pathway to federal support. Companies whose technology strengthens Canadian AI sovereignty, reduces dependency on foreign compute platforms, or delivers productivity gains across critical sectors are solving problems the federal government has publicly committed to solving.

The productivity gap between Canada and the United States is the defining economic challenge of this government. AI adoption is the primary mechanism for closing that gap. Canadian companies that position their technology as a productivity solution for Canadian industry are aligned with the most powerful political argument available.

THE COMPETITIVE GAP: WHY URGENCY MATTERS

Comparable Canadian technology companies, those that engaged their Industrial Technology Advisor early, applied for RAI funding through their regional development agency, and built relationships at the ministerial level, are accessing \$10 to \$25 million in combined federal innovation support. They are stacking IRAP with SR&ED, layering provincial tax credits on top of federal credits, accessing BDC venture capital alongside non-repayable contributions, and using Mitacs partnerships to subsidize R&D labour costs.

Most Canadian technology companies have not accessed any of these programs. They have not claimed SR&ED credits on R&D expenditures that likely qualify. They have not engaged BDC's advisory services or explored the Growth and Transition Capital that is available to every qualifying Canadian business. They have not explored whether their AI-related R&D expenditures qualify for the AI Compute Access Fund or the RAI's commercialization stream.

The question is not whether your company qualifies. It almost certainly does. The question is whether your company will build the relationships and submit the applications before the current intake windows close and the competitive landscape hardens further.

How Federal Innovation Decisions Are Actually Made

Federal innovation funding is not a vending machine. Program guides describe eligibility criteria and application processes. They do not describe how funding decisions are actually shaped. The gap between the published process and the actual decision architecture is where the value of political positioning becomes decisive.

The Three Levels of Federal Decision-Making

Political Level: Ministers and Ministerial Staff. Minister Joly at ISED sets the strategic direction for innovation funding, including the Strategic Response Fund and IRAP's mandate. Minister Solomon at AI and Digital Innovation leads the Sovereign AI Compute Strategy, the RAIL coordination, and the forthcoming national AI strategy. Ministerial offices filter which files reach the Minister's attention and shape how they are framed. When a Minister's office understands that a Canadian technology company represents strategic capability in AI sovereignty, productivity, or export competitiveness, that understanding accelerates the company's file through every program it touches.

Bureaucratic Level: Deputy Ministers, ADMs, and Industrial Technology Advisors. The ISED bureaucracy administers IRAP, the SRF, and NGen funding. Regional development agencies administer RAIL. BDC operates as a Crown corporation with its own investment committee. Each has its own decision-making chain. A company known to the relevant ADM, ITA, and RDA program officer is positioned ahead of applicants that submit cold through digital portals.

Central Agency Level: The Prime Minister's Office and Treasury Board. The PMO coordinates national economic strategy and sets the political priority signals that flow through every department. When the PMO frames AI sovereignty and productivity as national priorities, departments allocate resources accordingly. Treasury Board sets the expenditure management rules. A Canadian technology company that the PMO understands as strategically important receives a tailwind across every program simultaneously.

Why Alignment Matters

These three levels must be aligned for significant funding outcomes. A Minister may flag a company as strategically important, but if the ITA has not assessed the company's R&D project favourably, IRAP will not fund it. The ITA may assess the project favourably, but if the Minister's office has not been briefed on the company's strategic value, the file moves at standard speed rather than priority speed. Both levels may be aligned, but if the PMO has different priorities, multi-department coordination on stacked funding fails.

Northern Arc ensures that when funding decisions are made, the political level has already identified the company as strategically important, the bureaucratic level has assessed the file favourably, and the PMO already understands how the company advances national innovation priorities. Applications become confirmation of decisions that have already been shaped at every level that matters.

Part One: The Federal Funding Architecture

The federal innovation funding system comprises direct non-repayable contributions, repayable financing, venture capital, tax credits, and compute infrastructure subsidies. The following maps

each active instrument, its current envelope, and what it means for a Canadian technology company positioning for the combined \$10 to \$25 million target.

Program	Type	Size Range	Timeline
IRAP (NRC)	Non-repayable	\$75K–\$10M/project	Continuous; ITA-driven
RAII (RDAs)	Repayable (SME) / Non-repayable (NPO)	\$250K–\$5M	Continuous to Dec 2028
Strategic Response Fund	Repayable contribution	\$10M+ (min \$20M project)	Continuous intake
AI Compute Access Fund	Non-repayable subsidy	Up to \$300M total	Open; SCIP closes June 1
NGen Supercluster	Non-repayable (consortium)	\$50K–\$20M	Challenge-based
Mitacs	Non-repayable	\$15K–\$60K/intern/yr	Continuous
NSERC Alliance	Non-repayable	\$20K–\$1M+	Continuous
ElevateIP	Non-repayable (IP services)	Varies	Continuous
BDC Capital Suite	VC / Loans / Advisory	\$250K–\$100M+	Continuous
SR&ED + Provincial	Refundable tax credits	35% federal + provincial	Annual claim
CanExport SMEs	Non-repayable	Up to \$75K/year	Closes May 29, 2026
IRAP International	Non-repayable	Up to \$600K	Bilateral agreement
COMBINED TARGET		\$10–25 MILLION	OVER 6–12 MONTHS

Industrial Research Assistance Program (IRAP)

IRAP is the federal government's primary innovation funding vehicle for Canadian SMEs. Administered by the National Research Council, IRAP provides non-repayable contributions for research and development projects ranging from \$75,000 to over \$10 million per project. The program is relationship-driven: access and funding levels are shaped by the Industrial Technology Advisor assigned to the company's file.

The ITA conducts an initial assessment of the company's technology, market position, and R&D capacity, then works with the company to develop project proposals that align with IRAP's innovation objectives. Realistic timelines from initial engagement to first funding disbursement are approximately 180 days. Companies that build the ITA relationship early and maintain regular engagement access higher funding levels over time.

IRAP also operates the AI Assist program, which provides advisory resources valued at approximately \$500 for SMEs exploring AI adoption. For technology companies with active R&D programs, core IRAP is the funding vehicle. AI Assist is an advisory complement, not a funding stream.

Regional Artificial Intelligence Initiative (RAII)

Budget 2024 committed \$200 million to the Regional Artificial Intelligence Initiative, delivered through Canada's regional development agencies. Each RDA manages its own allocation and intake process. PrairiesCan received \$33.8 million over five years. CED (Quebec) received \$38.2 million. FedDev Ontario, ACOA, PacifiCan, FedNor, and CanNor each received proportional allocations.

RAII supports two pillars: AI productization and commercialization for companies at TRL 6 or above turning lab prototypes into market-ready solutions, and AI adoption across priority sectors including agriculture, clean technology, healthcare, and manufacturing. Project contributions range from \$250,000 to \$5 million over a maximum of three years. For-profit SMEs receive repayable funding at up to 50% of eligible costs. Not-for-profit organizations receive non-repayable funding at up to 90%.

Applications are accepted continuously until December 31, 2028, or until funding is fully committed. All projects must be completed by March 31, 2029. Minister Solomon has described RAI as the mechanism for ensuring AI adoption reaches every region of the country. As of March 2026, \$8.5 million has been committed to 40 projects in Atlantic Canada alone.

Strategic Response Fund (SRF)

The Strategic Response Fund replaced the Strategic Innovation Fund in September 2025. SRF provides major investments in large-scale, transformative projects with a minimum contribution of \$10 million and minimum total project costs of \$20 million. The program has deployed \$9.2 billion across 127 projects and \$1.2 billion across 16 innovation networks.

SRF supports projects across three priorities defined in Budget 2023: clean technologies, critical minerals, and industrial transformation. Under the Carney government, a fourth priority has been added: protecting Canadian industries affected by trade disruptions and tariff challenges, with a specific focus on steel, aluminum, automotive, forest products, AI, and advanced technologies. For technology companies with R&D projects above the \$20 million total cost threshold, SRF represents the largest single-project funding instrument available from the federal government.

Canadian Sovereign AI Compute Strategy

Budget 2024 committed \$2 billion over five years to the Canadian Sovereign AI Compute Strategy. The strategy operates across three pillars: mobilizing private sector investment in commercial AI data centres, building public supercomputing infrastructure through a \$1 billion investment including \$700 million for the Sovereign Compute Infrastructure Program and \$200 million for near-term augmentation of existing public compute, and establishing the AI Compute Access Fund with up to \$300 million to subsidize compute purchases for Canadian AI companies.

AI COMPUTE ACCESS FUND AND SCIP: CRITICAL DEADLINES

AI Compute Access Fund. Up to \$300 million to help Canadian AI startups and scale-ups purchase compute resources. The fund targets sectors with high AI adoption potential: life

sciences, energy, and advanced manufacturing. Applications are open. Companies developing AI solutions that require high-performance computing capacity should explore eligibility immediately.

AI Sovereign Compute Infrastructure Program (SCIP). Approximately \$890 million to support the design, construction, and operation of large-scale sovereign public AI supercomputer facilities. The call for applications closes June 1, 2026. This is the single largest competitive federal AI infrastructure investment and is not expected to reopen.

Next Generation Manufacturing Canada (NGen)

NGen is the industry-led organization leading Canada's Global Innovation Cluster for Advanced Manufacturing. NGen has funded 173 projects totalling \$607 million across AI, robotics, additive manufacturing, advanced sensing, and clean technology. Funding operates on a consortium model: projects require at least two unassociated industry partners, including at least one SME.

As of February 2026, supercluster projects between \$500,000 and \$20 million are on hold, but NGen continues to operate challenge programs, feasibility studies (\$50,000 to \$200,000), and pilot projects. NGen recently launched a \$35 million fund for advanced manufacturing projects and announced \$62.7 million in new projects at HANNOVER MESSE 2026. For technology companies whose products integrate with manufacturing processes, NGen provides both project funding and access to a network of over 5,000 members across Canada's advanced manufacturing ecosystem.

Mitacs and NSERC

Mitacs provides subsidized research internships that connect industry with university-based researchers. Standard Mitacs Accelerate internships provide \$15,000 per four-month placement, co-funded by the company and Mitacs. Clusters of multiple interns can scale to \$200,000 to \$1 million per year. Mitacs is engaged directly through public intake: Business Development advisors handle guidance and university partner matching at no cost. Northern Arc ensures project descriptions align with R&D framing across IRAP and other federal applications.

NSERC Alliance grants fund collaborative research between companies and university researchers. Alliance grants are available on a continuous basis with no fixed deadlines. Contributions range from \$20,000 for small projects to over \$1 million for multi-year collaborations. For technology companies with active university research partnerships or the potential to establish them, Mitacs and NSERC together provide non-repayable R&D labour cost subsidies that stack with every other program in this briefing.

ElevateIP and IP Assist

ElevateIP is a federal program that helps Canadian SMEs develop and manage intellectual property strategies. The program connects companies with IP service providers, including patent agents, IP strategists, and technology transfer professionals. Funding covers the cost of IP assessments, patent applications, freedom-to-operate analyses, and IP strategy development.

IP Assist is delivered by the Canadian Intellectual Property Office (CIPO) and provides free, confidential advisory services to Canadian businesses. For technology companies that have not conducted a comprehensive IP audit, ElevateIP and IP Assist together provide the foundation for

protecting innovations before applying for federal funding, where IP ownership and management plans are increasingly part of program eligibility criteria.

BDC Capital and Financing Suite

The Business Development Bank of Canada operates as a Crown corporation providing financing, venture capital, and advisory services exclusively to Canadian entrepreneurs. BDC is excluded from the combined non-repayable funding target but represents a parallel capital stream that technology companies should access simultaneously.

BDC CAPITAL: THE FULL SUITE FOR TECHNOLOGY COMPANIES

Growth and Transition Capital. Flexible subordinate financing from \$1 million to \$100 million for established companies with recurring revenue. Available to every qualifying Canadian business. This is the universal BDC product that most technology companies have never explored.

Industrial Innovation Venture Capital II. \$200 million fund investing in Canadian companies developing breakthrough technologies across deep tech, advanced manufacturing, and industrial innovation. Direct equity investments from \$500,000 to \$10 million.

Deep Tech Venture Fund. Targeted at early-stage companies commercializing scientific breakthroughs in areas including quantum computing, advanced materials, synthetic biology, and AI infrastructure.

Climate Tech Practice. \$1.15 billion deployed across venture capital, growth equity, and project finance for Canadian cleantech companies. Includes the Cleantech Practice Fund and partnerships with accelerators.

Growth Venture Capital. \$1 billion in growth-stage venture capital for Canadian technology companies scaling from early revenue to market leadership. Typical investments from \$5 million to \$25 million.

Advisory Services. BDC Advisory provides management consulting at subsidized rates. Services cover strategic planning, financial management, market expansion, and digital transformation. Technology companies that engage BDC Advisory build a relationship that facilitates access to BDC lending and capital products.

SR&ED and Provincial Tax Credits

The Scientific Research and Experimental Development program is the federal government's primary tax incentive for R&D. Canadian-controlled private corporations (CCPCs) receive a 35% refundable investment tax credit on the first \$3 million in qualifying R&D expenditures and a 15% non-refundable credit on expenditures above that threshold. The company is likely already claiming SR&ED; this briefing includes the program for completeness and to ensure provincial stacking is optimized.

TAX CREDIT STACKING: MAXIMIZING THE COMBINED RECOVERY

Federal SR&ED: 35% refundable ITC on first \$3M qualifying R&D expenditure (CCPCs). 15% non-refundable on balance. Combined recovery rate depends on expenditure level and

provincial layer.

Clean Technology Manufacturing ITC (CTM ITC): 30% refundable federal credit on qualifying clean technology manufacturing and processing equipment. Effective January 1, 2024, through December 31, 2031. No application required; claimed on tax return. Stacks with SR&ED where qualifying activities overlap.

Ontario Innovation Tax Credit (OMMITC): 10% refundable provincial credit on qualifying R&D expenditures in Ontario. Stacks directly with federal SR&ED.

Alberta Innovation Employment Grant (IEG): 20% refundable provincial credit on qualifying R&D expenditures in Alberta. Among the most generous provincial R&D credits in the country.

British Columbia SR&ED Tax Credit: 10% refundable provincial credit for CCPCs on qualifying R&D expenditures in British Columbia.

CanExport SMEs and IRAP International

CanExport SMEs provides non-repayable funding of up to \$75,000 per year to help Canadian companies develop new export markets. The current intake closes May 29, 2026. CanExport covers market research, trade show participation, marketing materials, and business travel to target markets.

IRAP International supports collaborative R&D projects between Canadian companies and international partners through bilateral agreements. Contributions of up to \$600,000 support joint projects with partners in countries including Israel, South Korea, the United Kingdom, and the European Union. For technology companies with international R&D partnerships or export ambitions, these programs provide non-repayable funding that layers on top of domestic innovation support.

Part Two: Federal Departments and Positioning

Federal innovation funding flows through multiple departments, each with its own ministerial leadership, bureaucratic chain, and decision-making culture. Strategic positioning requires engagement at the right level within each department. The following maps the departments that matter for Canadian technology companies and the ministerial offices that control them.

Innovation, Science and Economic Development Canada (ISED)

PRIORITY: HIGH | Minister: Hon. Mélanie Joly (Industry) | Mandate: SRF, IRAP, NGen, innovation ecosystem

ISED is the central department for innovation funding in Canada. Minister Joly oversees the Strategic Response Fund, IRAP's mandate, NGen's supercluster funding, ElevateIP, and the broader innovation policy framework. Her recent engagement at HANNOVER MESSE 2026 demonstrated the government's commitment to connecting Canadian technology companies with international partners and investment. ISED also administers the AI Sovereign Compute Infrastructure Program and the AI Compute Access Fund, though these are led operationally by Minister Solomon's portfolio.

For technology companies, ISED is the first engagement priority. IRAP sits within the National Research Council, which reports through ISED. SRF applications flow through ISED's program

office. NGen project approvals involve ISED oversight. A technology company known favourably to the ISED ministerial office benefits across every program simultaneously.

Ministry of Artificial Intelligence and Digital Innovation

PRIORITY: HIGH | Minister: Hon. Evan Solomon (AI and Digital Innovation, FedDev Ontario) | Mandate: AI strategy, RAII coordination, Sovereign AI Compute

Minister Solomon leads Canada's first dedicated AI ministry, created within ISED's departmental structure. His portfolio includes the Canadian Sovereign AI Compute Strategy, coordination of RAII delivery across the RDAs, the forthcoming national AI strategy, and international AI collaboration agreements. Solomon has described his guiding principle as AI for all: making AI a tool that serves Canadians across sectors and regions.

Solomon's office is the entry point for technology companies whose products or platforms involve AI at any level. His mandate connects directly to RAII funding, compute access, and the political framing that positions AI companies as contributors to national sovereignty and productivity. Northern Arc engages Minister Solomon's office to ensure clients are positioned within the AI sovereignty narrative.

Regional Development Agencies

Canada's seven RDAs deliver RAII funding and regional innovation programs. Each RDA has its own ministerial leadership, intake process, and regional priorities. For technology companies, the relevant RDA is the delivery channel for RAII and the regional complement to national ISED programs. PrairiesCan (Alberta, Saskatchewan, Manitoba) received \$33.8 million for RAII. FedDev Ontario administers Solomon's FedDev portfolio. CED (Quebec) manages \$38.2 million. ACOA, PacifiCan, FedNor, and CanNor each manage regional allocations.

Federal Engagement Summary

Department	Priority	Minister	Relevance
ISED	HIGH	Joly	SRF, IRAP mandate, NGen, innovation policy
AI and Digital Innovation	HIGH	Solomon	RAII, AI Compute, AI strategy, SCIP
NRC / IRAP	HIGH	Reports through ISED	Direct R&D funding, ITA relationship
BDC	HIGH	Crown corporation	VC, lending, advisory (parallel stream)
Regional RDA	HIGH	Varies by region	RAII delivery, regional programs
Treasury Board	MEDIUM	Ali	Expenditure management, CTM ITC policy
CRA	MEDIUM	Revenue agency	SR&ED credit processing

Part Three: Provincial and International Stacking

Federal innovation funding is the primary opportunity, but provincial programs and international partnerships create additional value that compounds the federal investment. The following maps the provincial and international instruments that stack with the federal architecture.

PROVINCIAL INNOVATION STACKING

Ontario. Ontario Innovation Tax Credit (OMMITC) provides a 10% refundable provincial credit on qualifying R&D expenditures. Ontario's Invest Ontario agency provides advisory services and helps technology companies navigate provincial and federal programs simultaneously. FedDev Ontario administers RAI for southern Ontario.

Alberta. Innovation Employment Grant provides a 20% refundable credit on qualifying R&D expenditures, one of the most generous provincial R&D credits in the country. Alberta Innovates provides named-stream funding up to \$2 million for manufacturers and technology companies. PrairiesCan delivers RAI with \$33.8 million.

British Columbia. BC SR&ED Tax Credit provides a 10% refundable provincial credit for CCPCs. Innovate BC connects technology companies with provincial funding, mentorship, and market access programs. PacificCan delivers RAI for British Columbia.

Quebec. CED manages \$38.2 million in RAI funding. Quebec offers the R&D Tax Credit at 14% refundable (30% for first \$3M). The province's AI ecosystem, anchored by Mila and the Montréal AI cluster, provides unique positioning for companies in the AI and machine learning space.

INTERNATIONAL MARKET LAYER

Trade Commissioner Service (TCS). Canada's network of trade commissioners in over 160 cities worldwide connects Canadian technology companies with international buyers, partners, and investors. TCS provides market intelligence, qualified introductions, and in-market support at no cost. For technology companies seeking international expansion, TCS relationships amplify the value of federal innovation funding.

Export Development Canada (EDC). EDC provides export credit insurance, financing solutions, and bonding services for Canadian companies entering international markets. EDC's technology sector practice understands SaaS, subscription, and platform business models.

AI Collaboration Agreements. Minister Solomon has signed bilateral AI collaboration agreements with the United Kingdom, European Union, Germany, the United Arab Emirates, Qatar, and India. These agreements create pathways for Canadian AI companies to access international markets, partnerships, and investment through government-facilitated channels.

Why Canadian Technology Companies Are Positioned to Succeed

The Political Environment Has Never Been More Favourable. The Carney government has made innovation, AI sovereignty, and productivity the defining themes of its economic mandate. Every major policy announcement since May 2025 has reinforced federal commitment to funding Canadian technology development, building sovereign AI infrastructure, and closing the productivity gap with the United States. For the first time, Canada has a dedicated Minister of Artificial Intelligence and Digital Innovation whose mandate is to ensure that federal resources flow to Canadian AI companies.

The Funding Architecture Is Comprehensive and Stackable. IRAP non-repayable contributions, R&I project funding, SR&ED tax credits, provincial R&D credits, BDC capital instruments, Mitacs internships, and NGen consortium funding are all designed to be combined. A technology company that accesses three or four of these programs simultaneously can reach the \$10 to \$25 million combined target within a single engagement cycle. The programs were built to stack. Most companies have never tried.

Canada's AI Talent Creates Structural Advantage. Canada's AI research ecosystem, anchored by Mila in Montréal, the Vector Institute in Toronto, and Amii in Edmonton, has produced foundational contributions to machine learning and deep learning. The federal government's investment in AI compute infrastructure, AI talent retention, and AI commercialization is designed to keep that talent and the companies they build in Canada. Technology companies that align with this narrative access political support that goes beyond any single program.

POLITICAL VALUE: WHY SUPPORTING CANADIAN TECHNOLOGY COMPANIES IS A WIN FOR GOVERNMENT

Prime Minister Carney has built his economic mandate on industrial sovereignty, productivity, and AI leadership. Every dollar the federal government invests in a Canadian technology company delivers political value: regional job creation that Ministers can announce, export revenue that strengthens the trade balance, AI capability that advances the sovereignty narrative, and productivity gains that address the defining challenge of this government.

The productivity gap between Canada and the United States is real and widening. Canadian technology companies that can demonstrate their products or platforms improve productivity in healthcare, manufacturing, energy, agriculture, or government services are aligned with the most powerful political argument in Ottawa. Northern Arc positions clients within this narrative so that when Ministers make funding announcements, the client's story is the one that illustrates why the investment matters.

What Northern Arc Public Affairs Brings

Northern Arc exists to align political will with bureaucratic process. We ensure that when federal innovation funding decisions are made, our clients are positioned at the ministerial, Deputy Minister, and PMO level. This is not application preparation. This is political positioning that determines whether your company is known to the decision-makers who shape how programs are administered, how files are prioritized, and how funding flows.

Hon. Kent Hehr, P.C., LL.B., Principal. Former federal Cabinet Minister. Kent served in Cabinet and at the Cabinet table, where federal funding, procurement, and regulatory decisions are made. He understands how ministerial offices evaluate files, how the PMO coordinates cross-departmental priorities, and how political positioning transforms a standard application into a priority file. His relationships span the current Cabinet, the senior public service, and the PMO.

Abed Harb, Managing Partner. Eight years in Ottawa including the Prime Minister's Office and Senior Advisor to multiple Ministers. Abed understands how ministerial offices process files, how Deputy Ministers receive and act on political direction, and how to navigate the bureaucratic decision chain from ITA to ADM to Minister. His network includes current ministerial staff, senior officials across ISSED, and decision-makers within the RDA system.

THE NARRATIVE WE WILL ADVANCE

"This is a Canadian technology company, with Canadian R&D, Canadian talent, and Canadian intellectual property, building solutions that strengthen Canada's AI sovereignty, close the productivity gap, and deliver economic value in regions where the government has committed to grow the innovation ecosystem. Every federal dollar invested in this company stays in Canada, creates Canadian jobs, and advances the national AI strategy that this government has made a defining priority."

This is not a pitch. It is the political framing that transforms a funding application from one of hundreds into a file that Ministers and their staff prioritize, that Deputy Ministers flag for accelerated processing, and that the PMO recognizes as aligned with national priorities.

What We Do

Position your company within the federal innovation narrative so Ministers and their staff understand your strategic value before applications are submitted.

Engage ministerial offices, Deputy Ministers, and the PMO to ensure your company is known at every level of the decision-making chain.

Ensure awareness across ISSED, the relevant RDA, IRAP, and BDC so that when funding decisions are made, your file has been assessed favourably at the bureaucratic level.

Introduce your company to the officials, ITAs, and program officers who administer the programs mapped in this briefing.

Advise on political timing, program sequencing, and narrative framing so your engagement with the federal government compounds over time rather than starting from zero with each application.

Flag new program announcements, intake windows, and political developments that create opportunities or require repositioning.

Monitor the political landscape, Budget preparations, and ministerial priorities to anticipate changes before they are announced and position your company accordingly.

Engagement Timeline and Deliverables

Northern Arc's technology engagement follows a structured six-month timeline designed to build the political relationships and bureaucratic positioning that capture the combined \$10 to \$25 million funding target.

Months 1–2: Foundation and Positioning. Deep dive on the company's technology, R&D portfolio, and federal funding history. Map the relevant programs and identify the combined target. Initiate engagement with ISED ministerial office, Minister Solomon's office, and the relevant RDA. Ensure the ITA relationship is active and the IRAP file is current. Explore BDC Capital products. Begin SR&ED optimization assessment with the company's tax advisor.

Months 3–4: Active Engagement. Advance ministerial engagement to ensure the company is known at the political level. Coordinate with IRAP on current and upcoming R&D project proposals. Submit or position RAI application through the relevant RDA. Engage BDC advisory and lending products. Identify Mitacs and NSERC partnership opportunities. Pursue early-stage conversations to explore what a pilot pathway might look like for any government procurement opportunities.

Months 5–6: Acceleration and Conversion. Convert ministerial awareness into active file support. Coordinate multi-program stacking across IRAP, RAI, and BDC. Ensure SR&ED and provincial credit claims are optimized. Position for SRF if the company's R&D project exceeds the \$20 million total cost threshold. Prepare for ongoing engagement beyond the initial six-month term.

Investment and Expected Return

Northern Arc Public Affairs works on a monthly retainer of \$10,000 plus applicable taxes. The initial engagement period is six months. The agreement includes a 30-day termination clause, meaning either party may cancel at any time with 30 days notice. After six months, the agreement continues month-to-month.

A six-month initial engagement totals \$60,000. The combined funding target is \$10 to \$25 million in federal innovation support over 6 to 12 months, depending on the company's technology, R&D expenditure level, and existing federal funding history. For technology companies with qualifying R&D expenditures above \$1 million annually, the SR&ED and provincial tax credit recovery alone can exceed the cost of the engagement within the first year.

Federal innovation funding compounds. The first IRAP contribution opens the ITA relationship. The ITA relationship facilitates higher IRAP contributions on subsequent projects. RAI funding validates the company's AI positioning for SRF consideration. BDC Capital engagement builds toward larger venture investments. Each program accessed creates a track record that strengthens the next application.

ONGOING ENGAGEMENT

Federal innovation funding is not a one-time event. IRAP projects renew annually. RAI intake runs to December 2028. SR&ED credits are claimed every tax year. BDC Capital relationships deepen over multiple financing rounds. NGen challenge programs launch periodically. The national AI strategy, expected in 2026, will create new program opportunities that do not yet exist.

The foundational work of the first six months creates relationships and registers the company in the right places. Ongoing engagement maintains and leverages those relationships as new intake windows open, budgets are refreshed, and political priorities evolve. Engagements typically extend 6 to 18 months as opportunities develop and federal innovation support

deepens.

Beyond direct funding, federal innovation engagement provides strategic advantages: enhanced credibility with private investors (federal validation signals quality), easier access to international markets through TCS and EDC, positioning for future programs announced in Budget 2027 and the national AI strategy, and access to government procurement opportunities through supplier registration and political awareness.

Conclusion

The federal government has committed more capital to Canadian innovation and AI than at any point in the country's history. The \$2 billion Sovereign AI Compute Strategy, the \$200 million Regional AI Initiative, the \$300 million AI Compute Access Fund, and the expansion of IRAP, NGen, and BDC Capital together create a federal innovation architecture designed to fund, scale, and export Canadian technology.

Most Canadian technology companies have not accessed these programs. They have not built the ITA relationship that unlocks IRAP funding at scale. They have not applied for RAI through their regional development agency. They have not optimized SR&ED claims or explored the provincial tax credits that stack with federal credits. They have not engaged BDC Capital's venture and lending products. The funding exists. The companies that access it are the ones that build the relationships and submit the applications.

The competitive gap is not eligibility. Most Canadian technology companies qualify for multiple programs simultaneously. The gap is positioning. Companies that submit applications through digital portals and wait are competing against companies that have already built ministerial awareness, engaged the relevant ITA, established the RDA relationship, and positioned their technology within the AI sovereignty and productivity narratives that this government has made its defining priorities.

Northern Arc provides the political positioning that closes that gap. The six-month engagement delivers comprehensive positioning across ISED, the Ministry of AI and Digital Innovation, the relevant RDA, IRAP, and BDC. The combined target is \$10 to \$25 million in federal innovation support over 6 to 12 months. The window is open now.

Northern Arc Public Affairs looks forward to partnering with your company to capture the federal innovation funding that your Canadian technology deserves.

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