**Date:** 6th August 2018

**To:** Jon Gruber, Ian Calaway, Cora Touchstone

**From:** Steven Yang

**Re:** Canadian Federal R&D Funding Sources: Canadian Northern Economic Development Agency

**1. Background**

The Canadian Northern Economic Development Agency (CanNor), established in 2009, works to help develop a diversified, sustainable, and dynamic economy across Northern Canada. CanNor works with communities to develop and diversify local economies. CanNor fosters growth and development in the North by delivering economic development programs and by collaborating with and aligning the efforts of partners in northern and southern Canada to respond to economic challenges and opportunities in the North. Northern Canada includes: Yukon, Northwest Territories, and Nunavut.

**2. Canadian Northern Economic Development Agency** **R&D Funding**

CanNor’s Economic Development Program is the agency’s main source of R&D for canadian enterprises, including both small and medium sized. CanNor initially kept a dinstinction between Community Development and Business Development; however, in 2015, these two programs were lumped into a larger program known as the Economic Development Program. The Business Development sub-program activity supports the growth and expansion of northern businesses, including small and medium enterprises, through training, advisory services, and grants and contributions. The program activity’s objective is the encouragement of a competitive, diverse northern business sector with a strengthened capacity for innovation. The Community Development sub-program activity supports community-level investments in infrastructure and organizations, and individual-level investments in skills and capacity development.

CanNor's suite of programs provide funding to support the development of key economic sectors such as mining, tourism, fisheries, cultural industries, and community and business development. These programs include: Strategic Investments in Northern Economic Development (SINED), Northern Aboriginal Economic Opportunities Program (NAEOP), Northern Adult Basic Education Program (NABEP), and Community Infrastructure Improvement Fund (CIIF).

An example of a success story from CanNor is the YuKonstruct Society, a non-profit organization located in Whitehorse, Yukon, received $167,500 in CanNor funding in 2016 to develop the YuKonstruct Makerspace: a collaborative, community-operated, multi-user workspace where northern entrepreneurs can gain access to the tools and equipment required for bringing their innovative ideas to life[[1]](#footnote-1).

**3. Interesting Features and Potential Natural Experiments**

Much of the discrepncies between planned and actual spending behind CanNor is due to their grant programs receiving far more money than expected.

In 2014, 35% of SINED funding was focused on leveraging opportunities in the mining and energy sectors, 65% was directed at strengthening economic development in other sectors[[2]](#footnote-2).

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| **CanNor Annual Expenditures Towards Economic Development (in millions CAD)[[3]](#footnote-3)** | | | | | | | |
|  | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Planned Spending** | 53.7 | 36.9 | 41.5 | 42.9 | 22.1 | 40.5 | 18.1 |
| **Actual Spending** | 48.1 | 36.8 | 43 | 40.9 | 38.6 | 36.7 | 44.9 |
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1. <http://www.cannor.gc.ca/eng/1467054832591/1467054845741> [↑](#footnote-ref-1)
2. <http://www.cannor.gc.ca/DAM/DAM-CANNOR-CANNOR/STAGING/texte-text/dpr-2014-2015_1450967391705_eng.pdf> [↑](#footnote-ref-2)
3. <https://www.canada.ca/en/treasury-board-secretariat/services/departmental-performance-reports.html> [↑](#footnote-ref-3)