**Date:** 7th August 2018

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

**From:** Steven Yang

**Re:** Canadian Federal R&D Funding Sources: Federal Economic Development for Southern Ontario

**1. Background**

The government of Canada created the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) in 2009 as part of Canada's Economic Action Plan (EAP). FedDev Ontario was established with a five-year mandate to help respond to Ontario's economic challenges, to help restore the province to its cycle of prosperity and to help position southern Ontario as an important economic driver to building a stronger economy and a stronger Canada. The mandate of FedDev Ontario is to promote the development of a strong and diversified southern Ontario economy.

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

FedDev Ontario’s primary program behind R&D funding in 2010 was its Community and Business Development Program. Through this program activity, FedDev Ontario delivers and administers grants and contributions with not-for-profit organizations and other orders of government and businesses.

Beginning in 2012, the Community and Business Development Program was divided into two programs: Technology Innovation and Business Development. The Technology Innovation program is intended to create new products, services, processes, and markets. In 2013, the Investing in Commercial Partnerships initiative was created as a program activity of Technology Innovation, which supports business-led partnerships with a focus on developing products. The Business Development program supports the 360,000 businesses (especially SMEs) in southern Ontario by providing funding for the creation of start-up companies, helping existing businesses expand and helping companies improve their productivity.

In 2016, FedDev Ontario invested 8 million CAD in the [Innovation Centre](http://ottawa.ca/en/business/business-resources/innovation-centre-bayview-yards) at Bayview Yards in Ottawa announced an $8 million injection from FedDev Ontario for new programming and technology at the first entrepreneurship hub of its kind in Ottawa[[1]](#footnote-1).

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

The reasoning behind such large discrpencies between actual and planned spending is.FedDev Ontario's five-year mandate and flat-line annual budget establishes equal year-over-year spending expectations that are not necessarily reflective of the lifecycle of the types of transformative, multi-year projects funded by the Agency.

In 2015, FedDev Ontario 24 applications in 2015–16 from a broad range of sectors, including digital media, biomaterials, medical devices, robotics/automation, clean technology, life sciences, and automotive and additive manufacturing. In the report, there was an emphasis on a 20 million CAD investment in a theruapeutic cell tech firm, the Centre for Commercialization of Regenerative Medicine.[[2]](#footnote-2)

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| **FedDev Ontario Annual Expenditures Towards Community and Business Development (in millions CAD)[[3]](#footnote-3)** | | | | | | | |
|  | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Planned Spending** | 395 | 134.5 | 169.5 | 153.2 | 156.7 | 157.9 | 150.6 |
| **Actual Spending** | 257.9 | 176.6 | 188.1 | 142.1 | 58.8 | 125.3 | 142.4 |
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| **FedDev Ontario Annual Expenditures Business Development (in millions CAD)** | | | | | |
|  | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Planned Spending** | 118.5 | 90.4 | 77.6 | 66.1 | 58.6 |
| **Actual Spending** | 131.5 | 89.7 | 49.5 | 69.7 | 63.2 |

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| **FedDev Ontario Annual Expenditures Technology Innovation (in millions CAD)** | | | | | |
|  | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Planned Spending** | 51 | 62.8 | 79.1 | 91.8 | 92 |
| **Actual Spending** | 56.6 | 52.4 | 9.3 | 55.6 | 79.2 |
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1. <https://betakit.com/ottawas-innovation-centre-at-bayview-yards-receives-8-million-from-feddev-ontario/> [↑](#footnote-ref-1)
2. <http://www.feddevontario.gc.ca/eic/site/723.nsf/vwapj/2015-16_FedDev_Ontario_Departmental_Performance_Report-Erratum-eng.pdf/$file/2015-16_FedDev_Ontario_Departmental_Performance_Report-Erratum-eng.pdf> [↑](#footnote-ref-2)
3. <https://www.canada.ca/en/treasury-board-secretariat/services/departmental-performance-reports.html> [↑](#footnote-ref-3)