**Date:** 7th August 2018

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

**From:** Steven Yang

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

**1. Background**

The Federal Economic Development Initiative for Northern Ontario (FedNor) is the Government of Canada’s economic development organization for Northern Ontario. Through its programs and services, and through its financial support of projects that lead to job creation and economic growth, FedNor works with businesses and community partners to build a stronger Northern Ontario.

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

The Industrial Research and Development Financing Program of FedNor helps Canadian businesses increase research and development activities by investing in innovative projects and collaborations through repayable and non-repayable contributions. Projects supported under this program are expected to produce benefits to Canada, including generating strategic research and development investment, developing new technologies, and enhancing Canadian innovation capacity and expertise.

Second, the Science, Technology and Innovation Capacity program sets the strategic direction for policies and programs that support and stimulate research, development and innovation in Canada. In collaboration with Industry Portfolio partners, other government departments and external stakeholders from the private and public sectors, the program fosters an environment that is conducive to innovation and promotes scientific excellence.

Third, Small Business Research, Financing and Services program enhances the growth and competitiveness of small business and encourages entrepreneurship. It raises awareness across government of the challenges facing small businesses; provides knowledge and expertise on small and medium-sized enterprises (SMEs), including cooperatives, in a number of areas, including entrepreneurship, financing, innovation and growth firms; recommends policy options; and delivers programs that help support SMEs and entrepreneurial activity across Canada.

In 2017, FedNor invested 1.26 million CAD in the Northern Ontario Angels (NOA), a non-profit organization dedicated to connecting startups and accredited angel investors. An angel investor, (also known as a business angel), is an individual or group of individuals who provide investment capital to new or growing businesses and expect a percentage of ownership equity in return. The Executive Director is Mary Long Irwin[[1]](#footnote-1)

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

The variance in the data is commonly attributed to additional authorities, staff turnover, etc.

In 2016, FedNor signed a trilateral Memorandum of Understanding with the United States and Mexico to promote women’s entrepreneurship and women-owned enterprises in North America[[2]](#footnote-2)

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| **FedNor Annual Expenditures Towards Industrial Research (in millions CAD)[[3]](#footnote-3)** | | | | | | | | | | | |
|  | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Planned Spending** | 95.5 | 11.8 | 9.5 | 222.1 | 295 | 431.9 | 403.2 | 332.5 | 262.6 | 287.6 | 326.9 |
| **Actual Spending** | 73.3 | 24.1 | 90.4 | 218.8 | 247 | 332.9 | 430.7 | 330.6 | 221 | 321.1 | 280.6 |
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| **FedNor Annual Expenditures Towards Innovation (in millions CAD)** | | | | | | | | | | | |
|  | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Planned Spending** | 510 | 52.6 | 101.1 | 264.3 | 248.6 | 265.7 | 336.6 | 300.8 | 319.9 | 304.4 | 342.8 |
| **Actual Spending** | 409.9 | 148.9 | 99.7 | 1271.1 | 251.5 | 440.8 | 415.9 | 210.2 | 313.4 | 311.4 | 1197.3 |
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| **FedNor Annual Expenditures Towards SME Research (in millions CAD)** | | | | | | | | | | | |
|  | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Planned Spending** | 46.2 | 282.7 | 235.4 | 61.4 | 104.3 | 128.6 | 133.5 | 102.3 | 95.4 | 86.8 | 97.7 |
| **Actual Spending** | 10.6 | 333.6 | 272.3 | 108.1 | 106.1 | 99 | 81.5 | 85.6 | 91.4 | 85.9 | 86.2 |
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1. <https://betakit.com/federal-government-gives-1-26-million-to-northern-ontario-angels/> [↑](#footnote-ref-1)
2. <http://fednor.gc.ca/eic/site/017.nsf/vwapj/ISED_DRR_2016-17-eng.pdf/$file/ISED_DRR_2016-17-eng.pdf> [↑](#footnote-ref-2)
3. <https://www.canada.ca/en/treasury-board-secretariat/services/departmental-performance-reports.html> [↑](#footnote-ref-3)