Federal Economic Development Agency
for Southern Ontario

FINAL EVALUATION OF THE SOUTHERN ONTARIO PROSPERITY PROGRAM (SOPP)

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Final Evaluation of the Southern Ontario Prosperity Program
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Executive Summary

Purpose and method of study

In 2009, the Government of Canada created the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) with a mandate to strengthen southern Ontario's economic capacity for innovation, entrepreneurship and collaboration, and promote the development of a strong and diversified southern Ontario economy. The Southern Ontario Prosperity Program (SOPP) served as the Agency's core program for its second five-year mandate (2014–15 to 2018–19) and the study covers this period. The SOPP consisted of the Eastern Ontario Development Program (EODP), the Advanced Manufacturing Fund (AMF) and four programs grouped under the Southern Ontario Prosperity Initiatives (SOPIs) including the Investing in Business Innovation (IBI) initiative, the Investing in Business Growth and Productivity (IBGP) initiative, the Investing in Commercialization Partnerships (ICP) initiative, and the Investing in Regional Diversification (IRD) initiative. As of March 31, 2019, 201 projects had been approved under these programs, with approved funding totaling $704 million.

An interim evaluation of the SOPP was conducted in 2017. This report presents the final evaluation of the SOPP, with a focus on its relevance, effectiveness, design and delivery. This evaluation used a hybrid team approach (involving evaluators from FedDev Ontario and external consultants from Goss Gilroy Inc. and Ference & Company) in implementing a mixed-methods research design involving multiple lines of evidence. Key lines of evidence included:

- A document and literature review (focused primarily on program relevance);
- A review of project and program financial data; surveys of 114 project proponents, 16 applicants that were not approved for funding, and 264 beneficiary organizations that received financial or other assistance funded by FedDev Ontario and delivered by a third-party organization;
- Interviews with 36 key informants; case studies of eight projects involving a document and data review as well as interviews with eight FedDev Ontario project officers, 16 proponents, partners and beneficiaries associated with the projects; and
- A matched-pairs analysis by Statistics Canada provided further information and insight.

The evaluation also involved a review of 34 consortia projects[1], which updated and expanded the results of a similar review conducted in 2016. The methodology for the update included a review of project documents and data, case studies covering 10 projects or groups of related projects, site visits to eight of the projects, and interviews or surveys with 93 representatives associated with the 34 projects.

Relevance

There is a strong, continued need for programs like the SOPP, given the importance of the southern Ontario economy, the significant opportunities for further development across a range of existing and emerging clusters, and the need to address a range of factors that can slow or constrain development. The need for SOPP-type programming has increased over the past few years as a result of continuing economic trends, such as the accelerating pace of technological change and demographic shifts. In addition, there have been

[1] For the purposes of the review, consortia projects were defined as projects that: (1) involved a significant investment from FedDev Ontario (from $800,000 to $20 million); (2) involved multiple stakeholders; (3) created new opportunities for innovation eco-systems to support commercialization, economic diversification, market development and expansion; and (4) emphasized the development of clusters and/or expansion of geographic concentrations of interconnected companies and institutions. Of the 34 consortia projects reviewed, 22 were funded under SOPP.

rising concerns about international trade and more restricted access to economic development funding from the Government of Ontario, as well as uncertainty regarding future access to that funding due to changes in policy direction.

The need for support was observed to be particularly high among underrepresented groups, who may face significant challenges accessing capital, skilled labour, markets and services, as well as challenges related to discrimination. The need for support also tends to be higher in rural communities, due to factors such as a heavier reliance on traditional manufacturing industries, higher cost structures, and restricted access to capital, markets, skilled labour and technology.

The programs in SOPP were well-aligned with each other and other programming available in southern Ontario. They were also well-positioned to address the constraints to development and the needs of the key target groups. Taken together, the suite of SOPP programs employed a variety of delivery mechanisms to promote growth across business development of varying stages, economic clusters, and underrepresented groups and regions within southern Ontario, which was consistent with the federal government priority of inclusive growth. Factors such as the place-based nature of FedDev Ontario which facilitates improved ongoing rapport with communities and stakeholders across southern Ontario, the strong demand for funding, and the coordination between FedDev Ontario and other funding organizations helped to ensure that the SOPP programs complemented rather than duplicated other federal or provincial government programs with similar mandates.

Effectiveness of the programs

The projects supported by FedDev Ontario were incremental and leveraged significant funding from other sources. In the absence of FedDev Ontario funding, 90 percent of projects would have been cancelled, reduced, delayed or implemented over a longer period of time. Each project dollar contributed by FedDev Ontario leveraged $2.43 in funding from other sources, primarily in the private sector.

The SOPP-funded projects were successful in achieving their intended objectives, were generally implemented as planned and generated a wide range of positive results. Key results included:

- The creation and maintenance of over 30,000 permanent and temporary jobs;
- The establishment of and upgrades to a broad range of manufacturing capabilities, with capital costs accounting for over 60 percent of project expenditures;
- Significant investments in research, development and commercialization, with research and development expenditures alone totaling $385 million;
- The development and commercialization of new products, services, processes or technologies as reported by 60 percent of proponents;
- Increased access to financial and other business support, including $187 million in new angel capital investments; and
- Collaborations and partnerships involving more than 7,000 investors, research collaborators, project partners, businesses and others.

A matched-pairs analysis conducted by Statistics Canada demonstrates that businesses supported by FedDev Ontario, particularly those receiving direct funding, grew faster than similar non-assisted companies in terms of revenues, employment, productivity and research and development expenditures, and were more likely to still be in operation three years after receiving assistance.

Projects funded through SOPP played an important role in strengthening strategic clusters and supporting economic development in communities across southern Ontario through multiple and complementary measures that involved:

- Raising the profile of the region, its clusters and key organizations;
- Attracting investment;
- Supporting the development of industry groups, research and resources centres, networks and consortia;
- Helping to attract, develop and retain highly-skilled workers, researchers and entrepreneurs;
- Expanding manufacturing and supporting innovation across a range of industries;
- Leveraging investment; and
- Accelerating the development of companies by providing access to product and process development capabilities, commercialization support, expert services, capital and other types of support.

The benefits of the bulk of activities supported with funding from FedDev Ontario have continued to increase after completion of the funded project. Subsequent activities are funded through internal resources, other government funding and/or private sector funding. Many of the projects involved the development of production capabilities, research infrastructure or other assets, which serve as a base for continued operations, or involved the development of new products, services or technologies that continued to be marketed and used in the development of other products.

Program design and delivery

The SOPP programs were delivered efficiently. Over the five years, operating expenditures averaged 4.6 percent of total program expenditures, which is very low relative to comparable programs. Two factors contributing to the low percentage were increases in average approved contributions per project (fewer projects to administer relative to the amount of funding provided), and an increased use of third parties to administer programs.

Over 90 percent of project proponents were very satisfied with their interaction with FedDev Ontario and over 90 percent of beneficiaries were satisfied with the delivery partners. Proponents found FedDev Ontario officers to be knowledgeable, helpful and easy to work with, and found the application, contracting and claims processes to be straightforward. Non-funded applicants tended to be less supportive of program design and delivery, particularly in terms of the guidance and direction provided with respect to the preparation of their applications.

While the majority of proponents were satisfied with FedDev Ontario, some reported challenges with project reporting, occasional difficulties in communicating with FedDev Ontario staff, and the length of time that elapsed before they received funding. Concerns with respect to reporting related primarily to the level of reporting required, tight timelines and perceived inconsistencies between the reporting requirements and the key impacts of proponent projects. The average length of time from a client's application completion date to actual approval date by the Agency was 18.9 weeks. When asked about potential areas for improvement, key informants, proponents, beneficiaries and unfunded applicants suggested streamlining the project approval and reporting processes, adding greater flexibility in implementation of the projects, and increasing the level of funding for certain target groups.

Significant improvements have been made to program design and delivery in response to the SOPP Interim Evaluation Management Response and Action Plan (MRAP). In particular, FedDev Ontario has secured permanent funding which will help to ease issues related to the five-year funding profile. The Agency has

also streamlined the program structure following the federal government's review of innovation programming, to make it easier for prospective applicants to navigate the process. Lastly, FedDev Ontario has accelerated the professional development of project officers and taken some steps to streamline the reporting process, although further work is required.

Recommendations

The recommendations arising from the final evaluation are as follows:

- FedDev Ontario to consider improving its performance reporting metrics and processes.
- FedDev Ontario to consider enhancing support for certain target groups/areas, particularly women, Indigenous businesses, youth entrepreneurs and rural regions.

Table of Contents

List of Tables

Acronyms

AAFC – Agriculture and Agri-Food Canada
ACOA – Atlantic Canada Opportunities Agency
AIME – Achieving Innovation and Manufacturing Excellence Program
AMF – Advanced Manufacturing Fund
ATCC – Agri-Technology Commercialization Centre
BDC – Business Development Bank of Canada
BERD – Business Expenditures in Research and Development
BIA – Business Incubators and Accelerators
BIC – Bioindustrial Innovation Canada
CARIC – Consortium for Aerospace Research and Innovation in Canada
CCRM – Centre for Commercialization of Regenerative Medicine
CEDD – Community Economic Development and Diversification
CEDP – Collaborative Economic Development Project
CETA – Comprehensive Economic and Trade Agreement
CFDCs – Community Futures Development Corporation
CIHR – Canadian Institutes of Health Research
CME – Canadian Manufacturers and Exporters
CP-TPP – Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSA – Canadian Space Agency
CUSMA – Canada-United States-Mexico Agreement
DND – Department of National Defence
DRF – Departmental Results Framework
EDC – Export Development Canada
EODP – Eastern Ontario Development Program
ExCom – Executive Committee
FCC – Farm Credit Canada
FDI – Foreign Direct Investment
FedDev Ontario – Federal Economic Development Agency for Southern Ontario
FIN – Department of Finance Canada
FTEs – Full-time Equivalents
G&C – Grant and Contribution
G7 – Group of Seven
GAC – Global Affairs Canada
GBA+ - Gender-based Analysis Plus
GBC – George Brown College
GCPM – Grants and Contribution Program Management
GCR – Global Cybersecurity Resource
GTA – Greater Toronto Area
HQP – Highly Qualified Personnel
IBGP – Investing in Business Growth and Productivity
IBI – Investing in Business Innovation
ICP – Investing in Commercialization Partnerships
ICT – Information and Communication Technology
IDEaS – Innovation for Defence Excellence and Security
INAC/ISC – Indigenous and Northern Affairs Canada/Indigenous Services Canada
IP – Intellectual Property
IRCC – Immigration, Refugees and Citizenship Canada

IRD – Investing in Regional Diversification
ISED – Innovation, Science and Economic Development Canada
ISP – Innovation and Skills Plan
LGBTQ – Lesbian, Gay, Bisexual, Transgender, Queer
MDF – Medium Density Fiberboard
MEDG – Ministry of Economic Development and Growth
MNEs – Multinational Enterprises
MOU – Memorandum of Understanding
MRAP – Management Response and Action Plan
NFP – Not-for-profit
NRC – National Research Council
NRCan – Natural Resources Canada
NSERC – Natural Sciences and Engineering Research Council
O&M – Operating and Maintenance
OCE – Ontario Centres of Excellence
OCGC – Ontario Capital Growth Corporation
OECD – Organization for Economic Co-operation and Development
OMAFRA – Ontario Ministry of Agriculture, Food and Rural Affairs
PAA – Program Alignment Architecture
PMF – Performance Management Framework
PSI – Post-secondary Institution
PSPC – Public Services and Procurement Canada
R&D – Research and Development
RDA – Regional Development Agency
SDTC – Sustainable Development Technology Canada
SME – Small and Medium Enterprises
SONAMI – Southern Ontario Network for Advanced Manufacturing Innovation
SOPIs – Southern Ontario Prosperity Initiatives
SOPP – Southern Ontario Prosperity Program
SOSCIP – Southern Ontario Smart Computing Innovation Platform
SOWC – Southern Ontario Water Consortium
SRI – Sunnybrook Research Institute
StatCan – Statistics Canada
STEM – Science, Technology, Engineering and Mathematics
VC – Venture Capital
WD – Western Economic Diversification Canada
YAI – York Angel Investors

1. Introduction

1.1 Background

In 2009, the Government of Canada created the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) with a mandate to strengthen southern Ontario's economic capacity for innovation, entrepreneurship and collaboration, and promote the development of a strong and diversified southern Ontario economy. The Southern Ontario Prosperity Program (SOPP) served as the Agency's core program for its second five-year mandate (2014–15 to 2018–19). The SOPP consisted of the Eastern Ontario Development Program (EODP), the Advanced Manufacturing Fund (AMF) and four programs grouped under the Southern Ontario Prosperity Initiatives (SOPIs) including the Investing in Business Innovation (IBI) initiative, the Investing in Business Growth and Productivity (IBGP) initiative, the Investing in Commercialization Partnerships (ICP) initiative, and the Investing in Regional Diversification (IRD) initiative. As of March 31, 2019, 201 projects had been approved under these programs, with approved funding totaling $704 million.

1.2 Purpose of the evaluation

This report presents the results of the final evaluation of the SOPP, building on an interim evaluation conducted in 2017. Under the Government of Canada's Policy on Results, evaluations are planned with consideration of using relevance and performance (design and delivery) as primary evaluation issues, where applicable to the goals of the evaluation (Directive on Results, C.2.2.1.5). The final evaluation addresses the following evaluation questions grouped under those two issues:

Table 1: Evaluation issues and questions

Issue	Evaluation Questions
Relevance	1. To what extent is there a continued need for programming that promotes economic development in urban centres, smaller cities, rural communities? 2. To what extent did the SOPP programs complement, duplicate or overlap other government programs? 3. To what extent did the SOPP align with government priorities?
Performance (Effectiveness, government-wide policy considerations, efficiency and economy)	4. To what extent did the SOPP achieve the expected outputs and outcomes (immediate and intermediate)? 5. To what extent can the impacts be attributed to the SOPP support? 6. What unintended outcomes have been achieved? 7. What factors impacted the ability to achieve expected outcomes? 8. How did FedDev Ontario support participation in the SOPP by underrepresented groups such as women, Indigenous peoples, members of Official Language Minority Communities, youth, persons with disabilities, newcomers to Canada, and visible minorities or racialized people? 9. What improvements were made to the design and delivery of FedDev Ontario programming in response to the SOPP Interim Evaluation Management Response and Action Plan (MRAP)?

1.3 Structure of the report

Chapter 2 summarizes the evaluation methodology, while Chapter 3 provides an overview of the SOPP. Chapters 4, 5 and 6 summarize the findings of the evaluation regarding relevance, effectiveness, and program design and delivery. Chapter 7 presents major conclusions and recommendations.

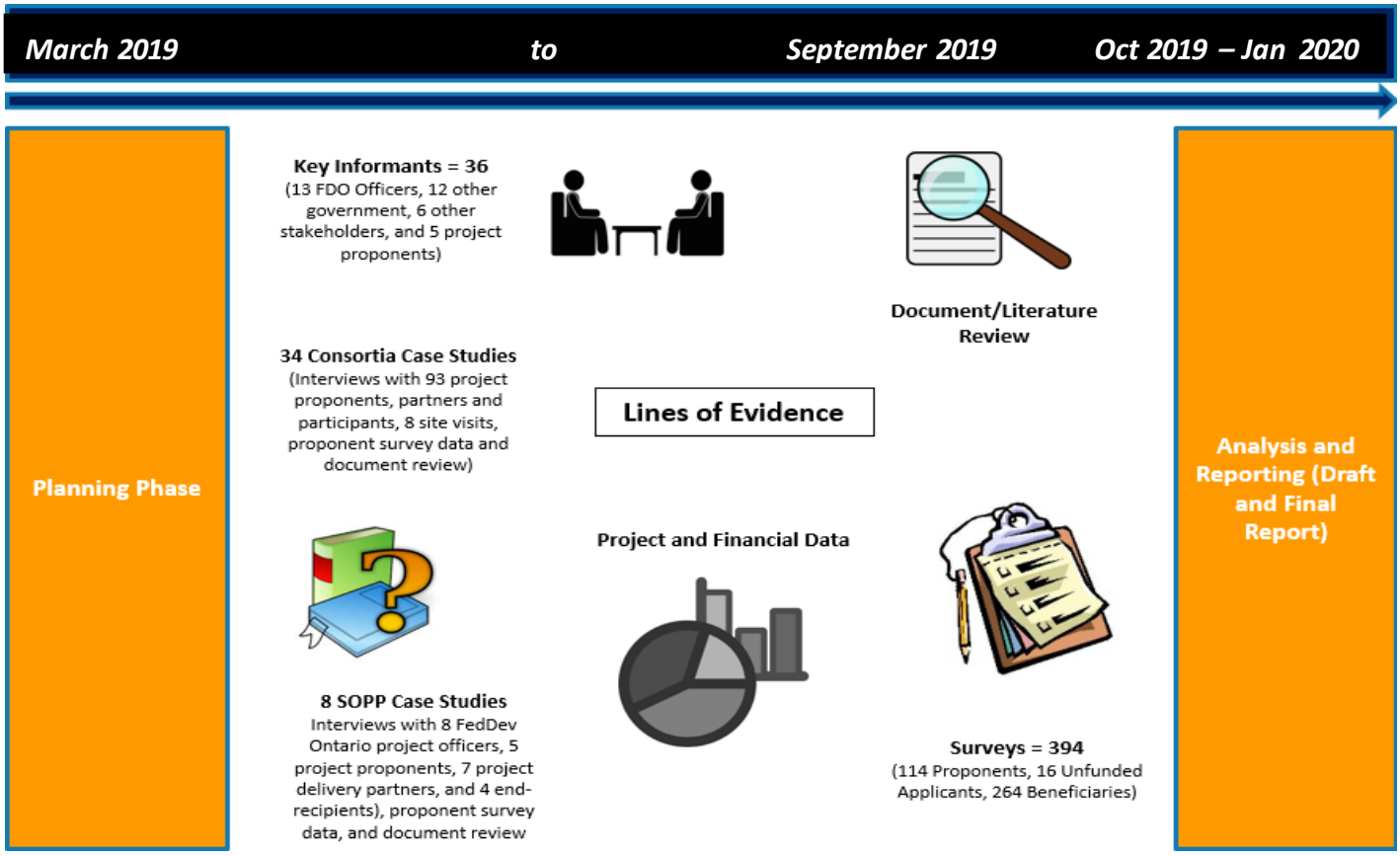
2. Evaluation methodology

2.1 Approach and lines of evidence

The evaluation was undertaken in three phases: planning, data collection involving various lines of evidence, and analysis and reporting (draft and final report). A hybrid team approach was used, involving evaluators from FedDev Ontario and external consultants from GGI and Ference & Company, in implementing a mixed-methods research design involving multiple lines of evidence.

The planning phase involved a document review (on FedDev Ontario, the programs and funded projects to identify the data available) and development of the evaluation matrix, methodology, data collection instruments and communication protocols. The data collection phase included document, literature and data reviews, surveys, key informant interviews, and case studies.

Table 2: Overview of the study methodology



As indicated above, surveys were conducted with 114 project proponents who are associated with 125 SOPP projects, 16 applicants not approved for funding, and 264 beneficiary organizations that received financial or other assistance funded by FedDev Ontario and delivered by a third-party organization. Interviews were conducted with 36 key informants (including 13 FedDev Ontario representatives, 12 other government (federal, provincial and municipal) representatives, six stakeholders/experts, and five project proponents). Case studies were conducted of 8 SOPP projects, involving a document and data review as well as interviews with eight FedDev Ontario project officers and 16 project proponents, partners, and beneficiaries. The evaluation also involved a review of 34 consortia projects[2], which updated and expanded the results of a similar review conducted in 2016. The methodology for the consortia update included a review of project documents and data, case studies covering 10 projects or groups of related projects, site visits to eight projects, and interviews or surveys with 92 representatives associated with the 34 projects. The results were then analyzed to prepare the draft and final reports. A more detailed description of the methodological approach, lines of evidence, challenges and mitigation strategies is provided in Appendix I.

2.2 Challenges and mitigation strategies

The major challenges associated with the final evaluation stemmed from:

- **Diversity of the projects**: SOPP-funded projects varied widely in terms of their objectives, scope and intended outcomes, approach and delivery mechanisms (direct funding to businesses, third-party delivery and consortia projects) and timelines. As a result, it was very challenging to document, aggregate and summarize the project impacts in a standard and consistent manner while also accounting for the differences among projects. To address this challenge, the evaluation team utilized multiple sources to capture and assess project impacts including reported data, interviews, case studies, and a matched-pairs analysis by Statistics Canada.

- **Difficulties in assessing longer-term impacts, particularly amongst the larger not-for-profit consortia projects**: For many of the large-scale SOPP-funded projects, not enough time had elapsed for the project impacts (e.g., commercialization of new technology or further development of clusters) to be fully realized. To address this challenge, the evaluation team conducted a separate review of a sample of larger consortia projects, which included more in-depth reviews and case studies to better understand the impacts of longer-running projects.

- **Difficulties in capturing indirect benefits of the SOPP**: Approximately 50 percent of SOPP funding was approved for projects led by not-for-profit proponents, which in turn provided support and assistance to other organizations (e.g., project beneficiaries). This introduction of an additional layer made it challenging to capture project impacts and attribute them to FedDev Ontario support. To address this challenge, the evaluation team surveyed project beneficiaries in addition to project proponents. In addition, project beneficiaries were included in Statistics Canada's matched-pairs analysis.

[2] For the purposes of the review, consortia projects were defined as projects that: (1) involved a significant investment from FedDev Ontario (from $800,000 to $20 million); (2) involved multiple stakeholders; (3) created new opportunities for innovation eco-systems to support commercialization, economic diversification, market development and expansion; and (4) emphasized the development of clusters and/or expansion of geographic concentrations of interconnected companies and institutions. Of the 34 consortia projects reviewed, 22 were funded under the SOPP.

3. The Southern Ontario Prosperity Program

3.1 Number and value of projects approved

As of March 31, 2019, 201 projects totaling about $700 million in funding were approved under the SOPP. These included 117 private sector projects and 84 not-for-profit (NFP) projects undertaken by other organizations (not-for-profits, post-secondary institutions and other government organizations). The level of approved funding was relatively evenly divided between for-profit and NFP projects.

Table 3: Number, type and value of projects approved by program as of May 31, 2019

Initiative	For Profit Organizations		Non-profits and Post-Secondary		Total	
	Number	$ million	Number	$million	Number	$million
Southern Ontario Prosperity Initiatives						
Investing in Business Innovation	58	$35.4	35	$46.5	93	$81.9
Investing in Business Growth & Prod	51	$175.2	2	$29.0	53	$204.2
Investing in Regional Diversification	-	-	16	$83.0	16	$83.0
Investing in Commercialization Part.	-	-	12	$123.8	12	$123.8
SOPP Strategic Project	-	-	1	$8.0	1	$8.0
Advanced Manufacturing Fund (2013-2018)						
Advanced Manufacturing Fund	8	$135.5	1	$20.0	9	$155.5
Eastern Ontario Development Program (2014-19)						
Eastern Ontario Development Program			17	$48.0	17	$48.0
Total	**117**	**$346.1**	**84**	**$358.3**	**201**	**$704.4**

3.2 Overview of the programs

Characteristics[3]

The characteristics of each of the six programs included within SOPP are summarized in the table on the following page and in the points below:

- **Investing in Business Innovation (IBI)***:* The objectives were to foster a culture of entrepreneurship focused on innovation, by supporting start-ups in transforming ideas into globally competitive products and services; increasing, stimulating and leveraging private sector investment; strengthening angel networks; and supporting mentorship and skills development activities to help start-ups grow and succeed. To this end, IBI provided support for mentorship, entrepreneurial support and financing to help new and early-stage businesses grow and succeed. Of the 93 IBI projects, 58 supported SMEs, 25 supported angel investor networks and 10 supported NFPs, which, in turn, provided support for skills development and seed funding to entrepreneurs and SMEs.

- **Investing in Business Growth and Productivity (IBGP)***:* The objective was to position southern Ontario businesses to be more competitive globally, by assisting established businesses with high-growth potential, increasing investment in technologies and processes to improve productivity, and increasing the capacity of businesses to participate in global markets through exports and integration in

[3] A detailed description of each of the programs as well as the combined project logic model is provided in Appendix II.

global value chains. To this end, IBGP helped businesses diversify markets and expand facilities, adopt new technologies and processes to improve productivity, and increase business capacity to grow and diversify markets. Of the 53 projects approved, 51 directly supported SMEs while two supported NFPs which, in turn, assisted SMEs with productivity improvements or increased participation in global markets.

- **Investing in Regional Diversification (IRD)*:*** The objectives were to provide unique regional assets and local expertise to attract new investment and opportunities, and support the long-term development of stronger, more diverse economies in southern Ontario communities. For all 16 IRD projects, project funding was provided to and managed by NFPs (e.g. Artscape, BIC, Trillium Network).
- **Investing in Commercialization Partnerships (ICP):** The objectives were to increase collaboration among businesses, post-secondary institutions (PSIs) and research organizations to narrow the gap between innovation and commercialization. Additional objectives were to increase the capacity of existing and emerging innovation ecosystems, and to promote the development of competitive economic clusters in southern Ontario. To this end, ICP supported business-led partnerships with a focus on developing globally competitive products and services. For all 12 ICP projects, project funding was provided to and managed by NFPs (including seven PSIs).

- **Advanced Manufacturing Fund (AMF):** Established as part of the 2013 Federal Budget, the objectives of AMF were to increase firm productivity and enhance the competitiveness of Ontario's advanced manufacturers by addressing, within the Ontario delivery context, gaps in federal supports for advanced manufacturers. To this end, AMF focused on attracting projects that advanced the development and/or adoption of cutting-edge technologies leading to product, process, and technological innovation, creating spillovers for manufacturing clusters and/or supply chains, and fostering collaboration between research and innovation organizations, the private sector, PSIs and NFPs to create new market opportunities for Ontario businesses in the manufacturing sector. Unlike IBGP, which focused on more conventional technology adoption and business growth in southern Ontario, AMF targeted large-scale and "first-of-its-kind" transformative technologies across the province. A total of nine projects were funded with eight of the projects directly supporting established companies with research and development presence in Ontario.

- The **Eastern Ontario Development Program (EODP):** The objectives of this economic development initiative were to address economic challenges and take advantage of innovative opportunities in eastern Ontario. Delivered through 15 CFDCs, the program promoted business development, job creation and strengthened economies in the region. In addition, EODP provided funding for Collaborative Economic Development Projects (CEDP), which generated benefits for multiple communities and promoted broad-based collaborative economic development. EODP was established in 2004 and has been administered by FedDev Ontario since the Agency was established in 2009. All 17 projects were delivered via CFDCs.

Table 4: Overview of the programs included in SOPP

Pro-gram	Focus	Stage	Projects	FDO Approved	Proponents	Support	Focus of Supported Projects
IBI	Matched leveraged funding	Start-up/ Early stage	58	$35.4 million (avg. $610,000)	SMEs under 50 employees	▪ Repayable up to $1 million ▪ To be leveraged with $2 in angel or venture capital funds for every $1 in IBI funding	▪ Develop and commercialize new technologies ▪ Establish or expand production capabilities ▪ Undertake product and market expansion activities
	Angel investment networks	Start-up/ Early stage	25	$8.3 million (average $330,000)	Angel investment networks	▪ Non-repayable to $500,000 ▪ Focus on strengthening angel networks	▪ Attraction of members/angel investors and qualified applicant companies ▪ Outreach, education, mentoring and engagement for investors and entrepreneurs ▪ Investor accreditation ▪ Facilitating co-investment/investor syndication ▪ Improved reporting and monitoring tools
	Skills development & seed funding	Start-up/ Early stage	10	$38.2 million (average $3.8 million)	NFPs (1 PSI and 8 non-profits)	▪ Non-repayable to $20 million ▪ Up to $10,000/entrepreneur for business training and $30,000/SMEs to cover start-up costs ▪ SMEs must provide 50%	▪ Seed financing, investment attraction (e.g., a Capital Access Advisory Program), training, mentorship, and incubation. ▪ Individual projects targeted specific groups in terms of sector (e.g., bioscience, ag-tech, and medical technologies), stage of development (e.g., start-ups and early-stage), priority group (women), or region
ICP	Business-led development/ commercializ-ation of products and services	Product Develop-ment and Commer-cialization	12	$123.8 million (average $10.3 million)	NFPs including 7 post-secondary institutions	▪ Non-repayable to $20 million ▪ Up to 50% of eligible costs ▪ Remainder provided by other partners ▪ Increases collaboration among businesses, PSIs and research organizations, narrows gap between innovation and commercialization, and increases capacity of ecosystems	▪ Focused on range of activities including development, testing and validation of new technologies, applied research, providing access to R&D expertise and computing/data platforms, and support for commercialization and development of SMEs ▪ Focused on a range of existing and emerging clusters: digital media, health technologies, ICT, ag-tech (greenhouse, food and beverage), water, bioengineering and manufacturing
IRD	Regional development and diversification	Early stage and Growth	16	$83.0 million (avg. $5.2 million)	NFPs (regional development organiz-ations)	▪ Non-repayable to $20 million ▪ Up to 50% of eligible costs ▪ Remainder provided by recipient as in-kind or cash contribution	▪ Variety of projects such as: o Local infrastructure upgrading o Technology research, development, testing and commercialization o Building new facilities o Business retention & expansion o Business incubation and acceleration o Digital media productions o Investment attraction o Regional investment and loan funds

Pro-gram	Focus	Stage	Projects	FDO Approved	Proponents	Support	Focus of Supported Projects
IBGP	Direct assistance to SMEs for growth/ modernization	Growth	51	$175.1 million (avg. $3.4 million)	SMEs (15 to 1000 employees)	▪ Repayable up to $20 million ▪ Target SMEs with sustainable business model, profitable track record and potential to become strong global player	▪ Used most commonly to expand, modernize or relocate production capabilities ▪ Acquisition of equipment, building of plants/ facilities and, to a lesser extent, develop/expand markets and finance expansion
	Assistance for manufacturers delivered through NFPs	Growth	2	$29.0 million (avg. $14.5 million)	NFPs (industry associations or regional development organiz-ations)	▪ Repayable up to $20 million ▪ Up to $100,000 per SME ▪ 100% of eligible costs ▪ SMEs must provide 50% ▪ Both projects targeted manufacturers	▪ Improving productivity and competitiveness o Up to $15,000 for advanced technology assessments by qualified professionals who examine company's manufacturing performance and recommend how advanced technologies could be implemented o Up to $100,000 for projects that improve productivity through adaptation or adoption of advanced technologies, materials or processes o Up to $50,000 to offset costs of training expenses related to supporting innovation implementation
AMF	Increase productivity and competitive-ness of advanced manufacturers	Growth	8	$136 million (average $16.8 million)	Established profitable businesses with R&D in Ontario	▪ Repayable to a normal maximum of $20 million ▪ Up to 50% of eligible costs ▪ Remainder provided by industry	▪ Projects focused on: o Attracting FDI o Expansion of R&D and manufacturing capabilities o Development of new products, technologies and processes o Adoption, adaptation and commercialization of new technologies
		Growth	1	$20 million	NFPs collaborating with an anchor firm	▪ Non-repayable to $20 million ▪ Up to 50% of eligible costs ▪ Remainder provided by other partners	▪ Support the development and/or adoption of cutting-edge technologies leading to innovation and new market opportunities for businesses in the manufacturing sector ▪ Needed to demonstrate significant benefit for sector
EODP	Business Development and Community Innovation	Early stage and Growth	15	$37.5 million ($2.5 million per CFDC)	15 CFDCs in eastern Ontario	▪ 10% budgeted for delivery ▪ 54% budgeted for business development projects ▪ 36% budgeted for community innovation projects	▪ Business development projects leading to growth of new and existing businesses within rural eastern Ontario communities ▪ Community innovation includes labour market development (skills gap analysis, skills development, worker transition), planning and research, and business infrastructure

Pro-gram	Focus	Stage	Projects	FDO Approved	Proponents	Support	Focus of Supported Projects
	Collaborative Economic Development Projects (CEDP)	Early stage and Growth	2	$10.5 million	2 CFDCs	▪ 10% budgeted for program delivery ▪ 90% budgeted for CEDP projects	▪ Projects that generate benefits for multiple communities and promote broad-based collaborative economic development. Two organizations received funding totaling $10.5 million

Governance

FedDev Ontario and the other five Regional Development Agencies (RDAs) are positioned as flagship program delivery agents within the Innovation, Science and Economic Development Canada (ISED) portfolio, alongside the Strategic Innovation Fund, the National Research Council's Industrial Research Assistance Program and Global Affairs Canada's Trade Commissioner Services.[4] Following the federal government's review of innovation programming, RDA programming was aligned in 2018 to support Canada's innovation ecosystem by carrying out nationally-coordinated and regionally-tailored streams to drive business scale-up, innovation, and community economic development across Canada.[5]

FedDev Ontario was responsible for delivering the suite of SOPP programs. With the exception of AMF, programs in the SOPP were administered solely by FedDev Ontario. The Agency was responsible for program design, development and promotion, review of applications, funding decisions, contribution agreements, management of the funding agreements, project monitoring and assessment of program outcomes.

AMF was delivered under an MOU with ISED[6], which defined the roles of FedDev Ontario and ISED and guided the establishment of a joint governance committee. Under the MOU, FedDev Ontario had all AMF-related authority, including decision making and recommendations. FedDev Ontario obtained input from ISED regarding the technical aspects (innovation), market relevance and potential spillover benefits of the proposed projects. ISED conducted the assessments either internally or through private sector contractors. The AMF was the only SOPP program that the Agency also delivered in northern Ontario, One of the eight AMF projects, involving the largest contribution made to any SOPP project, was located in northern Ontario. ISED, along with the Federal Economic Development Initiative for Northern Ontario (FedNor) and the Government of Ontario were involved in program delivery.

The contributions provided under each program were governed by contribution agreements made directly with businesses, not-for-profit organizations (including PSIs) that worked with collaborators to implement the project, and third-party organizations, which in turn, used that funding to deliver support to businesses. The contribution agreement outlined the recipient's contractual obligation to provide information required for performance measurement and evaluation requirements.

4. Relevance

4.1 Need for the program

The major findings of the evaluation regarding the need for SOPP programming are as follows:

1. **There is a strong need for SOPP-type programming given the importance of the southern Ontario economy, the significant opportunities for further development, and the need to address a range of factors that can slow or constrain development.**

4 Government of Canada. 2018. Equality + Growth, A Strong Middle Class (Budget 2018). https://www.budget.gc.ca/2018/docs/plan/budget-2018-en.pdf

5 FedDev Ontario. 2019. Federal Economic Development Agency for Southern Ontario, Key Questions and Answers (Draft)

6 FedDev Ontario had all AMF authorities, including decision making/recommendations; ISED was to be involved in assessment of projects.

When asked to rate the extent to which there is a continued need for FedDev Ontario to provide programming that promotes economic development in southern Ontario (on a scale of 1 to 5, where 1 is no need at all and 5 is a great need), the average rating varied from 4.2 among unfunded applicants to 4.8 amongst both beneficiaries and project proponents as indicated in the table below. Key informants provided an average rating of 4.8. Between different groups of key informants, the average rating varied from 4.9 amongst other government representatives to 4.8 amongst FedDev Ontario representatives and 4.7 amongst other stakeholders and experts.

Table 5: Continuing need for FedDev Ontario to provide programming that promotes economic development in southern Ontario

Is there a continuing need for FedDev Ontario to provide programming that promotes economic development in southern Ontario (on a scale of 1 to 5, where 1 is no need at all, 3 is some need, and 5 is a great need)?								
Rating	**Proponents**		**Beneficiaries**		**Key Informants**		**Unfunded**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
5 - Great need	91	86	194	87	24	80	12	95
4	10	9	20	9	6	20	-	-
3 - Some need	4	4	7	3	-	-	-	-
2	-	-	1	0	-	-	-	-
1 - No need at all	-	-	2	1	-	-	3	5
Total	**105**	**100**	**224**	**100**	**30**	**100**	**15**	**100**
Average	**4.8**		**4.8**		**4.8**		**4.2**	

Only six of the 344 people surveyed gave a rating of 1 or 2 (less than somewhat of a need), while almost 90 percent indicated that there was a great need. Those few respondents who provided ratings of 3 or less generally noted that the programming did not meet their needs in that, for example, they required more funding than was available, the program did not provide the type of support that they wanted (e.g., it had to be repaid or did not cover certain types of expenditures), or the program did not move at the speed of business in terms of the timeline from application to the receipt of funding.

Reflecting, in part, the varying nature of their involvement with the SOPP, those surveyed attributed the strong need to a variety of factors. Most commonly, respondents highlighted the need for assistance that supports the development of businesses in their region or sector, better enables Ontario-based companies to be competitive nationally and globally, and stimulates local economic development. Respondents also noted that the SOPP has filled a gap in that similar assistance would not have been available from other sources. Key informants noted the following as reasons why there was a strong need for the SOPP:

1) Strong demand for risk-based capital to assist companies in starting up, scaling up, and adopting innovative technologies,
2) The need to support clusters and innovation ecosystems,
3) The need for Ontario companies to be able to compete internationally, and
4) FedDev Ontario's unique role in supporting regional economic development.

The results of the literature review also confirmed the need for programs like the SOPP, highlighting the importance of the Ontario economy, the significant opportunities for further development in that economy, and the challenges or constraints to development that are slowing development. These findings are further discussed below:

- **As the largest regional economy in Canada, the health of the southern Ontario economy has a major impact on the overall strength of the Canadian economy, particularly in terms of manufacturing.** On average, Ontario's economy has been expanding at a slightly stronger pace than

Canada's and the average of the G7 countries since 2015.[7] As per "Invest in Ontario," the provincial investment promotion agency, Ontario was the top Canadian province in attracting foreign direct investment (FDI) in 2018 and the top jurisdiction in North America for new jobs created from incoming FDI. The region served by FedDev Ontario accounts for 36 percent of the Canadian population, 37 percent of its GDP, 44 percent of merchandise exports and about 46 percent of business expenditures in research and development (BERD). Manufacturing is a key economic sector in Ontario, contributing to more than 12 percent of provincial GDP, 10 percent of employment (762,000 direct jobs in 2019), and 86 percent of exports.[8]

- **There are significant opportunities for further development in southern Ontario.** As indicated in the table below, Ontario's economy encompasses a wide range of existing and emerging economic clusters where the province holds comparative advantages and the potential for further growth is significant.[9] Further development of these and other clusters will generate spillover economic benefits for other sectors and benefits for society overall in areas such as the environment, security, health, evidence-based policy making and communications.

Table 6: Examples of established and emerging key sectors/clusters in southern Ontario

Established Sectors/Clusters	Emerging Sectors/Clusters
Aerospace Automotive Chemical processing Financial services Food and beverage processing Information and communications technology Life sciences Mining	Big data/artificial intelligence Biopharma and biotech Bioprocessing and biomass (Cleantech) Cognitive vehicles Cybersecurity Fintech Health informatics/digital health Internet of Things (particularly sensors) Next Generation Networks and telecommunications Regenerative medicine Quantum computing

The 2017 report by the Government of Canada Advisory Council on Economic Growth noted that "certain sectors of the economy have significant untapped potential that will require focus and attention to unlock." The report uses the agri-food sector as a prime example, but notes other sectors with high potential for growth including energy and renewables, mining and metals, healthcare and life sciences, advanced manufacturing, financial services, tourism and education.

- **While southern Ontario holds some competitive advantages, it also faces numerous challenges and constraints, which can vary across clusters and target groups**. According to the Conference Board's 2018 Report Card on Canada, Canada now ranks 12th among 16 OECD countries in terms of innovation. On its own, Ontario would now rank 7th amongst the 16 countries (after countries like Sweden, Switzerland, Denmark and the US), down two places from the 2015 report.

7 Government of Ontario 2019 Budget Fall Update (https://budget.ontario.ca/2019/fallstatement/chapter-2.html)

8 Manufacturing Placemat (REIU - November 2019)

9 Goss Gilroy Inc., Southern Ontario's Areas of Innovation Advantage: Needs Analysis and Research, November 2016. FedDev Ontario. 2019. Federal Economic Development Agency for Southern Ontario, Key Questions and Answers. FedDev Ontario. 2018. Investment Strategy Overview (Nov 27 Draft). FedDev Ontario. 2019. Backgrounder for Ontario (May 3 Draft). FedDev Ontario. 2019. High-level Narrative for a Southern Ontario Rural Innovation and Growth Strategy (Feb 25 Draft).

The rate of development within existing and emerging economic clusters is best viewed as a function of multiple factors that create the conditions for growth, such as access to capital, highly qualified personnel, entrepreneurs, markets, infrastructure and other key inputs, as well as capabilities related to research, development and commercialization. Governments and others work to accelerate the rate of development by influencing the factors that drive development. Varying somewhat from cluster to cluster as well as across Ontario regions, southern Ontario holds comparative strengths when it comes to some of these factors. However, Canada (and Ontario) has been underperforming relative to other jurisdictions in the following areas, which could erode the comparative strengths in the absence of any interventions:[10]

- Facilitating and sustaining entrepreneurship
- Scaling up early-stage companies and SMEs
- Access to risk capital
- Linkages between business, academia and the public sector
- Technology development
- Commercialization of new technology
- Access to skilled workers
- Keeping up with technological change
- Export development
- Labour productivity
- Commitment to foster innovation
- Rates of business investment in R&D, technology adoption, and machinery and equipment

As in the case of comparative strengths, the constraints and challenges also vary somewhat from cluster to cluster as well as across Ontario regions.

2. **The need for support is particularly high among underrepresented groups, who may face more significant challenges related to access to capital, skilled labour, markets and services as well as forms of discrimination.**

Project proponents, beneficiaries and unfunded applicants surveyed from underrepresented groups, as well as proponent organizations that assist underrepresented groups, indicated that their greatest challenges to starting, maintaining or growing businesses include limited access to capital, services such as mentoring, and market access, difficulties in recruiting and retaining skilled labour, limited sales and profits, and forms of discrimination.

Key informants also noted that entrepreneurs from underrepresented groups face more significant challenges such as limited access to financing and difficulties in understanding and navigating government programs and regulations. Key informants noted that due to inadequate encouragement/support and historically small numbers of role models, women may lack self-confidence in starting a business, are underrepresented in STEM fields which could lead to fewer women in technology companies, may lack interest in growing/scaling up a company, and may have less access to

10 Conference Board of Canada. 2018. How Canada Performs: A Report Card on Canada; Elgie S et al. 2017. SSHRC Scholar Knowledge Synthesis: Clean Technology and Business Innovation Advisory Council on Economic Growth. 2017; Unlocking Innovation to Drive Scale and Growth. https://www.budget.gc.ca/aceg-ccce/pdf/innovation-2-eng.pdf; Council of Canadian Academies. 2009. Innovation and Business Strategy: Why Canada Falls Short; Brookings Institute. 2018. Canada's Advanced Industries, a Path to Prosperity; Industry Canada. 2014. Seizing Canada's Moment: Moving Forward in Science, Technology and Innovation; Conference Board of Canada, The Need to Make Skills Work: The Cost of Ontario's Skills Gap; Government of Ontario's Jobs and Prosperity Council (JPC), Advantage Ontario, December 2012; World Economic Forum. Global Competitiveness Report; Brookfield Institute. 2017. Beyond the $ Value: Attitudes, behaviours, and aspirations of Ontario entrepreneurs

opportunities to senior management positions. Young entrepreneurs are more likely to need mentorship and advisory services and may lack awareness about entrepreneurship as a career path. Recent immigrants may experience language barriers, lack cultural services and supports in their communities, and lack connections and networks required to start or grow their businesses.

The literature confirmed these challenges and highlighted others facing underrepresented groups.

Table 7: Challenges and constraints specific to under-represented groups

Groups	Challenges/Constraints
Women	Women in Ontario are well educated and positioned to contribute to a strong economy. However, they face added barriers to starting, maintaining and growing a business compared to men, such as work-life balance, inadequate external financing, limited networks and opportunities, bias and discrimination.[11]
Indigenous Peoples	Indigenous peoples in Ontario face greater obstacles to starting or expanding businesses. Access to affordable capital is a primary concern that is particularly challenging on reserve where infrastructure and services may be lacking. Other barriers include discrimination and underlying socioeconomic disparities rooted in colonial policies, among others.[12]
Newcomers	While newcomers to Canada demonstrate higher levels of participation and success in entrepreneurial activities in Ontario, they do so while facing barriers in terms of knowledge and skills, discrimination and lack of networks and connections.[13]
Visible Minorities	There is a lack of current data about the needs of visible minorities and racialized people in Ontario with respect to entrepreneurial activities. Past research suggests a lack of access to funding has been a persistent barrier, coupled with a lack of access to support programs.[14]

11 PwC. 2018. Women Entrepreneurship in Canada. Government of Canada. 2018. Equality + Growth, a Strong Middle Class [Budget 2018]. Statistics Canada. 2019. Table: 45-10-0014-01 (formerly CANSIM 113-0004; 2015 data). Government of Ontario. 2019. Discussion paper: Women's Economic Empowerment - A Call to Action for Ontario. Government of Ontario. 2018. Building a Stronger Rural Ontario. 2018 Rural Ontario Summit Summary report. Industry Canada. 2015. Majority Female-Owned Small and Medium-Sized Enterprises. Special Edition: Key Small Business Statistics. Industry Canada. 2010. Small Business Financing Profiles: Women Entrepreneurs. FedDev Ontario. 2019. Backgrounder for Ontario (May 3 Draft). Hochberg et al. 2007. Whom you know matters: Venture capital networks and investment performance. The Journal of Finance. Piacentini, M. 2013. Women Entrepreneurs in the OECD: Key Evidence and Policy Challenges. OECD Social, Employment and Migration Working Papers.

12 Conference Board of Canada. 2017. Barriers to Aboriginal entrepreneurship and options to overcome them. Social Planning Council of Ottawa and the Cultural, Ethnic & Visible Minority and Aboriginal Entrepreneurial Services Hub. 2010. Entrepreneurial Support Services for Immigrant & Visible Minority and Aboriginal Communities. Canada's Public Policy Forum. 2016. Improving access to capital for Canada's First Nation communities. FedDev Ontario. 2019. Backgrounder for Ontario (May 3 Draft).
The National Aboriginal Economic Development Board. 2017. Recommendations Report on Improving Access to Capital for Indigenous Peoples in Canada.

13 Langford CH et al. 2013. Global Entrepreneurship Monitor: Canada National Report. Davis et al. 2013. Global Entrepreneurship Monitor: Driving wealth creation & social development in Ontario. Sui S et al. 2015. Internationalization of immigrant-owned SMEs: The role of language. Journal of World Business. (As cited in Cukier W et al. Ted Rogers School of Management Diversity Institute. 2017. Immigrant Entrepreneurship: Barriers and Facilitators to Growth. Cukier W et al. Ted Rogers School of Management Diversity Institute. 2017. Immigrant Entrepreneurship: Barriers and Facilitators to Growth.

14 Social Planning Council of Ottawa and the Cultural, Ethnic & Visible Minority and Aboriginal Entrepreneurial Services Hub. 2010. Entrepreneurial Support Services for Immigrant & Visible Minority and Aboriginal Communities.

Groups	Challenges/Constraints
Official Language Minority Communities	The economic prosperity and socioeconomic standing of Official Language Minority Communities have improved in recent decades in Ontario. Nonetheless, these communities face unique and pronounced challenges to their economic prosperity, predominantly as a result of population declines and outmigration.[15]
Youth	The intersection of age and other attributes exacerbates the challenges faced by youth in southern Ontario. Data suggests that the greatest gender gap in early-stage entrepreneurship activities occurs among youth, when less than half as many women are involved in these activities compared to men, indicating that barriers to entrepreneurship may be particularly pronounced for women during their youth. A key contributor to population declines among Official Language Minority Communities is students leaving to pursue their education and not returning, as well as youth leaving in search of better employment opportunities. For youth with disabilities, the lack of education and training opportunities as well as support during the transition from school to a work environment may particularly inhibit job readiness and employment or entrepreneurship opportunities. For newcomers and racialized minorities, rates of unemployment are higher and income gaps are wider in Ontario among youth belonging to these groups, suggesting they experience additional barriers to economic opportunities.[16]
Persons with Disabilities	Persons with disabilities face numerous obstacles to their participation in Ontario's workforce, such as inaccessible facilities, stigma, concerns around added costs related to accommodation and limited opportunities for training and gaining work experience.[17]

3. **The need for support also tends to be higher in rural communities, due to factors such as a heavier reliance on traditional manufacturing industries, higher cost structures, and more restricted access to capital, markets, skilled labour and technology.**

Rural communities tend to be more reliant on a few traditional primary resource and manufacturing industries, making them vulnerable to job loss due to changing markets, globalization, technological advancements and automation.[18] Many rural communities in Ontario have suffered high-profile business closures in the recent past, such as Procter & Gamble in Brockville (500 jobs), Siemens in Tillsonburg (300 jobs), and Heinz in Leamington (750 permanent and temporary jobs).[19] In addition, skilled labour

15 Standing Committee on Official Languages. 2015. The Economic Situation of Official Language Minority Communities: Building Sustainable and Growing Economies. Office of the Commissioner of Official Languages. 2013. Chapter 4: Official Language Minority Communities: Thriving in the Public Space, from Coast to Coast to Coast. Government of Canada. 2018. Investing in Out Future: 2018-2023 Action Plan for Official Languages.

16 Collin C et al. Library of Parliament. 2013. Persons with disabilities in the Canadian Labour Market: An overlooked talent pool. Government of Ontario. 2017. Access Talent: Ontario's Employment Strategy for People with Disabilities. Canadian Civil Liberties Association. 2015. Useful Resources for People with Disabilities Related to Employment and Access. Deloitte. 2010. The road to inclusion: Integrating people with disabilities into the workplace. Ontario Minister of Children and Youth Services. 2014. A Strategic Framework to Help Ontario's Youth Succeed: Stepping Up. Brookfield Institute. 2017. Beyond the $ Value: Attitudes, behaviours, and aspirations of Ontario entrepreneurs. Globerman S and Clemens J. 2018. Demographics and Entrepreneurship: Mitigating the Effects of an Aging Population. Fraser Institute. (As cited in PwC. 2018). Women Entrepreneurship in Canada. Standing Committee on Official Languages. 2015. The Economic Situation of Official Language Minority Communities: Building Sustainable and Growing Economies. Office of the Commissioner of Official Languages. 2013. Chapter 4: Official Language Minority Communities: Thriving in the Public Space, from Coast to Coast to Coast. Ontario Minister of Children and Youth Services. 2014. A Strategic Framework to Help Ontario's Youth Succeed: Stepping Up.

17 Ibid

18 FedDev Ontario. 2019. High-level Narrative for a Southern Ontario Rural Innovation and Growth Strategy (Feb 25 Draft).

19 FedDev Ontario. 2019. Ontario Economic Overview (Feb 25). 197

shortages tend to be particularly acute in rural communities experiencing population declines, as they face difficulties in attracting and retaining newcomers and skilled workers.

An evidence-based review of innovation ecosystems and clusters prepared for the Treasury Board Secretariat concluded, "There is strong evidence that large urban regions are more favourable to the development and dynamism of clusters."[20] In particular, the review highlighted the positive aspects of urban areas, where greater concentration of factors such as dynamic industrial activities in knowledge-intensive industries, a high level of R&D expenditure and knowledge spillovers, and a highly educated workforce promotes innovation and provides competitive advantages. In contrast, such factors are lacking in more rural regions, hindering successful cluster formation as a result.

There are persistent nationwide challenges experienced by small businesses in rural or remote areas related to capital. Large financial institutions are often less aware of development opportunities in rural communities and can be discouraged from making loans by the longer timelines associated with investments in these communities.[21] These challenges are exacerbated by increasing costs, particularly in the agricultural sector (e.g., land values have been increasing steadily in Ontario and are some of the most expensive in the country, and modern farming has steep upfront capital costs such as equipment purchases).[22] Rural Ontario communities face additional challenges, including limited access to reliable high-speed internet, underfunded infrastructure, high utility costs, lack of serviceable land, limited business networks, an aging population and recently introduced provincial government tourism funding limits.[23]

The Rural Economic Development Strategy of the Government of Canada notes that almost 20 percent of Canada's population lives in rural communities, and these communities contribute about 30 percent of Canada's economic output.[24] In consultation with rural communities, associations, businesses, academics, municipalities, Indigenous groups, and provincial and territorial governments, the Strategy identified the following challenges with respect to rural regions:

- The need for reliable and affordable high-speed internet and mobile connectivity;
- The need to maintain vibrant local economies;
- The need to attract and retain talent (including through skills development and immigration);
- The need for affordable and attainable housing;
- The need for new or improved infrastructure where people live and work that is resilient to climate change; and
- A need for community capacity to plan and implement improvements and change.

In line with the findings of the literature review, the survey conducted for this evaluation found regional differences in terms of the pressing needs reported by project proponents, beneficiaries and unfunded applicants across urban centres, smaller cities and rural communities. Most importantly, respondents from rural communities and smaller cities were more likely to report a shortage of skilled labour,

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20 Doloreaux D. 2017. The cluster approach and innovation: A review of existing evidence [report prepared for the Treasury Board Secretariat]

21 Fulton M and Pohler D. Saskatchewan Business Magazine. 2014. Co-Operative Development in Rural and Aboriginal Communities.

22 Rotz S, Fraser EDG, Martin RC. 2017. Situating tenure, capital and finance in farmland relations: implications for stewardship and agroecological health in Ontario, Canada. The Journal of Peasant Studies, Critical Perspectives on Rural Politics and Development.

23 Government of Ontario. 2018. Building a Stronger Rural Ontario. 2018 Rural Ontario Summit Summary report.

24 Infrastructure Canada, Rural Opportunity, National Prosperity: An Economic Development Strategy for Rural Canada (https://www.infrastructure.gc.ca/rural/strat-eng.html#what14)

inadequate infrastructure and fewer opportunities to grow. Respondents from urban centres most commonly identified competition for prospective workers and resources as a major constraint (despite having access to a larger pool of skilled labour and greater resources).

Key informants noted all communities face challenges related to skilled labour and inadequate infrastructure. Relative to urban centres, key informants noted that smaller cities and rural communities tend to face greater difficulties in scaling-up businesses, accessing the support from the innovation ecosystem needed to adapt to technological shifts, addressing outmigration challenges, and accessing reliable high-speed internet. In comparison, businesses in urban centres face greater direct competition for investment, skilled labour and facilities and may grapple with higher costs of doing business as a result.

Both the literature and key informants noted that the need for government assistance to help smaller cities and rural communities meet these challenges varies somewhat by region (e.g., some communities have much stronger and more diversified economies than other similarly sized rural communities in Ontario), depending in part on proximity to urban centres.[25] It is therefore important to consider both regional and sub-regional needs, as well as place-based strategies, since they may have important implications for the challenges, opportunities and needs faced by a given community.

The challenges facing Ontario's rural regions, highlighted in literature review and noted by survey respondents and key informants, were also reflected in the consultations FedDev Ontario carried out. In early 2019, the Agency undertook extensive consultations to help shape a comprehensive southern Ontario growth strategy and to drive future government investments and actions tailored to the unique interests and priorities of communities across the region.[26]

4. **The need for SOPP-type programming has increased over the past few years given the continuation of some fundamental economic trends, rising concerns about international trade, and restricted access to economic development funding from the Government of Ontario.**

Over 80 percent of key informants, project proponents, beneficiaries and unfunded applicants indicated that the need for SOPP-type programming has increased in the past few years, citing factors such as:

- The accelerating pace of technological change, which increases the importance of innovation in order to remain competitive;
- Increasing global competition;
- Concerns about international trade conditions, agreements and policies, creating uncertain market conditions;
- Increasing labour shortages, particularly skilled labour shortages; and
- Status of provincial government funding.

The literature review highlighted these factors and others (e.g., emerging technologies and clusters, an aging population, and climate change), which increase the need for this type of programming by affecting markets, competition and investment. The table below provides an overview of the major trends identified in literature review and associated challenges, risks and opportunities.

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[25] Canadian Rural Revitalization Foundation. 2015. The State of Rural Canada 2015. Rural Ontario Institute. 2017. Rural Ontario Foresight Papers.

[26] Towards a stronger southern Ontario (Enabling tomorrow's economy, today) (https://www.feddevontario.gc.ca/eic/site/723.nsf/eng/02506.html?OpenDocument)

Table 8: Examples of challenges, risks and opportunities associated with major trends

Issue	New/Changing Conditions	Challenges/Risks	Opportunities
Demographic Change	• Aging population • Rural out-migration	• Shrinking labour force • Increasing social services demands/costs	• New products/services for an aging population
Technological Change	• Acceleration of technological advancements and their adoption by competitors	• Inadequate capital required to adopt new technologies • Labour and skills mismatches • Cybersecurity risks	• Improved productivity • Development of new products/services/ processes • Increasing value of digital information goods • Enhanced connectivity
Changes in Key Sectors	• Decline of the manufacturing sector • Emergence of new sectors (e.g., clean technologies)	• Job loss and worker transition • Uncertain policy and regulatory landscape	• Growth opportunities in new sectors
Labour Supply	• Increased demand for skilled workers • Demographic change	• Underemployment • Unfilled positions	• Greater use of technology to counter labour shortage and enhance productivity • Greater use of worker retraining and upskill programs
Slowing Growth	• Slow economic growth projections • Uncertainty around interest rates	• Decreased government spending and business investment • Reduced consumption • Wage stagnation	• Large-scale infrastructure building projects to spur local economic growth
Globalization	• Emerging economies • Global innovation race	• Risk of losing competitiveness • Market volatility	• Deepening trade in emerging markets
International Trade	• Trade conflicts, uncertainty • US tax cuts, tariffs • New trade agreements (e.g., CETA, CP-TPP, CUSMA)	• Loss of tax advantage hurts competitiveness • Increased input costs Declining investment in Ontario	• Greater export opportunities • Potential resurgence in • Manufacturing in North America in response to tariffs, uncertainty
Changes in Provincial Government Landscape	• New provincial government • Large structural debt	• Decreased government spending • Differing priorities	• Provincial government focused on attracting investment
Climate Change	• Rising temperatures • Extreme weather events	• Land use issues due to warmer or extreme weather • Sector-specific impacts (e.g., shortened season for winter tourism) • Disrupted supply chains	• Increased demand for Cleantech products

Key informants noted that businesses and entrepreneurs in southern Ontario will require support to effectively navigate through these challenges and risks, whether through increased access to capital,

support for the development, commercialization and adoption of the new technology, further skills development, or access to support services to navigate evolving international relations, trade agreements, and policy or regulatory landscapes.

4.2 Alignment of the SOPP with the needs identified

The major findings of the evaluation regarding alignment of SOPP programming to identified needs are as follows:

1. **SOPP programs were well-aligned with each other and other programming available in southern Ontario, with the constraints to development, and with the needs of the key target groups.**

   As indicated in the table below, SOPP offered a complementary suite of programs that incorporated a range of delivery mechanisms, collectively addressed a broad spectrum of development issues and targeted a range of businesses operating at various stages of development and in various clusters and communities across southern Ontario.

Table 9: Focus of SOPP programming

Focus	IBI	ICP	IBGP	IRD	AMF	EODP
Approved Contribution from FedDev Ontario						
Number	93	12	53	16	9	17
Value ($millions)	$82	$124	$204	$83	$156	$48
Delivery Strategy						
Direct to business	●		●		●	
Funding for NFP intermediaries	●	●	●	●		●
Funding for NFPs or PSIs	●	●		●	●	
Stage of Business Development						
Start-up/Early-stage SMEs	●	●		●		●
Growth and modernization		●	●	●	●	●
MNEs		●			●	
Development Issues - targets needs related to:						
Development/expansion of manufacturing capabilities	●		●		●	
Research and commercialization		●		●		
Advisory and support services	●	●	●	●		
Regional Development - Eastern Ontario				●		●
Angel investment/investment funding	●			●		
Product, prototype or technology development	●	●		●		
Market development	●	●	●			
Public infrastructure development[27]				●		
Investment attraction/business retention				●		
Existing and Emerging Clusters						
Manufacturing	●	●	●	●	●	●

27 One infrastructure was also funded under SOPP Strategic Plan

Advanced manufacturing	●	●	●		●	
Cleantech and clean resources	●	●	●	●		
Health/bio-sciences	●	●	●	●	●	
Agri-tech/Agri-food	●	●	●	●		●
Consumer sector				●		●
ICT	●	●		●		
Digital technology	●	●	●	●		
Professional services						●
Primary						●
Other	●	●		●		●
Region						
Toronto	●	●	●	●	●	
Regions neighboring Toronto		●	●		●	
Eastern Ontario			●	●		●
Other	●	●	●	●	●	

Sources: Program Documentation and Statistical Analysis of Approved Projects

A description of the relative focus of the programs is provided below.

Delivery mechanisms

The programs employed various delivery mechanisms:

- Provision of repayable funding directly to businesses;
- Provision of non-repayable funding for cluster or capacity development projects undertaken by post-secondary institutions or other non-profit organizations; and
- Provision of non-repayable contributions to third-party organizations which in turn provided services and other support to business clients and others.

Development issues

The programs targeted a wide range of economic drivers:

- Access to capital (e.g., increasing the supply of angel investment);
- Expansion or modernization of production capabilities:
- Linkages and networking between groups;
- Technology development, testing and commercialization;
- Entrepreneurial and staff development;
- Provision of advisory services through intermediary organizations funded by FedDev Ontario; and
- Market development and investment attraction.

Stages of business development

The programs provided support for start-up and early stage companies, expanding and modernizing existing businesses, and increasing the involvement of MNEs in the further development of clusters in Ontario. To facilitate start-up and early-stage development, IBI provided funding to SMEs to be matched with venture capital or funding from angel investors, to strengthen angel investor networks, and to NFPs to facilitate skill development and seed financing for new entrepreneurs. ICP worked to facilitate development, testing and commercialization of new technologies by bringing together businesses, post-secondary institutions and research organizations. IRD funded some projects which, in turn, made investments in early-stage companies.

Enhancing Ontario's productivity and growth requires increased investment in productivity-enhancing advanced technologies and innovation. To this end, IBGP and AMF supported investments in the

development and modernization of production capabilities and facilities as well as the adaptation or adoption of new technologies, materials or processes. Other IBGP and IRD projects supported business growth through activities in areas such as market development and provision of advisory services.

Both AMF and ICP facilitated large-scale investments in projects involving MNEs.[28] For example, GE Healthcare indicated that, in the absence of the Centre for Commercialization of Regenerative Medicine and the funding provided by FedDev Ontario (an AMF project), they would have made their investment in regenerative medicine in another jurisdiction.

Existing and emerging clusters

SOPP projects targeted a range of existing and emerging economic clusters, with the manufacturing sector being the most significant. According to project data coded by FedDev Ontario, of the 201 SOPP projects, 90 related to the manufacturing sector (accounting for 61 percent of funding) and 77 related to advanced manufacturing (accounting for 58 percent of approved funding under SOPP, mostly funded through AMF and IBGP with some funding also provided through ICP and IBI)[29].

Other leading sectors or clusters included:

- Clean tech (42 projects accounting for about 24 percent of FedDev Ontario funding);
- Health and biosciences (32 projects accounting for about 27 percent of funding);
- Robotics and automation (25 projects accounting for about 19 percent of funding);
- Agri-food (25 projects accounting for about 14 percent of funding); and
- Transportation (20 projects accounting for about 15 percent of funding).

Region

With the exception of EODP (which is targeted specifically at communities in eastern Ontario, excluding Ottawa and Kingston) and AMF (which could fund projects from all parts of Ontario)[30], the programs were open to applicants from across southern Ontario. Uptake of the programs varied by region, depending largely on where industries are based.

Overall, the leading regions included:

- Toronto ($175 million was approved for projects based in Toronto, 25 percent of the total funding approved by FedDev Ontario);
- Mississauga ($93 million, 13 percent of the total);
- Windsor ($39 million, representing six percent of the total);
- Waterloo ($37 million, representing five percent of the total); and
- London ($34 million, representing five percent of the total).

For the regions other than Toronto, a few large-scale ICP and AMF investments tended to account for a significant portion of overall regional funding (e.g., two projects in the Waterloo region received funding of about $22 million). For some project proponents based in Toronto (e.g., CME), project funds and activities benefited businesses throughout southern Ontario.

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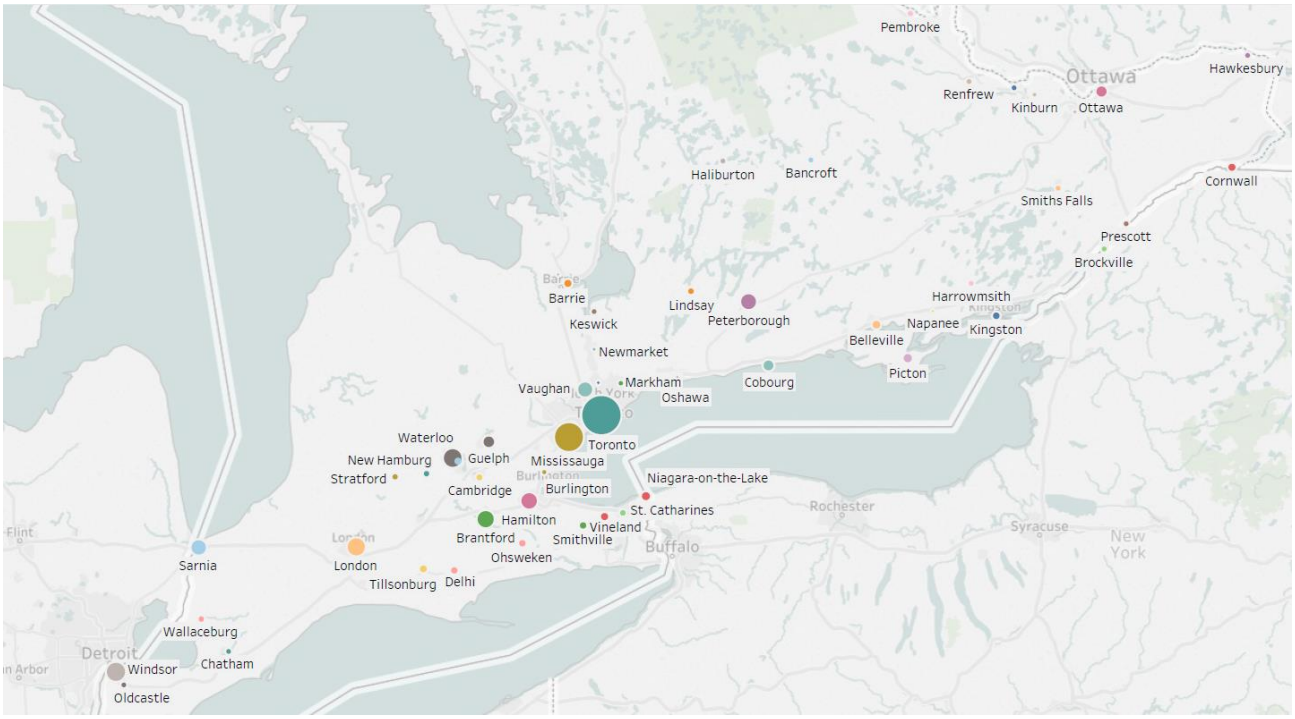
28 Under AMF, the motivation of MNE involvement was FDI and supply chain benefits via anchoring those companies.

29 Individual projects may be coded to more than one sector; on average, each project was coded to 3 sectors.

30 The AMF was the only SOPP program that served northern Ontario. One of the eight AMF projects (involving the largest contribution made to any SOPP project) was located in northern Ontario.

Allocation of SOPP funding by region



According to project data coded by FedDev Ontario, 59 of the 201 SOPP projects were associated with rural communities ($256 million was approved in regions coded as rural, representing 36 percent of the total funding approved by FedDev Ontario). Eastern Ontario was identified as a priority for funding because of weaker economic conditions that contributed to a loss of businesses, investment and youth from the region.

2. FedDev Ontario has used SOPP programming to provide targeted and tailored support to assist underrepresented groups in addressing the various challenges they face.

Supporting and improving the participation of underrepresented groups in the innovation economy was a priority for the federal government in its 2018 budget.[31] During the term of the SOPP, FedDev Ontario did not collect and track data on underrepresented groups. As a result, it is not possible to report on the number of projects that supported underrepresented groups or the level of funding approved for that purpose using project documentation. While a substantial portion of SOPP funding had already been committed by 2018, many of the key informants and survey respondents noted the positive contributions of FedDev Ontario assistance in addressing the challenges facing underrepresented groups and rural regions. The information on underrepresented groups below comes from project proponent and beneficiary surveys as well as key informant interviews.

Among project proponents, 11 percent self-identified as belonging to an underrepresented group whereas 43 percent noted providing services to entrepreneurs in at least one underrepresented group. A strong majority of these project proponents reported providing services to women (90 percent) and youth (82 percent), while the majority also provided services to Indigenous peoples (65 percent), recent immigrants (65 percent), and visible minorities or racialized people (59 percent). Persons with a physical

31 Government of Canada. 2018. Equality + Growth, A Strong Middle Class (Budget 2018) https://www.budget.gc.ca/2018/docs/plan/budget-2018-en.pdf.

or mental disability (47 percent), members of Official Language Minority Communities (35 percent) and other underrepresented groups (6 percent) were also noted.

Among beneficiaries, 34 percent self-identified as belonging to an underrepresented group whereas 28 percent noted providing services to entrepreneurs in at least one underrepresented group. Underrepresented groups commonly served by beneficiaries included youth (30 percent), women (27 percent), visible minorities (20 percent), persons with disabilities (18 percent) and recent immigrants (18 percent). Some respondents indicated that they provide services to Indigenous peoples (15 percent) and members of Official Language Minority Communities (14 percent). Other underrepresented groups (14 percent) noted included LGBTQ2S+ individuals, military personnel/Veterans, and people experiencing generational poverty.

About one-third of key informants cited examples of SOPP projects that helped women to start, maintain, or grow their business. One notable example is Communitech's Fierce Founders program, which offers targeted mentorship and funding support for women-led start-ups. Fierce Founders, a six-month accelerator program offered twice per year to five to eight technology or tech-enabled companies with at least one female founder, offered companies up to $30,000 in matching funding and one-on-one mentorships. In addition, SOPP projects supported organizations and companies led by women such as Plum.io Inc. (IBI-Early Stage), and a start-up company led by two former military women in the logistics and freight sector (EODP). In addition, George Brown College (GBC) of Applied Arts and Technology, which received $7 million from FedDev Ontario to expand its applied research capabilities in support of industry product and process improvement, supported entrepreneurs from diverse backgrounds. GBC provided applied R&D support to 172 food/beverage businesses, of which 28 percent were operated/owned by women, nine percent were youth-led organizations, and 11 percent were led by new Canadians.

A few key informants identified how SOPP supported other underrepresented groups such as youth (e.g., EODP-supported activities focused on youth; the SONAMI project involving collaboration among academic institutions and manufacturers facilitated hiring of students who worked on partnered company projects), and others (e.g., the Southern Ontario Fund for Investing in Innovation included a requirement that projects focus on women, youth, Indigenous peoples and recent immigrants). Key informants noted that these projects helped to address some of the key barriers faced by underrepresented groups such as inadequate access to capital for early-stage start-ups.

The current mandate places greater emphasis on inclusive growth with specific metrics. FedDev Ontario is targeting specific co-developed projects with Indigenous stakeholders, a GBA+ inclusive growth assessment tool is being developed and refined, and FedDev Ontario is working with project proponents to include formal commitments for inclusive growth or diversity plans as part of their contribution agreements.

4.3 Alignment with the FedDev Ontario mandate and government priorities

Major findings of the evaluation regarding the alignment of the SOPP programming with the mandate of FedDev Ontario and federal government priorities are as follows:

1. **By promoting innovation, business development, and cluster development, the SOPP aligned well with the mandate of FedDev Ontario.**

   FedDev Ontario's mandate is "to strengthen southern Ontario's capacity for innovation, entrepreneurship and collaboration; and promote the development of a strong and diversified southern Ontario economy." The Agency fulfills this mandate by delivering strategic investments to businesses,

not-for-profit organizations and communities, establishing and strengthening collaborative partnerships with key economic stakeholders, and representing the region's interests at the national level.[32] The SOPP supported the mandate of FedDev Ontario by delivering strategic investments and accompanying support services to drive innovation, business development, expansion and growth, and clusters, consortia and networks.

Innovation is a key driver of productivity growth and economic prosperity. Government program and policy support, such as strategic investments delivered by FedDev Ontario, help to promote innovation and its beneficial offshoots. The Conference Board of Canada states, "innovation is important not only to the success of firms and other organizations but also to the economic and social well-being of communities, regions, and countries". This is made possible due to the improvements it can enable in productivity, job creation and economic growth. In turn, this generates resources that can be channeled into areas such as education, health and infrastructure, among others.[33] A 2017 report on business innovation prepared for the Treasury Board Secretariat similarly frames innovation as a primary driver of productivity growth and economic prosperity.[34] The report discusses how innovation requires inputs from a broad array of social and political institutions, inclusive of public policy and programming supports as well as highly qualified personnel. Examples of supportive policy instruments include fiscal measures to support R&D; advisory services that provide businesses with financial and technical expertise; collaborative R&D programs to facilitate risk sharing, knowledge exchange and skills transfer; and commercialization of research to counteract market and system failures. The report finds that policies such as these can support business innovation and increased research activity across the business lifecycle. The SOPP programming was grounded in similar policies.

Business development, expansion, and growth also drive economic prosperity. SOPP programs reflected a dedicated focus on supporting business development, expansion, and growth based on identified needs and development strategies.[35] This included promoting technology adoption, adaptation, and first of its kind products, processes and technologies; supporting business accelerators and incubators; accelerating commercialization; supporting market expansion and export readiness; and promoting business development in support of resilient communities.

Lastly, **clusters and networks** can support innovation and enhance productivity and economic development. Clusters act as an economic driver by fostering productivity enhancements, business innovation, and growth, which then feed into further cluster development and opportunities, reinforcing other economic drivers. Investments to strengthen cluster development can further support innovation and economic growth. For instance, a report by the Centre for Digital Entrepreneurship + Economic Performance outlines how consortia can help attract, develop, and retain skilled personnel (e.g., workers and entrepreneurs), enhance research infrastructure (e.g., within universities and industry), increase the attractiveness of southern Ontario as an investment target, and support the development of start-ups, world-leading clusters and partnerships.[36] The SOPP programming was consistent with this approach through its support for consortia projects intended to strengthen cluster development. This approach was also aligned with southern Ontario's economy, which, as noted before, is driven by a number of world-leading key clusters as well as emerging clusters with global innovation advantage.

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32 Government of Canada. 2019. Federal Economic Development Agency for Southern Ontario [Webpage].

33 Conference Board of Canada. 2018. How Canada Performs: A Report Card on Canada. .

34 Wolfe, D. 2017. Impact and Effectiveness of Public Support for Business Innovation [Report prepared for the Treasury Board Secretariat].

35 FedDev Ontario. 2019. Federal Economic Development Agency for Southern Ontario, Key Questions and Answers.

36 Centre for Digital Entrepreneurship + Economic Performance. 2019. Catalyzing Growth and Innovation with Consortia Projects: Enhancing the Participation and Engagement of Companies in Innovation Consortia.

2. SOPP programs were consistent with priorities of the Government of Canada, including the Innovation and Skills Plan and the Economic Strategy Tables.

Reflecting the results of consultations undertaken for the Innovation and Skills Plan, the Government of Canada identified three priority areas:

- People (ensuring that people are equipped with the right skills and experience to drive innovation);
- Technologies (taking full advantage of transformative emerging technologies that can elevate the competitiveness of established and new firms, industries, and clusters); and
- Companies (growing the next generation of global companies in Canada)[37].

The investments made by FedDev Ontario were consistent with these priorities, particularly with respect to:

- **Companies**: focusing on growth and accelerating the start-up, early development, expansion and modernization of companies by attracting and facilitating investment, supporting technology adaptation, adoption and commercialization, supporting advisory services and market development activities and attracting anchor firms.

- **Technologies**: strengthening the innovation ecosystem through the further development of research infrastructure (e.g., improvement/adaptation of existing buildings and provision of equipment for new or existing centres), investments in technology development, testing and commercialization, and facilitating the development of collaborations, partnerships and regional clusters.

- **People**: attracting, developing and retaining highly skilled workers, researchers and entrepreneurs. FedDev Ontario contributions supported the delivery of training while proponents report that investments have helped southern Ontario attract and retain key workers, researchers and entrepreneurs.

More specifically, the table below outlines how the six SOPP programs targeted and supported each of the priority areas for innovation identified in the Innovation and Skills Plan (ISP), which was announced in the 2017 federal budget.

[37] Innovation, Science and Economic Development Canada, Innovation for a Better Canada: What We Heard, December 2016

Table 10: SOPP programs by Federal Government priority area

	Priority Area		
	Companies	**Technology**	**People/Communities**
Expected Result	Businesses in southern Ontario invest in the development and commercialization of innovative technologies	Businesses in southern Ontario are innovative and growing	Communities are economically diversified in southern Ontario
SOPP Programs	• Investing in Business Innovation (IBI) • Investing in Business Growth and Productivity (IBGP)	• Advanced Manufacturing Fund (AMF) • Investing in Commercialization Partnerships (ICP) • Investing in Business Innovation (IBI)	• Investing in Regional Diversification (IRD) • Eastern Ontario Development Program (EODP)
How FedDev Ontario Investments Supported this Priority Area	Accelerating the start-up, early development, expansion and modernization of companies by attracting and facilitating investment, supporting technology adaptation, adoption and commercialization, supporting advisory services and market development activities and attracting anchor firms	Strengthening the innovation ecosystem through further development of research infrastructure (e.g., construction of new buildings, improvement/adaptation of existing buildings and provision of equipment for new or existing centres), investments in technology development, testing and commercialization, and facilitating the development of collaborations and partnerships	FedDev Ontario investments supported the growth of new clusters, generated new investment attraction, and helped scale companies through improved access to capital training while project proponents reported that investments helped southern Ontario attract and retain key workers, researchers and entrepreneurs

The Economic Strategy Tables facilitate collaboration between industry and the federal government, focused on turning Canadian economic strengths into global advantages.[38] The Tables, chaired by industry leaders in six key sectors, are advanced manufacturing, agri-food, clean technology, digital industries, health/bio-sciences, and resources of the future. SOPP programs fostered the development and advancement of these six priority sectors by supporting individual companies from these sectors as well as sector-specific associations and initiatives. For example, AMF was designed specifically to strengthen the advanced manufacturing sector in Ontario.

3. **SOPP programs also aligned with key government-wide policy considerations, such as those pertaining to official languages and gender-based analysis.**

The Performance Information Profiles for all six SOPP programs discussed how each program had been designed and delivered in line with the following government-wide policy considerations: [39]

[38] Innovation, Science and Economic Development Canada, Report from Canada's Economic Strategy Tables: The Innovation and Competitiveness Imperative (https://www.ic.gc.ca/eic/site/098.nsf/eng/h_00020.html)

[39] FedDev Ontario, 2017. Performance Information Profiles

- *Official languages:* Communications and service delivery for programs was offered in both official languages pursuant to the *Official Languages Act* and regulations as well as associated directives from the Treasury Board (e.g., contracts for third-party service delivery stipulate accommodation of both official languages).

- *Gender-based analysis (GBA+):* GBA+ analysis did not identify inequitable outcomes as a result of SOPP programs (e.g., AMF-funded projects were expected to be equally accessible to males and females).

- *Duty to consult:* In accordance with the Updated Guidelines for Federal Officials to Fulfill to Legal Duty to Consult (2011), potential SOPP-funded projects underwent assessment as to whether there was a legal duty to consult with Indigenous peoples (e.g., considering whether any direct or indirect impacts could occur that would affect Indigenous and/or treaty rights). Assessments encompassed the delivery of program elements by third parties.

- *Environmental assessments:* Pursuant to the *Canadian Environmental Assessment Act, 2012,* assessments were conducted for proposed projects. Third-party delivery required identification of projects on federal lands to ensure assessment was conducted, as necessary.

4. **Lastly, SOPP programs were aligned with additional federal government priority areas, such as clean technologies, exports and international trade, rural economic development, and economic development and job creation for Indigenous Peoples.**

The table below notes the alignment between SOPP programs and the ISED mandate letter commitments.

Table 11: Alignment between SOPP programs and broader Federal Government priorities

ISED Mandate Letter Commitment	Relevant SOPP Program(s)
Support the ministers of Environment and Climate Change and Natural Resources in making strategic investments in our clean technology sector	IBI, IBGP, ICP, IRD
Work with the Minister of Indigenous and Northern Affairs and the Minister of Employment, Workforce Development and Labour to promote economic development and create jobs for Indigenous Peoples	EODP
Support the Minister of International Trade in the development of programs to support Canadian businesses to increase their exports, expand the range of their trading partners, and adjust to, take advantage of, and prepare for the implementation of new trade agreements	IBGP
Support the Minister of Rural Economic Development in ensuring Canadians living in rural and remote communities have equal opportunity to participate fully in the nation's economy and share in its prosperity	IRD, EODP

5. **All 13 FedDev Ontario representatives interviewed indicated that the SOPP and current FedDev Ontario programming are well-aligned with federal government priorities, which was consistent with the document review findings.**

FedDev Ontario representatives most frequently noted alignment with the following federal government priorities:

- *Innovation and Skills Plan* (e.g., realigning RDAs to support the Innovation and Skills Plan goals);

- *Inclusive growth* (e.g., targeting underrepresented groups in application reviews and tracking of impacts, using gender-based analysis);
- *Rural innovation and growth* (e.g., dedicating $100 million over three years to projects that drive innovation and growth in rural communities); and
- *Clean technologies* (e.g., prioritizing clean technology projects in application reviews).

Representatives also mentioned that FedDev Ontario adapts its programming to ensure alignment with evolving federal government priorities (e.g., current programming adjustments to support federal government priorities such as the Women Entrepreneurship Strategy, the Steel and Aluminum Initiative, and the Canadian Experiences Fund, all of which were launched near the end of or after the second five-year mandate of SOPP).

4.4 Relationship to other programming

The major findings of the evaluation regarding the relationship between the SOPP and other programming are as follows.

1. **There are a variety of federal and provincial government programs in southern Ontario that promote innovation, business development and community development.**

   Many of these programs share objectives with SOPP programs. These other programs are offered by federal government agencies and Crown corporations as well as through the provincial government. Support most commonly takes the form of funding (e.g., through loans and grants), though many programs offer other support services (e.g., business advice and product/service development support).

   The table below contains an updated list of programs and services that were originally identified during the 2017 Interim Evaluation of SOPP. The table also notes the type(s) of companies each program/service supports along with the type(s) of support provided. The table had been updated based on information from sources such as the Advisory Council on Economic Growth, the Treasury Board Secretariat and federal government budgets.[40] Details such as whether programs/services remained active were validated through institution websites.

Table 12: Other programs in southern Ontario addressing similar needs as the SOPP programs

Institution	Program/Service	Early stage	Growth	Maturity/ Modernization	Financing/ Access to Capital	Business Support Services	Product/ Service Development Support
Federal Agency/Crown Corporation							
AAFC	AgriInnovate (formerly Agri-Innovation)	●	●	●	●		●

40 FedDev Ontario. 2017. Interim Evaluation of the Southern Ontario Prosperity Program. https://www.feddevontario.gc.ca/eic/site/723.nsf/eng/h_02429.html?OpenDocument#s4.1. Advisory Council on Economic Growth. 2017. Unlocking Innovation to Drive Scale and Growth. https://www.budget.gc.ca/aceg-ccce/pdf/innovation-2-eng.pdf. Treasury Board of Canada Secretariat. 2017. Inventory of federal business innovation and clean technology programs. https://www.canada.ca/en/treasury-board-secretariat/corporate/reports/inventory-federal-business-innovation-clean-technology-programs.html. Government of Canada. 2018. Equality + Growth, A Strong Middle Class (Budget 2018). https://www.budget.gc.ca/2018/docs/plan/budget-2018-en.pdf. Networks of Centres of Excellence. 2018. Centres of Excellence for Commercialization and Research Program. http://www.nce-rce.gc.ca/programs-programmes/cecr-cecr/index_eng.asp

Institution	Program/Service	Early stage	Growth	Maturity/ Modernization	Financing/ Access to Capital	Business Support Services	Product/ Service Development Support
	Canadian Agricultural Strategic Priorities Program (formerly Canadian Agricultural Adaptation Program)				●		●
	St. Hyacinthe Research and Development Centre's Industrial Program	●	●	●			●
BDC	Venture Capital	●			●		
	Growth & Transition Capital	●	●	●	●		
	Business Loans	●	●	●	●		
	Advisory services (including to Community Futures Development Corporations)	●	●	●		●	●
CSA	Space Technology Development Program				●		
DND	Innovation for Defence Excellence and Security (IDEaS)	●	●	●			
EDC	Financing, equity, and venture capital services		●	●	●		
	Advisory services		●	●		●	
INAC/ISC	Aboriginal Entrepreneurship Program: Business Capital and Support	●	●	●	●	●	
IRCC	Immigrant Investor Venture Capital Program	●			●		
	Start-up Visa	●			●		
FCC	Farm Credit Canada Ventures	●	●	●	●		
FedDev Ontario	Community Futures Program	●	●	●	●	●	
FIN	Venture Capital Catalyst Initiative (delivered in partnership with BDC & ISED)	●	●		●	●	●
GAC	Canadian Technology Accelerators		●	●		●	
	CanExport	●			●	●	
	Going Global Innovation	●			●		
	Trade Commissioner Service	●	●	●		●	
ISED	Canada Small Business Financing Program	●	●	●	●		
	Consortium for Aerospace Research and Innovation in Canada (CARIC) (Not-for-profit)	●	●	●			●
	Futurpreneur Canada (Not-for-profit)	●			●	●	
	Innovation Superclusters Initiative	●	●	●	●		●
	Strategic Innovation Fund (now condensed with Centres of Excellence for Commercialization and Research, Business-led Networks of Centres of Excellence; merged several legacy programs and funding is now provided under five streams)	●	●	●	●		●
	Automotive Supplier Innovation Program (Defunct)	●					●

Institution	Program/Service	Early stage	Growth	Maturity/ Modernization	Financing/ Access to Capital	Business Support Services	Product/ Service Development Support
	Other not-for-profits supported by ISED (e.g., MITACS, Genome Canada)				●		
NRC	Industrial Research Assistance Program (IRAP)	●	●	●	●	●	●
	Various other programs (e.g., Aquatic and Crop Resource Development Centre, Human Health Therapeutics Research Centre, etc.)	●	●	●			●
NRCan	Energy Innovation Program	●	●	●	●		●
	Expanding Market Opportunities Program	●	●	●	●	●	●
	Forest Innovation Program						●
	Investments in Forest Industry Transformation Program	●	●	●	●		
	Various other programs (e.g., Oil Spill Response Science)						●
PSPC	Build in Canada Innovation Program (formerly Canadian Innovation Commercialization Program)	●					●
SDTC	Sustainable Development Technology Canada	●	●	●	●		●
Tri-Council	CIHR: eHealth Innovations Partnership Program				●		
	Collaborative programs (e.g., Research and Development Grants)	●	●	●	●		●
	NSERC: Alliance grants	●	●	●	●		
Other	Collaborative support (e.g., Canadian Business Network)	●	●	●	●	●	●
Provincial Government							
MEDG	Eastern Ontario Development Fund*	●	●	●	●		
	Southwestern Ontario Development Fund*	●	●	●	●		
	Northern Ontario Heritage Fund Corporation programs	●	●		●	●	
	Rural Economic Development program	●	●		●	●	
	Ontario Centres of Excellence (Not-for-profit)	●	●	●	●	●	●
	Global Market Acceleration Fund (GMAF)		●		●		
	Ontario's Cleantech Accelerators	●	●		●	●	●
	Green Focus on Innovation and Technology (GreenFIT)		●				●
OCGC	Ontario Emerging Technologies Fund*	●	●	●			
OMAFRA	Agri-Technology Commercialization Centre (includes Bioenterprise Corporation, Ontario Agrifood Technologies, other successful ATCC collaborations etc.)	●	●			●	●

*Website is outdated (e.g., 2+ years) or indicates the program is under review, so it may no longer be available.

A key finding from the document and literature review was that some provincial government programs are no longer being offered (e.g., the Green Investment Fund and the Ontario Venture Capital Fund). In

addition, numerous provincial government initiatives are under review, suggesting they may no longer be offering support to Ontario businesses in the future (e.g., Northern Business Opportunity Program – Small Business Start-Up Projects, Microlending for Women in Ontario, Growing Forward 2 for Processors etc.). Together, these findings indicate that Ontario businesses may have fewer provincial government funding and support services available to them than before.

2. **Factors such as the location-specific focus of FedDev Ontario, the strong demand for funding, and coordination between FedDev Ontario and other programming organizations helped to ensure that SOPP programs complemented rather than duplicated other federal or provincial government programs with similar objectives.**

   While the breadth of the SOPP programming creates the potential for overlap with other programming, some of the key characteristics of FedDev Ontario and its programming enabled the Agency to position its programs to complement the other available sources of assistance, as described below:

   - As a regionally-based organization, the Agency is well situated to understand the specific needs of key target groups which are not being met by other programs. FedDev Ontario works closely with industry development organizations and companies in identifying needs in both existing and emerging clusters. It is able to deliver services at the ground level by supporting key intermediaries (such as CFDCs, industry associations and other institutions), which provide capital and support services to both for-profit and not-for-program organizations. Furthermore, FedDev Ontario undertakes periodic analyses and research, which helps the Agency keep abreast of potential opportunities, issues and constraints to development.

   - By offering a range of programs, the support provided by FedDev Ontario can be tailored to meet the specific needs of clients that cannot be met by other programs.

   - The contributions provided by FedDev Ontario allow for stacking within specific guidelines, which enables the funding to be leveraged with funding from a variety of other sources including other federal government programming and provincial programming. The co-funding arrangements enable the proponents to increase their access to further funding and facilitate the sharing of risk. The presence of federal government funding also brings more attention to a project and increases opportunities to access funding from private sector investors.

   - FedDev Ontario provides pathfinding assistance, referring organizations to other sources of assistance when relevant. In addition to the referral service offered by project officers, the Agency also maintains the FedDev Ontario Small Business Services website, which acts as a one-stop shop providing information and advice about available government programming and requirements, as well as other sources of financing. FedDev Ontario Small Business Services has partnerships with Service Ontario and community partners/regional business centres that provide in-person services, business resource materials and consultations. FedDev Ontario also works with 10 other federal government partners on the Accelerated Growth Service initiative, which helps high-growth firms scale up through a coordinated and streamlined approach to accessing federal government business support services.

   - A few key informants and survey respondents noted that there may be opportunities for the Agency to adopt a more proactive role in the identification and matching of needs/opportunities by consulting with industry, associations, other government agencies, etc. Efforts have been made by FedDev Ontario to improve the level of coordination in programming across organizations through regular meetings and established communication channels, thus minimizing potential overlaps, clarifying roles and sharing information.

3. **SOPP programs filled needs that would not have been met by other programming. Only 10 percent of projects would have gone ahead as planned in the absence of FedDev Ontario funding.**

As indicated in the table below, 9 project proponents indicated that the project would have been reduced in scope (39 percent), cancelled (30 percent), delayed (25 percent) or implemented over a longer period of time (23 percent) in the absence of FedDev Ontario support. Only three of the 15 applicants which were not approved for funding indicated that their projects proceeded as planned in the absence of FedDev Ontario support and only two of these projects have been completed to date.

Table 13: Impact of FedDev Ontario funding on project delivery

Proponents: If FedDev Ontario had not been able to provide funding for the project(s), what would your organization most likely have done? OR Unfunded: What happened to the proposed project when you were not able to obtain funding from FedDev Ontario? (Select all that apply)	Proponents[41]		Unfunded		Total	
	#	%	#	%	#	%
Total Respondents	119	100	15	100	134	100
Proceeded with the project as planned	12	10	3	20	15	11
Reduced the scope of the project	47	39	3	20	50	37
Implemented the project as planned but over a longer time period	27	23	5	33	32	24
Delayed the start of the project	30	25	4	27	34	25
Cancelled the project	36	30	3	20	39	29
Undertaken a different type of project	18	15	2	13	20	15
Approached another program for funding to replace the requested FedDev Ontario funding	24	20	-	-	24	18
Looked for private capital/investment	-	-	2	13	2	1
Other	8	7	3	20	11	8

On average, the proponents estimated that there was a 41 percent likelihood that the project would still have proceeded in some form even in the absence of FedDev Ontario funding. Three-quarters of the proponents (74 percent) estimated that there was a 50 percent or less chance that the project would have proceeded.

5. Effectiveness

This chapter summarizes the major findings regarding the effectiveness of SOPP programs. It begins with an overview of the current status of the projects and then reviews leveraging of funds, achievement of project objectives, reported impacts to date, and the extent to which the funded projects are expected to continue to generate further impacts beyond the term of the FedDev Ontario funding.

[41] The proponents responded to this question answered for 119 projects.

5.1 Implementation

1. **Ninety-five percent of SOPP projects have been completed and were largely implemented as planned.**

   According to the project proponents, 95 percent of the projects had been completed by the time the evaluation survey was closed (September 2019). Two projects were reported as cancelled while eleven were categorized by the proponents as ongoing. In one case, the project proponent reported obtaining follow-up funding from FedDev Ontario.

   Only six percent of the proponents indicated that their projects were not implemented as planned. Of the seven project proponents who indicated the project had not been implemented as planned noted that:

   - there were changes to the timing of the project (delay or extension) (five respondents);
   - the focus of the project shifted or strategies changed (three respondents);
   - some parts of the project were not implemented/the scope of the project was reduced (two respondents); and
     some of the partner organizations changed (one respondent).

   When asked if the changes had an impact on the effectiveness or outcomes of the initiative, some proponents indicated that:

   - the project funding only covered half of the project objectives after the changes (one respondent);
   - the project was reconfigured to focus on women-led entrepreneurs (one respondent); and
   - that the proponent organization was unable to secure follow-up private funding which impacted their achievement of project goals (one respondent).

2. **The investments made by FedDev Ontario were leveraged with significant funding from other sources, including proponent organizations, the private sector, and other federal and provincial government sources.**

   The table below illustrates the level of funding contributed by other sources for every dollar contributed by FedDev Ontario. Overall, the projects received $2.43 in funding for every dollar contributed by FedDev Ontario. The leading source of funding was private sector proponents (particularly those participating in the AMF and the IBGP). Other leading sources included non-profit proponents and the Government of Ontario.

Table 14: Average funding contributed from other sources for every dollar provided by FedDev Ontario

Sources of Funding	Projects	Value ($million)	Percent	Per$1 of FDO Funding
FedDev Ontario	201	$704.3	29.2	---
Proponents (for profit projects)	127	$1,283.5	53.1	$1.82
Proponents (NFP projects)	22	$220.2	9.1	$0.31
Provincial government	40	$147.5	6.1	$0.21
Other federal government	16	$22.9	0.9	$0.03
Local government	4	$9.1	0.4	$0.01
Other	10	$27.0	1.1	$0.04
			100.0	$2.43

The following table illustrates the funding leveraged by program. As indicated, the leverage ratio ranged from no other sources of funding for EODP and SOPP projects to a high of $4.53 for every FedDev Ontario

dollar in case of IBGP. The leverage ratios for SOPP programs are not directly comparable since leveraged funding requirements varied across the programs.

Table 15: Average funding contributed from other sources by program for every dollar provided by FedDev Ontario

Program	Number	Value ($millions)		Per$1 of FDO Funding
		FDO	Total Cost	
Investing in Business Innovation	93	$81.8	$198.5	$1.43
Investing in Business Growth & Productivity	53	$204.1	$1,128.0	$4.53
Investing in Commercialization Partnerships	12	$123.8	$320.5	$1.59
Investing in Regional Diversification	16	$83.0	$153.7	$0.85
SOPP Strategic Project	1	8.0	$8.0	$0.00
Advanced Manufacturing Fund	9	$155.5	$558.0	$2.59
EODP[42]	17	$48.0	$48.0	$0.00
Total	**201**	**704.3**	**$2,414.6**	**$2.43 per $1**

5.2 Results

1. The projects were largely successful in achieving their objectives.

As indicated in the table below, when asked what were the main objectives of their respective projects, the three objectives most commonly reported by project proponents included providing advisory services to business (33 percent), development or expansion of manufacturing capabilities (25 percent), and market development (20 percent). Beneficiaries were likewise asked to indicate the objectives of SOPP-funded projects in which they were involved. The objectives most commonly cited by the beneficiaries included increasing output, productivity and efficiency (32 percent), upgrading their own or their employees' skills (18 percent), and increasing sales (18 percent).

Table 16: Main objectives of the project as per project proponents and beneficiaries

Question: What were the main objectives of the project? /What were the objectives of your organization for being involved in this project or using the outputs that were produced?				
Objectives	Proponents		Beneficiaries	
	#	%	#	%
Respondents Identifying Objectives	**101**	**100**	**228**	**100**
Advisory services to business (e.g., support new start-ups, Indigenous businesses)	33	33	-	-
Development/expansion of manufacturing capabilities (e.g., building/expansion of production space or installations, attain more equipment/resources or upgrade technology)	25	25	39	17
Market development (e.g., increase sales, grow revenues, attract new customers, capture new markets/expand existing markets, increase organization membership)	20	20	41	18
Research and commercialization (e.g., commercialize new products)	16	16	-	-
Product, prototype or technology Development (e.g., support/increase innovation through development of new technologies or new processes)	16	16	-	-

[42] While the EODP funding provided by FedDev Ontario is not leveraged by the CFDCs, it may be leveraged with funding from direct beneficiaries supported through the EODP.

Question: What were the main objectives of the project? /What were the objectives of your organization for being involved in this project or using the outputs that were produced?				
Objectives	**Proponents**		**Beneficiaries**	
	#	**%**	**#**	**%**
Hire more employees/support job creation	12	12	24	11
Increase output, productivity and efficiency (e.g., expand production, provide more services, improve or upgrade processes)	8	8	73	32
Develop strategic partnerships/networks (e.g., angel networks)	7	7	-	-
Improve the quality of the service/product	6	6	16	7
Improve productivity/minimize cost of production	4	4	-	-
Upgrade skills (e.g., business management, presentation skills, equipment operation)	3	3	42	18
Increase visibility of the business (e.g., re-branding on social media)	-	-	29	13
Other	5	5	34	14

The project proponents and beneficiaries were also asked to rate how successful the project was in achieving its objectives, using a scale of 1 to 5, where 1 is not at all successful, 3 is somewhat successful and 5 is very successful. As indicated below, the average rating provided by project proponents was 4.5 and the average rating provided by beneficiaries was 4.4.

Table 17: Achievement of project objectives

Question: On a scale of 1 to 5, where 1 is not at all successful, 3 is somewhat successful, and 5 is very successful, how successful has the project been to date in meeting its objectives?						
Response	**Proponents**		**Beneficiaries**		**Total**	
	#	**%**	**#**	**%**	**#**	**%**
1 Not at all	-	-	4	1.5	4	1.0
2	1	0.8	1	0.4	2	0.5
3 Somewhat	10	8.0	23	8.7	33	8.5
4	33	26.4	72	27.3	105	27.0
5 Very	79	63.2	133	50.4	212	54.5
N/A	-	-	-	-	-	-
No reply	2	1.6	31	11.7	33	8.5
Total Respondents	125	100.0	264	100.0	389	100.0
Average Rating	4.5		4.4		4.5	

2. Reflecting the diverse nature of the projects funded, the projects have generated a wide range of impacts.

A variety of data sources were used in describing the results generated by the projects, including:

- The results of the surveys with 114 project proponents (representing 125 projects) and 264 project beneficiaries regarding the success of the projects and resulting impacts.
- Results reported by project proponents in their quarterly and annual reports, and aggregated by FedDev Ontario into a project database which were then analyzed. The types of data reported varied by project and over time, which means that the available data likely significantly understates the overall impact of the SOPP.
- A matched-pairs analysis, conducted by Statistics Canada, which compares changes in employment, revenue, labour productivity, R&D expenditures and exports among companies supported directly and indirectly by FedDev Ontario to the changes in a similar population of companies that were not supported.

- Results of case studies with a sample of consortia projects and other types of projects supported by FedDev Ontario.
- Expenditure data outlined in the contribution agreements of the 201 projects.

Commonly reported impacts included the creation and maintenance of employment, expanded production, technology development, commercialization and adoption, increased access to financial and other business support, development of partnerships between organizations, business growth and development, cluster development and community economic development.

Employment and training

All projects were expected to report on employment creation and maintenance. Through their quarterly and annual reports, 193 of the 201 projects reported the creation and maintenance of jobs as a result of the project. In total, 30,237 jobs were reported including the creation of 12,744 permanent and 1,490 temporary jobs and well as the maintenance of 14,909 permanent and 1,094 temporary jobs. Of the jobs, 48 percent were in manufacturing, 23 percent in management, 8 percent in technical and 6 percent in professional positions as indicated below.

Table 18: Number of jobs created and maintained by type of job

Types	Created		Maintained		Total	Percent
	Permanent	Temporary	Permanent	Temporary		
Management	3,910	71	2,889	81	6,950	23.0
Professional	1,047	94	506	36	1,683	5.6
Technical	1,234	331	907	59	2,531	8.4
Manufacturing	5,166	200	8,799	218	14,384	47.6
Other	1,387	794	1,808	700	4,689	15.5
Total	12,744	1,490	14,909	1,094	30,236	100.0

Of the jobs created and maintained, 30 percent were associated with private sector projects and 70 percent with projects led by not-for-profits or post-secondary institutions (not-for-profits and post-secondary institutions generally funded/supported multiple businesses under the third-party delivery model). Some of the leading projects in terms of employment included:

- The CME SMART Program provided support for advanced technology assessments by qualified professionals who examine manufacturing performance and recommend how advanced technologies could be implemented. SMART also funded projects that focused on improving productivity through the adaptation or adoption of new or upgraded advanced technologies, materials or processes. The Alliance of Canadian Manufacturers & Exporters reported data on 232 assisted businesses. In total, the project reported the creation or maintenance of 3,514 jobs.

- The Ontario Centres of Excellence (OCE) reported assisting 204 businesses. OCE provided seed financing and support for product development and market entry to Ontario start-ups, helping them scale the companies and prepare for later-stage investment, commercial partners, and customers. In total, the project reported the creation or maintenance of 2,466 jobs.

- The AIME Global initiative, delivered by the Yves Landry Foundation, delivered two types of eligible training activities: training that supported the adaptation of new technology, new processes or procedures or a change within the company that supported innovation; and training that supported and developed highly skilled personnel in any area that led to innovation. The program reported data on 281 assisted businesses. In total, the project reported the creation or maintenance of 2,138 jobs.

Among the project proponents who were surveyed, seven projects reported training 2,094 people. In addition, 14 consortia projects reported the provision of training as an output of the project. In total, these projects reported that 1,406 people had been trained.

Expanded production

According to a review of the contribution agreements from 2013-14 to 2018-19, 89 of the 201 projects involved some form of capital costs totaling $1.48 billion, representing over 60 percent of the total expenditures associated with these projects. Of this total, 87 percent related to for-profit projects, including 64 percent related to for-profit IBGP projects and 23 percent related to for-profit IBGP projects. Of the 13 percent related to projects led by not-for-profits and post-secondary institutions, 9 percent related to the ICP, 3 percent to the IRD and one percent to the AMF.

FedDev Ontario provided funding to companies to upgrade manufacturing capabilities for a wide variety of products such as steel, fabricated metals, food and confectioneries, automotive and aerospace components, biologics, rail cars and aluminum trailers, paperboard packaging, recycled rubber, and vinyl upholstery fabrics. Examples of companies that made significant investments in expanding production capabilities with support from FedDev Ontario included:

- Ferrero, One of the world's largest chocolate/confectionary manufacturers, chose to expand production capabilities and add new product lines in Canada over other locations including Italy, Germany, Ireland and Mexico, in part due to FedDev Ontario funding. The expansion created 118 jobs, prompted 7 supply chain companies to consider establishing a presence in Brantford and has generated $153 million in sales to date.

- The automotive supplier Integrity Tool and Mold Inc. received FedDev Ontario funding to expand and improve production capacity. The upgrading resulted in 52 full-time jobs and a 35 percent increase in sales over three years, achieving sales of $130.4 million in 2018. The company expanded business in Canada, the US and Mexico and exports rose from $87.2 million in 2015 to $117.3 million in 2018.

- In January 2017, AMF provided funding to Astrex Inc. to establish the first production line in order to produce high-strength, low weight aluminum parts, such as crossbeams and crash box components for Crash Management Systems (CMS) used in passenger vehicles. A repayable contribution of up to $17.05 million is being used to support the purchase and installation of specially designed equipment. Astrex is undertaking a four year (two-phased) project to design, equip, and operate a state-of-the-art facility that would position it as a leader in the production of high-strength aluminum parts for passenger vehicle CMS.

Other examples of manufacturers that created or maintained FTEs with support from FedDev Ontario included:

- A robotics company that created 93 permanent FTEs and maintained 35 permanent FTEs by expanding its manufacturing capabilities, upgrading facilities, and implementing new technology;
- An automated food manufacturing and storage facility that expanded operations to service the Canadian and U.S. markets, resulting in 145 permanent and 120 temporary jobs; and
- A food manufacturer that invested in freezer storage and advanced production equipment to enhance its competitiveness in the export market and resulting in the creation of 80 permanent and 104 temporary FTEs.

Technology development, commercialization and adoption

SOPP projects have helped strengthen the regional innovation ecosystem by supporting further development of capacity for research and development in the region, as well as encouraging investments in research and development leading to the commercialization of new technologies. Eighty of the 201 projects reported expenditures on research and development, totaling $385 million, over 90 percent of which involved projects funded through ICP (post-secondary institutions and other not-for-profit organizations invested $153 million and $91 million respectively) and AMF (for-profit and not-for-profit organizations invested $76 million and $32 million respectively). Overall, 76 percent of the R&D expenditures were associated with projects led by post-secondary institutions and other not-for-profit organizations while 24 percent were associated with projects led by for-profit organizations.

FedDev Ontario supported further development of the innovation ecosystems in areas such as:

- **Regenerative medicine**. The Centre for Commercialization of Regenerative Medicine (CCRM) was founded in 2011 as a not-for-profit organization that brings together academic scientists, entrepreneurs and industry partners and supports the development of technologies that accelerate the commercialization of stem cell and biomaterials-based therapies. FedDev Ontario supported the development of infrastructure necessary to enable and accelerate the development, testing, and adoption of innovative technologies in cell manufacturing. The CCRM project resulted in 25 invention disclosures in hardware, software, reagents and processes and 4 patent applications. They worked with 24 companies in 2018–19 on product and process development projects, advancing clinical development, and bringing new products to market.

- **Advanced manufacturing**. Led by Niagara College, the Southern Ontario Network for Advanced Manufacturing Innovation (SONAMI) is a collaboration among seven (initially four) academic institutions that assists manufacturers. It is a one-stop shop providing access to equipment, development and testing facilities, as well as product development and applied research services to facilitate technology development and adoption. SONAMI has worked with 109 businesses on 146 projects to develop 551 prototypes and 144 commercialized products. Industry partners forecast sales of more than $15 million and the creation of more than 100 jobs within a few years of the project's end.

- **Water tech**. Following up on a previous Southern Ontario Water Consortium (SOWC) project that developed a data integration platform for watershed management in collaboration with IBM, FedDev Ontario provided funding to SOWC to increase industry access to the integrated platform for the development, testing, and demonstration of new water technologies and services. SOWC contributed to the commercialization of 13 products, services and processes. Greyter Water Systems, which provides a new technology solution for water conservation in new home construction, was one of the companies that received R&D assistance from SOWC. The support from SOWC helped Greyter Water Systems become the only greywater recycling solution to have received NSF/ANSI 350 Class R certification requirements for onsite residential water reuse treatment systems in the US. Greyter Water Systems subsequently launched a pilot project in Arizona with Lennar Corporation, the largest US homebuilder and a Fortune 500 company.

- **Advanced computing**. FedDev Ontario provided funding for two projects undertaken by the Southern Ontario Smart Computing Innovation Platform (SOSCIP), the second of which was funded under the SOPP. FedDev Ontario funding for the first project helped secure IBM

participation in the project. The SOSCIP projects[43] first established and then increased access of industry and others to high-performance computing platforms. SOSCIP provides a platform that brings together research universities, private sector stakeholders and SMEs to establish a collaborative model of R&D and innovation utilizing the latest advanced computing technologies, which facilitates focusing on solving industrial problems, developing new business opportunities, creating jobs, and contributing highly skilled personnel to the workforce. SOSCIP connected more than 200 companies, resulting in an 18-fold increase in the number of new collaborations creating 45 new products/services/patents. SOSCIP created 275 direct jobs in 120 firms while contributing to 500 indirect jobs.

- **Personalized healthcare technologies**. A project led by York University, the University Health Network, and Southlake Regional Health Centre reported the commercialization of 77 new products, services, and processes. Those innovations are now in 62 markets and have generated $11.9 million in sales ($8.3 million more than initially expected). Some products, services, and processes are still in the development process.

- **Image-guided therapeutics**. The Centre for Research in Image-Guided Therapeutics was established within Sunnybrook Research Institute (SRI) to create a world-class centre for the development of image-guided therapy technology in southern Ontario, achieved by capitalizing on existing cluster strengths in the region. Through the SOPP, SRI received funding to advance commercialization of technologies in five areas: focused ultrasound, cardiovascular interventions, therapy response, musculoskeletal interventions, and breast cancer detection. The project has increased collaboration between academic partners and industry, developed new products which are now in the clinical testing stage, attracted new investment, increased sales, contributed to the growth of start-up and early-stage businesses, and raised the profile of the cluster and the region.[44]

Of all the proponents surveyed, 60 percent reported that the support provided by FedDev Ontario contributed to the development and/or commercialization of new products, services, processes or technologies. Respondents highlighted introducing new products to markets that generated sales, improving existing products and re-releasing them into markets, and developing patented technology currently in the pre-commercialization stage. In addition, 37 percent of the beneficiaries surveyed reported that the projects in which they were involved contributed to the commercialization of new technologies, products, processes or services. For example, with the support of FedDev Ontario:

- Food Cycle Sciences Corporation, an early-stage company based in Cornwall, was able to launch two new food waste recycling technology products. In 2018, sales in Canada and the US contributed to an increase of $1.9 million in revenues. The project also created six jobs and the company secured $450,000 in follow-on investments from the private sector.

- 7D Surgical obtained regulatory approval for its innovative medical imaging technology. The company launched its product in Canada, the US, Australia and New Zealand with $4.6 million in sales as of March 2019. The company also created 28 HQP jobs, registered eight patents and three trademarks, and secured nearly $30 million in follow-on investments.

[43] Two investments for SOSCIP – first attracted IBM investment and a follow on investment; two for SOWC noted above with IBM being part of building the platform. The second SOWC was about using the platform to support companies.

[44] Outcomes from project: secured national project under SIF too.

Of those surveyed, 43 percent of the proponents and 33 percent of the beneficiaries reported that projects in which they were involved enabled them to adopt new technologies and enhance productivity (e.g., introduce a fully automated production line or processes or incorporate new software applications). Some of the new technologies were designed to improve productivity and reduce costs (time and labour).

Examples include:

- the development of new technology to improve productivity in the horticultural industry;
- efficiency improvements in the health sector through improved access to information; and
- productivity improvements and/or cost reductions as a result of improvements in advanced manufacturing techniques and technologies, health technologies, inventory management, water management, infrastructure replacement, flow of goods across borders, and access to needed workers.

Increased access to financial and other business support

SOPP increased access to financial support and investment, advisory services, and training and mentorship through a range of projects including funding to strengthen and grow angel investor networks, business incubators and accelerators. Of the 201 projects, 25 reported making angel investments. The funds provided by FedDev Ontario were used in the administration and development of the various angel investment networks, helping to identify both potential investors and companies, as well as conducting the due diligence necessary to vet potential investments. The goal was to increase access to capital by strengthening these angel investor networks across southern Ontario. In total, 431 angel investments were made, totaling $187.7 million in funding.

Through their quarterly and annual reports, 30 other projects, a majority of which were funded under EODP, IBI, and IBGP, reported providing financial support to beneficiary organizations. Nine of the 201 projects reported providing advisory services to a total of 667 companies, and reported providing training and mentorship services to a total of 989 companies. Other projects provided support to businesses but data such as the number of companies receiving training, was not captured through the quarterly reporting system.

Some examples of projects that reported increased access to capital and business support included:

- Bioenterprise Corporation, an agri-technologies business incubator and accelerator, provided seed capital to 121 businesses, 95 percent of which are still in operation, and mentorship support to over 150 businesses. To date, the supported companies have generated $53.4 million in sales, created 524 jobs, maintained 346 jobs, and secured $55.7 million in follow-on investments.

- York Angel Investors (YAI) recruited 125 new investors and made 164 investments valued at $21.8 million. One of the YAI-supported companies is Enthusiast Gaming, which live-streams video gaming events. The company increased its revenues from $3.5 million in 2017 to $22 million in 2018.

- The Waterloo Accelerator Centre reported assisting 127 businesses through the JumpStart program, which provides potential start-ups with matching seed funds and mentorship in partnership with the University of Waterloo, Wilfred Laurier University and Conestoga College.

- The Southeastern Ontario Angel Network's efforts attracted and retained members, as well as grew the group's investment activity by increasing its capacity to identify, prepare and present

better investment opportunities to members. The Network grew its membership to 107 and made 23 new investments totaling about $14 million over a three-year period.

Partnerships

Projects facilitated the development of collaborations and partnerships involving investors, research collaborators, project partners, businesses and others. In total, the 201 projects reported 7,368 partnerships with other organizations including project partners, beneficiaries and others. For example, Société de développement communautaire de Prescott-Russell at Hawkesbury, Ontario fostered partnerships. The project's main client segments targeted by the CFDC were commercial enterprises including individuals, corporations, partnerships, cooperatives, as well as non-profit organizations, including municipalities, economic development organizations and social enterprises. The main targeted sectors of activity were retail trade, professional services, service companies, and agriculture. George Brown College's project created more new partnerships than expected. A majority of partners engaging with the college are small- and medium-sized enterprises who engaged in shorter-term projects. The project resulted in providing R&D assistance to 172 businesses/organizations (exceeding the target by 187%) and creating and maintaining 28.6 FTE jobs, among other impacts.

On average, the project proponent and partners provided a rating of "4.7" out of 5, where 5 is the project was very successful in meeting its objectives. Interviewees explained that the financial support from FedDev Ontario contributed to extending and strengthening the programs, relationships with stakeholders, and an increase in deal-flow and number and amount of investments.

The development of partnerships and collaborations with various other groups was reported by 112 of the 114 proponents surveyed. When asked to what extent partnerships and alliances had developed as part of the projects continued on, on a scale of 1 to 5, where 1 is not at all, 3 is somewhat, and 5 is to a great degree, project proponents provided an average rating of 4.3. Fifty-nine percent of project proponents indicated that strong or long-term partnerships had been developed, while 13 percent noted that most or all partnerships developed as part of the projects had not continued after the end of the project.

Business growth and development

Fifty-four percent of the project proponents surveyed reported further developing markets for their products or services through factors such as increasing sales, obtaining expanded contracts from customers, developing or expanding exports markets or securing new customers. Some projects have enabled companies to access particular markets by providing them with opportunities to make connections with key potential buyers and end users, to build partnerships with key industry players. Projects also increased access to particular markets by enhancing the profile of the cluster in southern Ontario and increasing access to expert advice on product commercialization and market development.

A matched-pairs analysis by Statistics Canada confirms the impact of the SOPP in promoting business growth and development. The analysis compares the growth and development of companies supported directly and indirectly (i.e. beneficiaries that received services and support through a delivery agency) by FedDev Ontario to companies that did not receive such assistance. To facilitate the analysis, FedDev Ontario collected the Business Information Numbers (BINs) of all of the clients that were directly funded and asked the delivery agencies to collect and submit the BINs of all the companies served through the FedDev Ontario-funded projects. FedDev Ontario provided Statistics Canada with a list of the 7,130 businesses involved in FedDev Ontario projects during the period from 2009 to 2018, 9 percent of which were direct recipients and 91 percent were beneficiaries. Statistics Canada then matched the list of

clients with a population of non-clients using a control group that was as similar as possible to the client group, that share the same 6 digit NAICS code and similar enterprise characteristics in terms of employment, income, assets, debt ratio, and profit margin.

The analysis examined differences between the two groups in terms of growth in employment, revenue, labour productivity, R&D expenditures, and exports as well as firm survival rates over the period of 2009 to 2017. As such, the analysis covers projects funded during both the first mandate (i.e., prior to the introduction of SOPP programs) and during the second mandate (i.e., including businesses supported through various SOPP programs including IBI, IBGP, AMF and EODP). Overall, the results indicate that businesses supported by FedDev Ontario tend to grow considerably faster in terms of employment, revenue and R&D expenditures than do businesses that are not supported, particularly in the first year after receiving assistance. Over the first three years after support, client businesses reported growth rates higher than those of the control group companies in terms of revenues (8.4 percent versus 6.1 percent), employment (6.9 percent versus 4.2 percent), productivity (11.8 percent versus 10.0 percent) and R&D expenditures (3.7 percent versus 3.3 percent). However, exports grew at a slower rate.

Table 19: Comparison of average Mandate 1 and 2 clients and control group growth rates, one and three years after assistance

	Clients	Control	Difference
All Businesses - One Year Growth Rates (2009-2018)			
Employment	10.6%	1.5%	9.1
Revenue	12.5%	3.3%	9.2
Productivity	4.1%	6.8%	-2.7
R&D Expenditures	9.3%	2.2%	7.1
Export	4.9%	5.1%	-0.2
All Businesses - Three Year Growth Rates - (2009-2018)			
Employment	8.4%	6.1%	2.4
Revenue	6.9%	4.2%	2.7
Productivity	11.8%	10.0%	1.8
R&D Expenditures	3.7%	3.3%	0.4
Export	1.9%	8.8%	-6.9

The table below shows the same analysis, with the exception that the results for the direct recipients and beneficiaries are shown separately. On a per company basis, the value of the funding contributed to a direct recipient tends to be greater than the value provided to beneficiaries, where the value of the FedDev Ontario funding may be split between many beneficiaries. As a result, it is not surprising that clients that receive direct assistance from FedDev Ontario tend to experience much higher growth relative to the comparison group. Over the first three years, direct recipient businesses outgrew comparison group companies by 18.7 percent in terms of employment, 14.7 percent in terms of revenues, 4.2 percent in terms of productivity, and 44.2 percent in terms of R&D expenditures. In contrast, beneficiaries outgrew comparison group companies by 4.7 percent in terms of employment, 13 percent in terms of revenues, 0.2 percent in terms of productivity, and 1.6 percent in terms of R&D expenditures.

Table 20: Comparison of average Mandate 1 and 2 direct clients and beneficiaries and control group growth rates, one and three years after assistance

	Clients	Control	Difference
Direct Recipients Only – One Year Growth Rate (2009-2018)			
Employment	9.3%	-1.0%	10.3
Revenue	13.1%	5.7%	7.4
Productivity	5.4%	-8.1%	13.5
R&D Expenditures	34.3%	-9.6%	43.9
Export	1.2%	4.1%	-2.8
Direct Recipients Only – Three Years Growth Rates (2009-2018)			
Employment	18.1%	-0.6%	18.7
Revenue	14.3%	-0.4%	14.7
Productivity	5.5%	1.3%	4.2
R&D Expenditures	38.2%	-6.0%	44.2
Export	0.6%	6.0%	-5.3
One Year – Beneficiaries (2009-2018)			
Employment	4.1%	0.9%	3.2
Revenue	9.4%	4.2%	5.2
Productivity	9.1%	1.7%	7.5
R&D Expenditures	-7.0%	3.3%	-10.3
Export	6.7%	6.3%	0.3
Three Years – Beneficiaries (2009-2018)			
Employment	6.7%	2.1%	4.7
Revenue	8.3%	-4.7%	13.0
Productivity	1.6%	1.4%	0.2
R&D Expenditures	-6.9%	-8.6%	1.6
Export	4.2%	11.7%	-7.5

Further analysis would be required to determine whether the return on investment is greater when the contribution is provided directly to companies or when providing contributions to delivery agencies which then support multiple beneficiaries. Further analysis could also provide insight into why FedDev Ontario-assisted businesses tend to underperform control group peers in export growth.

The data specific to Mandate 2 is much less complete because many of the projects were still being implemented during the period of 2015 to 2018 and one-year and particularly three-year growth post-support data is not yet available. As a result, the Statistics Canada analysis did not separate out Mandate 2 direct recipients from beneficiaries or report results by SOPP program. The data that is available suggests that, over the first three years, Mandate 2 client businesses reported higher growth rates in revenues (8.6 percent versus -3.0 percent), employment (6.2 percent versus -5.3 percent), and productivity (3.8 percent versus 1.2 percent) that did the control group companies.

Table 21: Comparison of average Mandate 2 clients and control group growth rates, one and three years after assistance

	Clients	Control	Difference
Mandate 2 Only – One Year Growth Rates (2014-2018)			
Employment	6.1%	6.8%	-0.6
Revenue	9.6%	-0.4%	10.0
Productivity	4.1%	2.2%	1.9
R&D Expenditures	--	--	--
Export	--	--	--

Mandate 2 Only – Three Years Growth Rates (2014-2018)			
Employment	8.6%	-3.0%	11.6
Revenue	6.2%	-5.3%	11.5
Productivity	3.8%	1.2%	2.6
R&D Expenditures	--	--	--
Export	--	--	--

In general, businesses that received direct assistance from FedDev Ontario are much more likely to survive in the three years following the receipt of funding than are similar businesses that had not received assistance or beneficiaries. Including both FedDev Ontario Mandate 1 (2009-14) and Mandate 2 (2014-19) companies, the survival rates among direct recipients declined from 100 percent in the base year to 82 percent (67 percent among control group peers) after year one and 73 percent 51 percent among control group peers) after year three. The survival rates among beneficiaries were significantly lower and very similar to those of the control group (declining from 100 percent in the base year to 82 percent after year one to 49 percent after year three).

Cluster Development

Both key informants and project proponents noted the important roles that FedDev Ontario has played in strengthening strategic clusters such as manufacturing, advanced manufacturing, biotechnology and life sciences, medical technologies, artificial intelligence and aerospace. More specifically, FedDev Ontario has supported further development of clusters through:

- Raising the profile of Ontario, the clusters and key organizations within the cluster, thereby enhancing its attractiveness as a target for investment. Proponents indicated that projects have raised national and international awareness of the clusters in southern Ontario and some proponents indicated that projects have already attracted new investment to the region. By testing new approaches, projects have also demonstrated the efficacy of a model that brings together organizations to work on topics of common interest.
- Supporting further development of industry groups, research and resources centres, networks and consortia which, in addition to providing services and support, became conduits for communication and coordination in the sector, cluster or region.
- Attracting, developing and retaining highly skilled workers, researchers and entrepreneurs.
- Supporting manufacturing and innovation across a range of industries, through strategic investments.
- Leveraging investment for other sources, particularly from industry; and.
- Accelerating the development of companies by providing access to product and process development capabilities, commercialization support, expert services, capital and other support.

Supporting Community Economic Development

Key informants noted specific projects that supported growth in rural communities, smaller cities and urban centres. For example:

- Supported tourism, a $100,000 project to attract Foreign Direct Investment into the Northumberland region resulted in Le Boat, a UK-based luxury self-guided boat tour company, relocating its sales office from Florida to Canada. The company brought 20 boats with plans to increase its fleet to 32 and invest $16 million over five years.

- The EODP project - Société de développement communautaire de Prescott-Russell, a not-for-profit community development organization serving an Official Language Minority Community, created and maintained more than 800 jobs by tapping into FedDev Ontario funding. One of the businesses supported by the organization, Atlantic Braids, commercialized innovative ropes for tankers, resulting in domestic sales of 45,000 units and exports of an additional 45,000 units.

- The Toronto Global project, co-funded with the Government of Ontario, was aimed at strengthening the Greater Toronto Area's competitiveness to foreign investors by presenting a clear, unified value proposition for the region and taking a coordinated approach to investment attraction among all municipalities and regions in the GTA. The foreign markets that Toronto Global focused on were the United States, the United Kingdom, several continental European countries including the Netherlands, Germany, Switzerland, Austria, Spain, and France, as well as Asian-Pacific markets like Japan and Korea. The project secured 49 investments to the GTA.

Key informants also noted projects that have facilitated investment attraction, labour retention and growth in smaller and mid-size cities such as Sarnia-Lambton, Hamilton and Kitchener-Waterloo. SOPP projects also generated broader community or societal impacts in areas such as:

- health care, for example. faster and improved detection of diseases, more accurate prevention;
- environment, for example development of clean technologies related to automobiles, energy management, recycling, and water; and
- culture, for example increased to access to cultural products on digital media.

3. **Key informants, project proponents, and beneficiaries attributed the success of the project to the support provided by FedDev Ontario, strong leadership, effective partnerships, product/market fit and responsiveness.**

Some of the factors identified as contributing to the success of projects included:

- **FedDev Ontario funding and commitment to the project.** Without FedDev Ontario funding, 90% of projects would not have happened at all or would have proceeded at the slower rate and pace, which is particularly detrimental for projects focused on business development and innovation. FedDev Ontario often provided additional support and guidance during project implementation to ensure that targets were met.

- **Expertise, ongoing commitment and strong leadership.** Project success was often determined largely by the ability of the proponent organization to attract and retain management and staff with the necessary knowledge and expertise, to bring together a wide range of players, to coordinate various activities, interests and priorities and to provide strong leadership.

- **Effective partnerships**. Many of the projects involved large numbers of partner organizations including investors, research collaborators, project partners, businesses and others. Partnerships tended to be most effective when sufficient time was dedicated to engaging key partners, developing strong business relationships and trust and aligning interests.

- **Strong product/market fit**. Successful product, technology and market development requires a strong understanding of the client's needs. It was suggested that some projects would have benefited from further upfront market research by the project proponent, in order to better inform the design of the project.

- **The ability to respond effectively to unexpected developments.** It was noted that recipients needed to be able to adopt a flexible approach, when needed, in project planning and delivery in order to respond to emerging issues and unexpected developments, for example changing economic or market conditions, changes in partner organizations, turnover in staff or project delays.

4. **Key informants, project proponents, and beneficiaries also highlighted a number of challenges that can face proponents including long timelines to commercialization, project delays, difficulties in raising funding, spreading funding too thin across too many activities, and staff turnover.**

   Some of the challenges identified included:

   - **Longer than expected timelines to commercialization or new market development.** Proponents commonly underestimated the timelines to commercialization, noting the technical challenges were often greater than anticipated at the beginning of the project. Timelines to commercialization varied widely by cluster. Companies also noted challenges related to some products not performing as anticipated during scale-up as well as changes in market conditions.

   - **Difficulties in raising funds**. Some projects experienced greater difficulty than expected in raising funds or attracting companies. In some cases, the projects strained the company's cash flow and/or required taking on additional debt.

   - **Issues between partners.** Several proponents noted situations where the partnerships did not work effectively because of different organizational cultures, differences in vision and priorities, and conflicts between lead representatives.

   - **Spreading the funding too thin across a range of activities**. Several proponents noted that, if they were to do their project again, they would narrow their focus somewhat in terms of technologies, markets, production capabilities or beneficiaries.

   - **Project inputs**. Some projects were impacted by difficulties in attracting staff or staff turnover in critical positions as well as by equipment that did not work as expected (finding alternatives and/or making improvements to the equipment can add both time and costs to the project).

5. **The impacts of the projects are expected to continue to grow over time.**

   When asked to what extent the activities or capacity supported by the project continued on after completion of the project on a scale of 1 to 5, where 1 is not at all, 3 is somewhat and 5 is to a great degree, the majority of project proponents (83 percent) provided a rating of 4 or 5, suggesting that follow-on activities and impacts would continue for many projects even after their completion. FedDev Ontario supported developments which may continue on in a number of ways. For example, some projects:

   - may continue on using other sources of funding. Project proponents reported they would tap into their own cash reserves (45 percent), other government programs (20 percent), and private sector funds/investors (20 percent) to support follow-on activities. Some projects have secured further funding from the Government of Canada including several projects that are receiving new funding from FedDev Ontario. Other projects built on the success of the initial projects to access funding other federal government sources (such as the Strategic Innovation Fund, Agriculture

and Agri-food Canada, NSERC, Mitacs, and the Canada Council of the Arts). In the majority of the cases, this would not have happened without initial funding from FedDev Ontario;
- involved the development of production capabilities, research infrastructure or other assets which will serve as a base for continued operation; and
- involved the development of new products, services or technologies that continue to be marketed and used in the development of other products.

Beneficiaries also expect that the positive impacts of their respective projects would continue or increase in the next three to five years. Some third-party beneficiaries moved on to being direct recipients. Just over half of the beneficiaries (54 percent) anticipated growing their businesses due to increased sales, introduction of new products, etc. A quarter of beneficiaries (25 percent) anticipated maintaining or sustaining the same level of impacts that had been realized to date in terms of growth, product diversification, and finding new markets for their products.

6. Program design and delivery

This chapter provides a summary of the findings regarding program design, delivery and cost effectiveness.

6.1 Cost effectiveness

The major findings of the evaluation regarding the cost effectiveness of the SOPP are as follows:

1. **Operating costs as a percentage of contributions are very low relative to historical figures for FedDev Ontario as well as compared to other RDAs.**

   The table below summarizes actual expenditure data by fiscal year and program. As indicated, the figures illustrate the impact of the five-year mandate on the programs with expenditures tending to be very low in the initial year and increasing as projects, particularly the multi-year projects, entered the full implementation stage and make claims. Overall, program contribution expenditures totaled $645 million over the five years, supported by $31 million in operating expenditures.

Table 22: Program expenditures by fiscal year, 2014–15 to 2018–19

Program	2014–15	2015–16	2016–17	2017–18	2018–19	Total
Grants and Contributions						
EODP	$9,600,000	$9,600,000	$9,600,000	$9,600,000	$9,600,000	$48,000,000
AMF	$2,972,454	$32,592,288	$42,835,000	$34,571,447	$30,936,787	$143,907,976
IBI	$13,045,134	$23,000,000	$15,458,231	$15,868,964	$11,683,068	$79,055,397
IBGP	$16,539,346	$40,766,577	$41,996,041	$37,705,267	$33,838,088	$170,845,319
ICP	$4,314,956	$20,463,485	$34,296,182	$33,444,566	$30,889,861	$123,409,050
IRD	$14,003,722	$17,499,846	$6,563,799	$10,755,101	$31,237,613	$80,060,081
Total	**$60,475,612**	**143,922,196**	**$150,747,253**	**$141,945,345**	**$148,185,417**	**$645,277,823**
Operating						
EODP	$292,270	$211,490	$423,661	$476,608	$888,735	$2,292,764
AMF	$ 509,982	$558,717	$1,079,542	$1,211,774	$1,799,068	$5,159,084
IBI	$743,814	$801,725	$1,607,471	$3,257,439	$1,666,641	$8,077,090
IBGP	$1,142,257	$1,006,125	$1,994,338	$3,950,509	$1,213,253	$9,306,482
ICP	$570,612	$706,640	$1,017,677	$1,043,301	$561,458	$3,899,688

IRD	$408,494	$229,388	$344,655	$359,924	$832,405	$2,174,866
Total	**$3,667,430**	**$3,514,085**	**$6,467,345**	**$10,299,555**	**$6,961,560**	**$30,909,974**

FedDev Ontario had a very lean operating structure for the SOPP, with operating expenditures averaging 4.6 percent of total program expenditures over the last five years. During that time period, the percentage varied from a low of 2.4 percent in 2015-16 to a high of 6.8 percent in 2017–18.

Table 23: Operating expenditures as a percent of contribution expenditures by fiscal year, 2014–15 to 2018–19

Program	Program Expenditures			Operating Percentage
	Operating	G&C	Total	
2014–15	$3,667,430	$60,475,612	$64,143,042	5.7%
2015–16	$3,514,085	$143,922,196	$147,436,281	2.4%
2016–17	$6,467,345	$150,747,253	$157,214,598	4.1%
2017–18	$10,299,555	$141,945,345	$152,244,900	6.8%
2018–19	$6,961,560	$148,185,417	$155,146,977	4.5%
Total	**$30,909,974**	**$645,277,823**	**$676,187,797**	**4.6%**

Across the six programs, operating expenditures as a percent of total program expenditures varied from a low of 2.8 percent for IRD to a high of 9.3 percent for IBI.

Table 24: Operating expenditures as a percent of contribution expenditures by program, 2014–15 to 2016–17

Program	Program Expenditures			Operating Percentage
	Operating	G&C	Total	
EODP	$2,292,764	$48,000,000	$50,292,764	4.6%
AMF	$5,159,083	$143,907,976	$149,067,059	3.5%
IBI	$8,077,090	$79,055,397	$87,132,487	9.3%
IBGP	$9,677,545	$204,410,819	$214,088,364	5.2%
ICP	$4,306,260	$135,011,552	$139,317,812	3.1%
IRD	$2,397,716	$81,824,539	$84,222,255	2.6%
Total	**$31,910,460**	**$692,208,283**	**$724,118,743**	**4.6%**

As indicated in the table below, these program operating costs are much lower than the costs associated with past programs delivered by FedDev Ontario, including the costs calculated for the Agency overall (as reported in the SODP evaluation), the costs associated with EODP, and the costs associated with comparable programs delivered by ACOA and WD.

Table 25: Comparison to the O&M costs of comparable programs

Agency/Program	O&M as percent of total expenditures	Years
FedDev Ontario - Average 6 programs	6%	2014-15
FedDev Ontario (RDA[45])	16%	2013-14
FedDev Ontario - EODP	13%	2011-14

[45] Cost for delivering programs by entire Agency. As per the evaluation of Southern Ontario Development Program (SODP), 2015; http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/h_02248.html#s6_1

ACOA - Communities and Inclusive Growth[46]	12%	2017-18
WD Business Productivity and Growth[47]	13.1%	2013-14

Two factors identified as contributing to the decrease in operating costs were an increase in the average size of approved contributions (while larger contributions can be more expensive to administer, they tend to be proportionately less expensive) and increased use of third parties to administer programs funded by FedDev Ontario. For example, organizations such as the Canadian Film Centre, Bioindustrial Innovation Canada, the Alliance of Canadian Manufacturers & Exporters, the Yves Landry Foundation, Ontario Centres of Excellence, the Waterloo Accelerator Centre, the Ontario Bioscience Industry Organization and Communitech Corporation received funding for administering and delivering programs funded by FedDev Ontario.

2. SOPP programs were efficient and offered good value for the allocated funds.

The programs contributed to significant outcomes to date. While it is premature to assess the ultimate impacts of the programs, the outcomes generated by the projects completed to date indicate that the programs are already generating significant returns on the contributions made by FedDev Ontario. The following table compares some impacts reported to date by the projects to the value of FedDev Ontario contributions approved for those projects. As indicated, to date, the projects have created 14,233 jobs and maintained a further 16,003 jobs; the number of jobs created or maintained to date (30,236) is equal to about one job for every $23,300 contributed to the projects by FedDev Ontario. These impacts will increase over time as the results of the projects are further realized.

Table 26: Return on contributions from FedDev Ontario to projects completed to date

Impacts	Projects Reporting	Impact Reported	Value
FDO Contributions	201	--	$704.4 million
Employment			
Created	169	14,233 FTEs	$49,500 per job
Maintained	143	16,003 FTEs	$44,000 per job
Total	194	30,236 FTEs	$23,300 per job
Other Impacts			
Leveraged investment	152	$1,710.3	$2.43 per FDO$
Angel Investment	22	$187.7 million	$0.27 per FDO$
R&D Expenditures	43	$305.8 million	$0.43 per FDO$
Partnerships	43	7,368	$95,603 per partnership

As noted earlier, FedDev Ontario contributions leveraged significant investments from other government and private sector sources and, for the most part, the SOPP-funded projects would not have been carried out or would have been implemented with narrower scope without funding from FedDev Ontario.

6.2 Program design and delivery

[46] https://www.acoa-apeca.gc.ca/eng/Accountability/AuditsAndEvaluations/Pages/ACOA%20Community%20Inclusive%20Growth%20Evaluation%20Report/ACOA_CIG_EVAL_2019_ENG.aspx

[47] https://www.wd-deo.gc.ca/eng/19159.asp

1. **Over 90 percent of project proponents were satisfied with their interactions with FedDev Ontario and over 90 percent of beneficiaries were satisfied with the delivery partners.**

Project proponents, beneficiaries and unfunded applicants were asked to rate how satisfied they have been with their interaction with FedDev Ontario related to the SOPP, using a scale of 1 to 5, where 1 is not at all satisfied, 3 is somewhat satisfied and 5 is very satisfied. As indicated below, the average rating provided by project proponents was 4.6, the average rating provided by beneficiaries was 4.7 and the average rating provided by unfunded applicants was 2.4.

Table 27: Level of satisfaction with interaction with FedDev Ontario/ Delivery partners related to the SOPP

Question: On a scale of 1 to 5, where 1 is not at all, 3 is somewhat and 5 is very satisfied, how satisfied have you been with your interaction with FedDev Ontario/delivery partners related to SOPP?						
Response	**Proponents**		**Beneficiaries**		**Unfunded Applicants**	
	#	**%**	**#**	**%**	**#**	**%**
1 Not at all	-	-	8	3.0	5	31.3
2	-	-	1	0.4	4	25.0
3 Somewhat	6	4.8	7	2.7	2	12.5
4	25	20.0	30	11.4	3	18.8
5 Very	70	56.0	181	68.6	1	6.3
N/A	-	-	-	-	-	-
No reply	24	19.2	37	14.0	1	6.3
Total Respondents	125	100.0	264	100.0	16	100.0
Average Rating	4.6		4.7		2.4	

The majority of project proponents perceived FedDev Ontario officers to be knowledgeable, helpful and easy to work with (77 percent). Over half of project proponents perceived the process of submitting claims and receiving funding from FedDev Ontario to be easy and straightforward, the information requested to be reasonable, and the funding to have been allocated quickly (56 percent). While just over a third of project proponents perceived the application process to be straightforward, reasonable and the instructions to be clear (35 percent), just over a quarter noted that the process was lengthy and detailed, particularly for first-time applicants (27 percent).

As indicated in the table below, the length of time required to prepare and submit an application to FedDev Ontario varied significantly depending on the program (to which the application was submitted, ranging from an average of 2.3 weeks for EODP to an average of 13 weeks for IRD. Some streams (e.g. IRD) had two-step process or were time-limited intakes (AMF). The length of other stages of the application process also varied widely (i.e., the length of time from submitting an application to receiving a decision, the length of time from receiving project approval to negotiating the Contribution Agreement, and the length of time from the negotiated Contribution Agreement to the execution of a project). Overall, the average length of time from preparation of the application to announcement of the project ranged from 34.4 weeks for EODP to 58.3 weeks for ICP. Applications for ICP projects tend to take longer to process due to their complexity.

Table 28: Estimates from project proponents regarding the number of weeks it took to complete various stages of the approval process by SOPP

Stages in the Approval Process	Average Number of Weeks to Complete						
	AMF	EODP	IBGP	IBI	ICP	IRD	Average
Length of time to prepare and submit an application	9.3	2.3	9.6	5.7	10.6	13.0	7.5
Length of time from submitting an application to receiving a decision notification	18.7	17.8	20.5	20.5	27.3	24.6	21.0
Length of time from receiving project approval to negotiating the Contribution Agreement	9.3	5.6	5.0	5.6	8.4	14.0	7.0
Length of time from negotiated Contribution Agreement to announcement of project	4.3	8.7	8.2	6.0	12.0	3.6	7.0
Total	41.6	34.4	43.3	37.8	58.3	55.2	42.5

The figures are somewhat similar to those calculated using file data from 188 projects accessed. According to all the project files data, the average length of time from a client's application completion date to actual approval date[48] is 18.9 weeks.

The average time required to prepare and submit an application to FedDev Ontario, as reported by unfunded applicants, also varied widely, ranging from an average of 2 weeks for the AMF to an average of 9.2 weeks for the IRD.

While a majority of project proponents were satisfied with FedDev Ontario, a few reported that they were less satisfied which they attributed to the reporting burden, short timelines to complete reporting, difficulties in communicating with FedDev Ontario (e.g., FedDev Ontario did not adequately understand their businesses, FedDev Ontario staff turnover during project implementation interrupted already established rapport, etc.), and the length of time that elapsed before they received funding.

Beneficiaries reported a high level of satisfaction and noted that FedDev Ontario delivery partners demonstrated a good understanding of the business climate and sector in which they are involved, and communicated well with beneficiaries. A few beneficiaries noted the process to receive funding was too long and more funding and support was needed to accomplish target outcomes.

In contrast to project proponents and beneficiaries, half of the unfunded applicants perceived the support and communication they received from FedDev Ontario in relation to their applications to be inadequate (50 percent). Just over a third of unfunded applicants perceived the application process to be long, complicated, expensive or confusing (36 percent).

2. Significant improvements were made to program design and delivery in response to the SOPP Interim Evaluation Management Response and Action Plan (MRAP).

The interim evaluation of the SOPP put forward five recommendations. Agency management agreed with each of the recommendations outlined, as well as the courses of action to address them. Progress to date includes securing permanent funding for FedDev Ontario and implementing a more streamlined program structure. A summary of the recommendations and the progress made to date is provided below.

[48] This is the date a file was approved by the FedDev Ontario.

Recommendation 1: Develop a formal plan for addressing the issues related to the five-year funding profile.

The stated preference was to move to a longer-term funding model for the Agency. FedDev Ontario received permanent funding in the 2019 federal government budget. FedDev Ontario is now a permanent agency and as such can provide more predictable funding.

Recommendation 2: Maintain the fundamental program structure, while exploring opportunities to refine and consolidate programs to address the current challenges and needs of the region.

The suite of programs was effectively designed, coordinated and delivered. Following the federal government's review of innovation programming, FedDev Ontario was able to streamline its programs into three core streams: Business Scale-up and Productivity, Regional Innovation Ecosystems, and Community Economic Development and Diversification (CEDD). These streams were also aligned with the priorities of Innovation and Skills Plan and made programming consistent across regional development agencies. The EODP was phased out over two years and the Rural Innovation Initiative Eastern Ontario (RIIEO) was launched in 2019 under CEDD to provide transition funding to eastern Ontario CFDCs and SMEs in support of innovation and growth in rural areas. The streamlined programming is easier for clients to navigate and offers flexibility in meeting clients' needs. However, key informants noted the continued importance of clearly communicating what types of projects are likely to be supported going forward.

Recommendation 3: Offer potential applicants a single point of entry and regularly update publicly available information related to funding availability and timelines.

The previous evaluation noted that it could be difficult for potential applicants to determine under which, if any programs, they may be eligible. Key informants stated that the revamped FedDev Ontario website made it easier to navigate and there was now a single application form for all projects. There was a common look and feel across all regional development agency (RDA) websites in line with the programming realignment. Examples of the types of projects funded under each stream were presented on the website and further explained in the program guidelines. The claims and additional applicant aids were also posted to help explain project activities, requirements and timelines expected. Once fully implemented, the new Grants and Contributions Program Management (GCPM) system is expected to further facilitate online applications, reporting and data management.

Recommendation 4: Support the continued development of project officers.

Key informants noted that extensive professional development activities have been implemented to strengthen the knowledge and skills of FedDev Ontario staff such as:

- A Professional Practice Strategy has been put in place, which includes multiple activities to enhance and strengthen the knowledge and skills of project officers; and.
- An internal professional development series, brings in guest-speakers such as clients discussing opportunities and challenges within their sector, other federal or provincial government representatives, or not-for-profit representatives to describe the programs they offer. Additional events are held which focus on particular skills such as financial analysis or how to engage effectively with culturally-diverse groups.

Recommendation 5: The project reporting system should be reviewed and revised, in terms of the reporting process and the indicators on which proponents report.

Key informants indicated that reporting should more streamlined. Some reporting templates have been updated to reflect the changes in programs and some online tools have been developed and are being piloted. The Agency anticipates having its GCPM portal available for clients to input data, to include features such as application status and timing and to be able to use that data to report on the status of projects and impacts.

3. **When asked about potential areas for improvement, key informants, proponents, beneficiaries and unfunded applicants highlighted opportunities to allow for more flexibility in implementation of the projects, to increase the level for certain target groups, to revise the reporting system, streamline the project approval process, and to improve communication between FedDev Ontario and proponents.**

   More specifically, those surveyed and interviewed highlighted opportunities to:

   - **Allow more flexibility to enable programs and projects to better adapt to key opportunities.** Some suggestions included:
     - Broaden eligibility requirements with respect to eligible projects, maximum contributions, eligible expenditures, and repeat funding;
     - Allow for funding to be moved from one fiscal year to the next or from one type of activity to another as projects evolve;
     - Provide continuous as opposed to one-time or time-limited support;
     - Make the repayable provisions conditionally repayable, tied to the success of a project in order to better share risk and encourage further investment in earlier-stage companies and technologies;
     - Consider offering non-repayable contributions for certain large-scale private sector projects where such a contribution is warranted to compete against other regions; and
     - Ensure that program guidelines focus more on what the project will achieve than on how projects will get there.

   - **Increase access to funding for certain target groups**, particularly women, Indigenous businesses, youth entrepreneurs and rural regions. As mentioned in the relevance section, some key informants noted that the Agency has recently started moving towards fostering more inclusive growth.

   - **Improve reporting metrics and processes**, for example ensuring that reporting indicators reflect relevant project outcomes; expanding use of standardized metrics, especially for third-party funding organizations that must collect data from multiple funded organizations; and strengthening the role of evaluation in contributing to future decision making.

   - **Streamline the project approval process**, for example implementing a fast-tracked process for renewing or extending funding and aiming for faster approval times. Stakeholders suggested keeping a database of past users to expedite approval and having an easier process for renewing or extending funding.

   - **Encourage better project design**. Applicants must undertake adequate groundwork in project partner selection, industry consultation, market assessment, and product/technology feasibility review.

- **Ensure that intellectual property (IP) rights issues do not serve as a constraint to development.** The key implications are the importance of identifying potential IP issues early in the application process, taking steps to address that issue so it will not hold up the project, and considering the impact of the issues on the potential for commercialization in decisions as to whether or not a project should be supported.

- **Improve communication between FedDev Ontario and project proponents.**

7. Conclusions and recommendations

7.1 Conclusions

The major conclusions arising from the final evaluation are as follows:

Relevance

1. **There is a strong, continued need for programs like SOPP.** According to key informants, project proponents, beneficiaries, unfunded applicants, and literature, there is a strong need for programs like the SOPP given the importance of the southern Ontario economy, the significant opportunities for further development across a range of existing and emerging clusters, and the need to address a range of factors that can slow or constrain development. The need for SOPP-type programming has increased over the past few years because of fundamental economic trends such as the accelerating pace of technological change and demographic shifts, rising concerns about international trade, and access to funding.

   The need for support is particularly high among underrepresented groups, who may face more significant challenges related to access to capital, skilled labour, markets and services as well as forms of discrimination. The need for support also tends to be higher in rural communities, due to factors such as a heavier reliance on resource industries, higher cost structures, and more restricted access to capital, markets, skilled labour and technology.

2. **SOPP programs were well-aligned with each other and other programming available in southern Ontario, the constraints to development, and the needs of the key target groups.** Taken together, the suite of SOPP programs employed a variety of delivery mechanisms to promote growth across various stages of businesses development, economic clusters, underrepresented groups and regions within southern Ontario, which was consistent with the federal government priority of inclusive growth. Factors such as the place-based nature of FedDev Ontario, the strong demand for funding, and coordination between FedDev Ontario and other funding organizations helped to ensure that SOPP programs complemented rather than duplicated other federal or provincial government programs with similar mandates.

Program effectiveness

3. **The projects supported by FedDev Ontario were incremental and leveraged significant funding from other sources.** In the absence of FedDev Ontario funding, 90 percent of projects would have been cancelled, reduced, delayed or implemented over a longer period of time. Each project dollar contributed by FedDev Ontario was leveraged with $2.43 in funding from other sources, primarily the private sector.

4. **SOPP-funded projects were generally implemented as planned, and successful in achieving their intended objectives.** Reflecting the diverse nature of the projects funded, the projects targeted a wide range of objectives. When asked to rate how successful the projects were in achieving their objectives, using a scale where 1 is not at all successful and 5 is very successful, project proponents and beneficiaries provided ratings of 4.5 and 4.4 respectively.

5. **SOPP-funded projects generated a wide range of positive impacts for the region's economy.** Some of the key impacts included:

    - **Employment**: 30,236 jobs were reported including the creation of 12,744 permanent and 1,490 temporary jobs and the maintenance of 14,909 permanent and 1,094 temporary jobs.
    - **Expanded manufacturing capabilities**. FedDev Ontario provided extensive funding to enable companies to establish or upgrade manufacturing capabilities for a wide variety of products such as steel, fabricated metals, food and confectioneries, automotive and aerospace components, biologics, rail cars and aluminum trailers, paperboard packaging, recycled rubber, and vinyl upholstery fabrics. Across all projects, capital costs accounted for over 60 percent of project expenditures.
    - **Increased investment in research, development and commercialization.** Projects reported expenditures on R&D totaling $385 million. Sixty percent of proponents reported that the support provided by FedDev Ontario contributed to development and commercialization of new products, services, processes or technologies.
    - **Increased access to financial and other business support.** Of the 201 projects, 25 reported making angel investments, 30 provided other types of financial support to beneficiary organizations, 9 provided advisory services, and 9 provided training and mentorship.
    - **Partnerships.** Projects facilitated the development of 7,368 collaborations and partnerships involving investors, research collaborators, project partners, businesses and others.
    - **Business development and growth**. A matched-pairs analysis demonstrates that businesses supported by FedDev Ontario, particularly those receiving direct funding, tend to grow considerably faster than similar companies, which were not assisted in terms of revenues, employment, productivity and R&D expenditures and are more likely to still be in operation three years after receiving assistance.

    SOPP projects played an important role in:
    - strengthening strategic clusters and supporting economic development in communities across southern Ontario by raising the profile of the region, its clusters and key organizations; attracting investment;
    - supporting development of industry groups, research and resources centres, networks and consortia; helping to attract, develop and retain highly skilled workers, researchers and entrepreneurs; and
    - expanding manufacturing and supporting innovation across a range of industries; leveraging investment; and accelerating the development of companies by providing access to product and process development capabilities, commercialization support, expert services, capital and other types of support.

6. **The impacts of the projects are expected to continue to grow over time.** Subsequent activities are being funded through internal resources, other government funding and private sector funding. Many of the projects involved the development of production capabilities, research infrastructure or other assets which serve as a base for continued operations or involved the development of new products, services or technologies which continued to be marketed and used in the development of other products.

Program design and delivery

7. **SOPP programs were delivered efficiently.** Over the five years, operating expenditures averaged 4.6 percent of total program expenditures, which is very low relative to historical figures for the delivery of programs. Two factors contributing to the low percentage are increases in average approved contributions per project, and increased use of third parties to administer programs.

8. **Over 90 percent of project proponents were very satisfied with their interactions with FedDev Ontario and over 90 percent beneficiaries were satisfied with the delivery partners.** When asked to rate their satisfaction on a scale of 1 to 5, where 1 is not at all satisfied and 5 is very satisfied, proponents provided an average rating of 4.6 and beneficiaries provided an average rating of 4.7. Seventy-seven percent of proponents found FedDev Ontario officers to be knowledgeable, helpful and easy to work with and found the application, contracting and claims process to be straightforward. Non-funded applicants tended to be less supportive of program design and delivery, particularly in terms of the guidance and direction provided related to the preparation of applications.

9. **While a majority of proponents were satisfied with FedDev Ontario, some reported challenges with project reporting, occasional difficulties in communicating with FedDev Ontario staff, and the length of time that elapsed before they received funding**. Concerns with respect to reporting related primarily to the level of reporting required, tight timelines for reporting, and what proponents saw as inconsistencies between the reporting requirements and what they saw as the key impacts of the project. The average length of time from a client's application completion date to actual approval date by the Agency was 18.9 weeks.

   When asked about potential areas for improvement, key informants, proponents, beneficiaries and unfunded applicants suggested streamlining the project approval and reporting processes, adding greater flexibility in implementation of the projects, and increasing the level of funding for certain target groups.

10. **Significant improvements have been made to program design and delivery in response to the SOPP Interim Evaluation Management Response and Action Plan (MRAP).** In particular, FedDev Ontario has:

    - Secured permanent funding which will help to ease issues related to the five-year funding profile;
    - Streamlined the program structure to make it easier for prospective applicants to navigate the process. There is now a single application form for all projects. Once fully implemented, the new GCPM system is expected to further facilitate online applications, reporting and data management;
    - Accelerated the professional development of project officers; and
    - Taken steps to streamline the reporting process, although further work is required.

7.2 Recommendations

The recommendations arising from the final evaluation are as follows:

1. FedDev Ontario to consider improving its performance reporting metrics and processes.

2. FedDev Ontario to consider enhancing support for certain target groups/areas, particularly women, Indigenous businesses, youth entrepreneurs and rural regions.

Appendix I: Evaluation methodology

I.1 Approach and lines of evidence

The evaluation was undertaken in three phases: 1) planning, 2) data collection, and 3) synthesis, analysis and reporting. This evaluation used a hybrid team approach (internal evaluators and external consultants) in implementing a mixed-methods research design involving multiple lines of evidence. The following table outlines the roles of the FedDev Ontario Evaluation Directorate, GGI and Ference & Company in undertaking the evaluation.

Table 29: Overview of the hybrid approach

Task or Function	FDO Evaluation Directorate	Ference & Company	GGI
Leadership of the Evaluation	•		
Method Design and Implementation/Analysis of Data Collected			
Development of the evaluation methodology		•	
Review of the evaluation methodology and provision of feedback	•		•
Literature and document review	•	•	•
Review of project and operational data	•	•	
Case studies	•		•
Consortia review update			•
Key informant interviews	•		•
Survey of project proponents		•	
Survey of unapproved applicants		•	
Survey of project beneficiaries		•	
Statistics Canada matched-pairs analysis	•		
Participate in Evaluation Advisory Committee Meetings	•	•	•
Preparation of Technical Reports		•	•
Submit Progress Reports		•	•
Analysis and Integration of All Lines of Evidence/Presentation of Findings			•
Review and Provide Feedback on Draft and Final Report	•	•	
Preparation of Draft and Final Evaluation Report			•

The planning phase involved detailed documentation review of FedDev Ontario, its programs, and the funded projects to identify the data available and potential sources of further information and development of the evaluation matrix, methodology, data collection instruments and communication protocols.

Secondary data sources

The purpose of the Data Collection phase was to systematically gather data and assemble the evidence. The secondary data sources included:

- **Document and literature review**: A comprehensive review, focused primarily on issues related to relevance, was undertaken involving internal and external documents related to the programs, innovation and commercialization documents, federal policies and strategies, and previous evaluations.

- **Review of project and operational data***:* Project data was used to develop a statistical profile of funded projects, client organizations, partnerships, intended and reported impacts, and the inter-relationship between the various programs. In addition, operational data regarding resource allocations was reviewed and used in assessing efficiency and economy.

Surveys

Surveys were conducted between July and September 2019 with project proponents, project beneficiaries, and applicants that were not approved for funding under SOPP. Invitations to complete the surveys were sent via email. The invitations were personalized and included a dedicated link embedded in the invitation email. The surveys included:

- **Survey of proponents**: A total of 187 project proponents representing 200 SOPP-funded projects were invited to complete the Project Proponent survey. To increase the response rate, project proponents were also given the option to schedule and complete the survey over the phone with a Ference & Company or FedDev Ontario Audit and Evaluation Division interviewer. A total of 114 project proponents completed or substantially completed the questionnaire and reported results for 125 projects, achieving a response rate of 63 percent in terms of the proportion of projects represented in the survey results. The survey was designed to gather details on project impacts and perspectives on the delivery of SOPP. At a confidence level of 95 percent, the 125 projects covered by the survey achieve a margin of error of about ±5.4 percent. The survey results were then linked with data from the project database for the purpose of detailed analysis.

- **Survey of project beneficiaries:** A total of 1,952 SMEs/organizations that derived direct benefits from the funded projects were invited to participate in the survey. The sample of participants was obtained from project files. A total of 264 beneficiaries completed the online survey, achieving a response rate of 14 percent. The survey of beneficiaries helped to validate and add to the reported impacts. Beneficiaries provided input regarding the perceived success of the project, the impact on the beneficiary organization (intended and unintended), the contribution of the project to the ecosystem and development of specific sectors or clusters, lessons learned and opportunities for improvement. At a confidence level of 95 percent, the sample of 365 respondents achieves a margin of error of about ±5.6 percent.

- **Survey of applicants not approved for funding under SOPP***:* Eighty-eight organizations that were not approved for funding under SOPP were invited to complete the survey. Similar to project proponents, unfunded applicants were given the option to complete the survey online or over the phone with a Ference & Company interviewer. Sixteen unfunded applicants completed the survey, with a response rate of (18 percent). The survey was designed to obtain input on whether the proposed project was implemented without FedDev Ontario funding and the perceived need for the programming.

Interviews

Interviews were conducted with 36 key informants including:

- 13 management representatives of FedDev Ontario (5 Senior Executives such as Vice President, Director General and Chief Financial Officer; 2 Directors; 4 Managers and 2 Business and Economic Development Officers);

- 12 representatives of other government departments and partners (5 Senior Executives such as Assistant Deputy Minister, Director General and President/Chief Executive Officer; 2 Directors; 4 Managers and 1 Economic Development Officer representing federal (ISED) (3), Ontario provincial (3) and municipal governments (6) involved in economic development, commercialization, investment attraction and sector development;

- 6 other stakeholders and experts (Senior Executives such as Executive Director, President, Vice President from universities and not-for-profit organizations representing different sectors and who have had involvement with FedDev Ontario programming either as recipients or through their member organizations who have been recipients of FedDev Ontario funding); and

- 5 project proponents (4 IBI and 1 IBGP) who were followed up with to discuss key design and delivery issues as well as impacts reported in the proponent survey.

The primary focus of the interviews was to obtain input on the need for this type of programming, the relationship to other programs, factors that contribute to and constrain achievement of the intended outcomes, and on opportunities for improvement.

Case studies

Case studies were conducted on 8 SOPP projects, involving a document and data review as well as interviews with 8 FedDev Ontario project officers and 16 project proponents, partners, and beneficiaries. The evaluation also involved a review of 34 consortia projects[49], which updated and expanded the results of a similar review conducted in 2016. The methodology for the consortia update included a review of project documents and data, case studies covering 10 projects or groups of related projects, site visits to 8 projects, and interviews or surveys with 92 representatives associated with the 34 projects. The results were then analyzed to prepare the draft and final reports. A more detailed description of the methodological approach, lines of evidence, challenges and mitigation strategies is provided in Appendix I.

I.2 Evaluation matrix

The table on the following page summarizes the performance indicators and data sources for each of the research questions to be addressed in the review.

[49] For the purposes of the review, consortia projects were defined as projects that: (1) involved a significant investment from FedDev Ontario (from $800,000 to $20 million); (2) involved multiple stakeholders; (3) created new opportunities for innovation eco-systems to support commercialization, economic diversification, market development and expansion; and (4) emphasized the development of clusters and/or expansion of geographic concentrations of interconnected companies and institutions. Of the 34 consortia projects reviewed, 22 were funded under the SOPP.

Table 30: Summary of recommended issues, performance indicators and data sources

Evaluation issues, questions and indicators	Data sources for each indicator								
				Surveys					
	Doc. /Lit. review	Data review	Key inform.	Pro-ponents	Benefic-iaries	Un-funded	Case studies	Consortia review update	StatCan matched pairs
Relevance									
1. To what extent is there a continued need for programming that promotes economic development? (probe: in urban centres; smaller cities; rural communities)									
Characteristics of the projects supported: timing, approved funding and total project costs, actual project expenditures, funding by cluster, region (urban centres, smaller cities, rural communities), program, type of project, type of proponent, partnerships/collaborations, major outputs *(review of administrative data on the project approvals)*	●	●							
Consistency of the strategic investments made into the key economic drivers by SOPP programs and reported outcomes with the needs highlighted in recent industry and policy research and development strategies *(results of the document and literature review including results of the 2016 consortia review and the interim evaluation, Innovation Review, rural roundtables)*	●								
Evidence of continued need and/or demand for programming that promotes economic development in southern Ontario *(results of the document and literature review including results of the 2016 consortia review, the interim evaluation, and innovation review; trends in funding requests from industry and other stakeholders in southern Ontario; perception of needs among key informants, project proponents, beneficiaries, and unfunded applicants)*	●	●	●	●	●	●	●		
Evidence of new conditions that have augmented/diminished/changed the need and/or demand for programming (*results of the document and literature review; trends identified from data review; perception of needs among key informants, project proponents, beneficiaries, and unfunded applicants; results of the case studies)*	●	●	●	●	●	●	●		
Regional differences in needs (urban centres, smaller cities, rural communities) *(results of the document and literature review, particularly rural roundtables; trends in funding requests from industry and other stakeholders in different types of communities in southern Ontario; perception of needs among key informants, and project proponents, beneficiaries, and unfunded applicants located in different types of communities)*	●	●	●	●	●	●	●		
Needs with respect to starting, maintaining, and growing a business experienced by entrepreneurs from under-represented groups including women, Indigenous peoples, members of Official Language Minority Communities, youth, persons with disabilities, newcomers to Canada, and visible minorities or racialized	●		●	●	●	●	●		

Evaluation issues, questions and indicators	Data sources for each indicator								
				Surveys					
	Doc. /Lit. review	Data review	Key inform.	Pro-ponents	Benefic-iaries	Un-funded	Case studies	Consortia review update	StatCan matched pairs
people *(results of the document and literature review; perception of needs among key informants, project proponents, beneficiaries, and unfunded applicants; results of the case studies)*									
Extent to which SOPP projects met the needs of industry and key stakeholders (including regional analysis: urban centres, smaller cities, rural communities) *(feedback from proponents and beneficiaries on the extent to which the support met their needs; opinions of FedDev Ontario management)*			●	●	●				
2. To what extent did the SOPP programs complement, duplicate, or overlap other government programs?									
Characteristics of other federal and provincial programs and initiatives that address the same needs in southern Ontario *(e.g., alternative sources of funding and similar programs identified by literature review and interim evaluation)*	●								
Informed opinion on degree to which the SOPP programming complemented, overlapped or duplicated other federal or provincial "programs"/initiatives in southern Ontario *(as stated in the interim evaluation)*	●								
Coordination and/or inter-relationship between FedDev Ontario programs and other programs in terms of referrals and joint funding of projects *(program data on leverage of FedDev Ontario contributions/other sources of funding utilized; results of the interim evaluation)*	●	●							
3. To what extent did the SOPP align with government priorities?									
Key elements within FedDev Ontario and broader federal government priorities from 2014-15 to 2018-19 *(document and literature review results; interim evaluation results)*	●								
Roles of the RDAs within the new structure (*review of documentation, perceptions of FedDev Ontario management as stated in the interim evaluation results)*	●								
Consistency of the major investments, outputs, and reported outcomes with government priorities/gaps and areas of weak alignment (*review of investments, outputs and intended outcomes; opinions of FedDev Ontario management*)		●	●						
Performance									
4. To what extent did the SOPP achieve the expected outputs and outcomes (immediate and intermediate)?									
Compilation of project data on targets and results reported to date *(from project databases and review of project applications, contribution agreements, project summary forms and project application forms, progress reports, final site visit reports, completion or final reports, website information, press releases and communications; results of the consortia review update)*	●	●						●	

Evaluation issues, questions and indicators	Data sources for each indicator								
	Doc. /Lit. review	Data review	Key inform.	Surveys			Case studies	Consortia review update	StatCan matched pairs
				Pro-ponents	Benefic-iaries	Un-funded			
Updating of projected and reported data on key project outputs and outcomes based on the results of surveys of proponents and beneficiaries as well as case studies in areas relevant to the programming *(results of the data review, proponent and beneficiary surveys and case studies, Statistics Canada matched-pairs analyses, and consortia review update):* ▪ Employment generated during the project (FTEs) ▪ Ongoing employment created and maintained (FTEs) ▪ Increased capacity and capabilities (e.g. space, equipment, research capabilities, service capacity) ▪ Increased access to capital ▪ Increased investment in community economic capacity ▪ Increased investment in productivity improvements ▪ Technology, products, processes and services commercialized (licenses executed, companies participating in initiatives, spin-off companies formed, technologies products, processes and services to market, and revenues) ▪ Increased access to HQP (e.g., hiring, training of skilled workers trained, development of local expertise) ▪ Market development (increased revenues, development of new markets) ▪ Improvement in productivity (e.g., costs savings, increased revenues per FTE) ▪ Business survival rates ▪ Strengthened linkages between members of the innovation system (e.g., number of organizations directly involved in the project, number of alliances, partnerships, and collaborations created) ▪ Follow-on investment (e.g., follow on NP, PSI, and corporate investment including risk capital investment and FDI) ▪ Other socio-economic impacts (e.g., health care, environmental impacts)		●		●	●		●	●	●
Examples of major impacts/areas where there has been less impact (*results of the case studies and key informant interviews)*			●				●		
Evidence of impacts associated with clusters *(results of the data review, proponent and beneficiary surveys and case studies, key informant interviews, Statistics Canada matched-pairs analyses, and consortia review update)*		●	●	●	●		●	●	
Evidence of impacts associated with business incubators and accelerators (BIAs) *(results of the data review, proponent and beneficiary surveys and case studies, key*		●	●	●	●		●		

Evaluation issues, questions and indicators	Data sources for each indicator								
				Surveys					
	Doc. /Lit. review	Data review	Key inform.	Pro-ponents	Benefic-iaries	Un-funded	Case studies	Consortia review update	StatCan matched pairs
informant interviews, Statistics Canada matched-pairs analyses, and consortia review update)									
Evidence of impacts associated with technology adoption *(results of the data review, proponent and beneficiary surveys and case studies, key informant interviews, Statistics Canada matched-pairs analyses, and consortia review update)*		●	●	●	●		●		
Regional analysis of impacts (urban centres, smaller cities, rural communities) *(results of the data review, proponent and beneficiary surveys and case studies, key informant interviews, Statistics Canada matched-pairs analyses, and consortia review update)*		●	●	●	●		●		●
Extent to which the projects and the resulting impacts (will) continue on and grow beyond the end of the original project funded by FedDev Ontario *(monitoring and risk assessments from FedDev Ontario Receivables Unit; evidence to date; plans and sources of support related to sustainability of the resources, capabilities and activities supported by the projects; projected future impacts of the projects as per the project documentation and perceptions and plans of the proponents and beneficiaries; evidence from case studies and the consortia review)*		●		●	●		●	●	
Plausibility of the linkages between immediate and intermediate outcomes *(role of projects in promoting further development; mapping of the projects, activities and outcomes against the key economic drivers and the development needs of industry as stated in interim evaluation)*	●								
5. To what extent can the impacts be attributed to SOPP support?									
Role of FedDev Ontario in the development, implementation, and funding of specific projects and activities *(case studies, interim evaluation results, and StatCan matched-pairs analysis)*	●						●		●
Extent that FedDev Ontario championed and strengthened strategic clusters in the region *(key informant interviews, surveys of proponents and beneficiaries, case studies, consortia review update)*	●		●	●	●		●	●	
Perceived likelihood that the projects/activities would have been implemented even in the absence of the support provided by FedDev Ontario *(survey of proponents; case studies; consortia review update)*				●			●	●	
Incremental impacts of SOPP-funded business clients relative to other similar businesses *(StatCan matched-pairs analysis)*									●
Percentage of projects that proceeded *(surveys of unapproved project applicants, project proponents, and beneficiaries)*, extent to which they proceeded as planned				●	●	●			

Evaluation issues, questions and indicators	Data sources for each indicator								
				Surveys					
	Doc. /Lit. review	Data review	Key inform.	Pro-ponents	Benefic-iaries	Un-funded	Case studies	Consortia review update	StatCan matched pairs
(scope and timing), other sources of funding used, and impact on the success of the projects									
FedDev Ontario's influence on the involvement of funding partners *(interim evaluation results, data review, and case studies)*	●	●					●		
6. What unintended outcomes have been achieved?									
Evidence regarding types and magnitude of unintended or unanticipated impacts generated by the projects *(comparison of outputs and outcomes to intended outputs and outcomes; perceptions of key informants, proponents, and beneficiaries; evidence from the consortia review update)*		●	●	●	●		●	●	
Relationship of unintended impacts to the achievement of intended impacts, effects and goals (*perceptions of proponents and beneficiaries; case study results; consortia review update)*				●	●		●	●	
7. What factors impacted on the ability to achieve expected outcomes?									
Extent to which activities were implemented as designed *(perceptions of proponents; information from progress reports; results of case studies; results of the consortia review update)*		●		●			●	●	
Extent to which activities were implemented according to expected timelines *(comparison of results to targets and timelines; opinions of the proponents; evidence from the consortia review update)*		●		●				●	
Specific factors which impacted the ability to achieve expected outcomes *(perceptions of proponents; information from progress reports; results of case studies; results of the consortia review update)*		●		●			●	●	
(Other) factors that impacted the ability to achieve expected outcomes *(perceptions of key informants and results of the case studies)*			●				●		
8. How did FedDev Ontario support participation in SOPP by under-represented groups such as women, Indigenous peoples, members of Official Language Minority Communities, youth, persons with disabilities, newcomers to Canada, and visible minorities or racialized people?									
While not a stated focus of the SOPP, how FedDev Ontario supported participation in the SOPP by under-represented groups (e.g., women, Indigenous peoples, members of Official Language Minority Communities, youth, persons with disabilities, newcomers to Canada, and visible minorities or racialized people) (*drawn from the data review, proponent and beneficiary surveys, case studies, and, if possible, Statistics Canada analysis*): ▪ Total value of FedDev Ontario support to businesses that are majority-owned by under-represented groups ▪ # of businesses supported that are majority-owned by under-represented	●	●		●	●		●		●

Evaluation issues, questions and indicators	Data sources for each indicator								
	Doc. /Lit. review	Data review	Key inform.	Surveys			Case studies	Consortia review update	StatCan matched pairs
				Pro-ponents	Benefic-iaries	Un-funded			
groups ▪ # of entrepreneurs that are majority-owned by under-represented groups that received third-party support ▪ # of funded organizations assisting with entrepreneurship for under-represented groups (e.g., women, Indigenous peoples, members of Official Language Minority Communities, youth, persons with disabilities, newcomers to Canada, and visible minorities or racialized people)									
Extent that SOPP helped to address needs and barriers faced by under-represented groups with respect to starting, maintaining, and growing a business *(results of the literature review; perceptions of key informants, proponents, and beneficiaries; results of the case studies; results of the literature review)*	●		●	●	●		●		
9. What improvements were made to the design and delivery of FedDev Ontario programming in response to the SOPP Interim Evaluation Management Response and Action Plan (MRAP)?									
Actions taken by FedDev Ontario to respond to SOPP Interim Evaluation MRAP *(results of the document and literature review; perceptions of FedDev Ontario management)*	●		●						
How the changes are expected to improve the design and delivery of FedDev Ontario programming *(results of the document and literature review; perceptions of FedDev Ontario management)*	●		●						
Current/potential issues experienced with these changes to the programming design and delivery *(results of the document and literature review; perceptions of FedDev Ontario management)*	●		●						
Areas of further improvement to the design and delivery of FedDev Ontario programming *(results of the document and literature review; perceptions of key informants, proponents, unfunded applicants, and beneficiaries)*	●		●	●	●	●			

Appendix II: SOPP programs and logic model

II.1 Program activity architecture

According to the Program Alignment Architecture (PAA)[50] and Agency Performance Measurement Framework (PMF), FedDev Ontario focuses its efforts on four program areas: Technological Innovation, Business Development, Community Economic Development, and Internal Services, as shown in the table below. SOPP includes two Technological Innovation sub-programs (AMF and ICP), two of the three Business Development sub-programs (IBI and IBGP), and two Community Economic Development sub-programs (EODP and IRD). The Agency plans to dedicate 210 full-time equivalents (FTEs) and $248.7 million to these activities in 2018–19.

Table 291: FedDev Ontario budget and FTEs by program, 2018–19

Program	Budget ($ million)	FTEs	Sub-Programs/ *Relevant Initiatives*
Technological Innovation	$72.5	15	**1.1.1 Advanced Manufacturing** ▪ *Advanced Manufacturing Fund (AMF)* **1.1.2 Commercialization Partnerships** ▪ *Investing in Commercialization Partnerships (ICP)*
Business Development	$55.0	51	**1.2.1 Business Investment** ▪ *Investing in Business Innovation (IBI)* **1.2.2 Business Growth and Productivity** ▪ *Investing in Business Growth and Productivity (IBGP)* **1.2.3 Business Services** ▪ *Canada Business Ontario*
Community Economic Development	$105.3	38	**1.3.1 Community Futures Program** **1.3.2 Eastern Ontario Development Program (EODP)** **1.3.3 Official Language Minority Communities** **1.3.4 Regional Diversification** ▪ *Investing in Regional Diversification (IRD)* **1.3.5 Infrastructure Delivery** ▪ *Canada 150 Community Infrastructure Program* ▪ *Mohawk Lake Rehabilitation Project*
Internal Services	$15.9	106	● Management and Oversight ● Communications ● Legal ● Human Resources Management ● Financial Management
Total	**$248.7**	**210**	

Source: Planned FTEs and Budget from FedDev Ontario 2018–19 Departmental Plan

II.2 Overview of SOPP programs

An overview of each of the programs established under SOPP is provided below.

50 Under the new Policy on Results (which took effect on July 1, 2016), the PAA will be replaced by the Departmental Results Framework (DRF), which is under development.

Investing in Business Innovation (IBI)

The Investing in Business Innovation (IBI) initiative provided mentorship, entrepreneurial support and financing to help new businesses grow and succeed. The initiative was designed to foster a more competitive southern Ontario economy by focusing on providing business support to new entrepreneurs, helping them transform their ideas into globally competitive products and services, and increasing their access to private sector investment and advice. The objectives were to foster a culture of entrepreneurship focused on innovation by:

- Supporting start-ups to transform ideas into globally competitive products and services;
- Increasing, stimulating and leveraging private sector investment;
- Strengthening angel networks through improved standards and better investments; and
- Supporting mentorship and skills development activities to help start-ups grow and succeed.

Through IBI, support was provided for early stage SMEs, angel investor networks, and the delivery of skills development and seed financing for new entrepreneurs through NFPs.

Examples of IBI-funded projects include:[51]

- Dejero Labs (Waterloo) received funding to further develop intellectual property (technology to transmit live video from mobile devices in high definition). It holds 12 innovative technology-based patents and leveraged FedDev Ontario funding to attract up to $2 million from members of Golden Triangle AngelNet and Angel One Investor Network.

- Noblegen (Peterborough) is an advanced ingredients company, offering food and beverage companies non-GMO, cost effective, customized ingredients to satisfy consumer needs, and received funding from FedDev Ontario through IBI to expand its marketing activities and sell its advanced bio products on a global scale.

- The Communitech Fierce Founders Accelerator (Kitchener) is a six-month program offered twice per year to five to eight technology or tech-enabled companies that have at least one female founder. It is the only program of its kind in Canada to focus on female business leaders in this way. Companies receive up to $30,000 in matching funding from FedDev Ontario, one-on-one mentorships, and coaching. Feedback from participants highlights the program's positive impacts (e.g., increases self-confidence and revenues).

Investing in Business Growth and Productivity (IBGP)

The Investing in Business Growth and Productivity (IBGP) initiative focused on established southern Ontario businesses that have the potential to be global players with innovative and unique opportunities to accelerate growth and support job creation. This initiative supported economic growth and job creation by helping businesses diversify markets and expand facilities, adopt new technologies and processes to improve productivity, and increase business capacity to grow and diversify markets. The objective was to position southern Ontario businesses to be more competitive in the global market by:

- Assisting established businesses with high growth potential;
- Increasing investment in technologies and processes to improve productivity; and

[51] FedDev Ontario. 2017. Interim Evaluation of the Southern Ontario Prosperity Program. https://www.feddevontario.gc.ca/eic/site/723.nsf/eng/h_02429.html?OpenDocument#s4.1.

- Increasing the capacity of businesses to participate in global markets through exports and integration in global value chains.

Funding could be provided directly to SMEs as well as for services delivered to SMEs by NFPs.

Examples of IBGP-funded projects include:[52]

- FedDev Ontario provided funding to support the Yves Landry Foundation, which provides services to businesses through its Achieving Innovation and Manufacturing Excellence (AIME) Program (e.g., training related to developing or adapting technologies, processes, etc.), which assisted 260 businesses by the end of 2016. IBGP support helped businesses grow and make productivity improvements, as well as reduce costs, overtime, and maintenance, among other impacts.

- FedDev Ontario provided funding to Pembroke MDF through IBGP to support investment in equipment, building improvements, and systems upgrades to restart an MDF molding manufacturing plant. The project created 190 jobs, enabling former workers to be rehired, as well as increased local sales of raw goods used in manufacturing processes.

Investing in Commercialization Partnerships (ICP)

The Investing in Commercialization Partnerships (ICP) initiative supported business-led partnerships with a focus on developing globally-competitive products and services. Increased collaboration among businesses, post-secondary institutions and research organizations narrows the gap between innovation and commercialization. This initiative helped to increase the capacity of existing and emerging innovation ecosystems and the development of competitive economic clusters in southern Ontario.

- Vineland Research and Innovation Centre received funding to develop and implement precision farming technologies to decrease labour and training costs, and create high-skilled jobs. Funding was used to retrofit a one-acre commercial greenhouse to create the Collaborative Greenhouse Technology Centre and to develop and commercialize new automation technologies and wireless sensing systems.

- The Southern Ontario Smart Computing Innovation Platform (SOSCIP) project received FedDev Ontario funding (coupled with funding from the Government of Ontario and an in-kind contribution from IBM) to increase access to its high-performance computing platform and bring together research universities, IBM, and SMEs to promote collaborative R&D and innovation (e.g., to improve cybersecurity through quantum computing, and to provide cybersecurity risk assessments). This project also led to the growth of consortium membership and revealed new areas of support.

- FedDev Ontario provided funding to Sunnybrook Research Institute to advance commercialization of technologies developed through its Centre for Research in Image-Guided Therapeutics in the following areas: focused ultrasound; cardiovascular interventions; therapy response; musculoskeletal interventions; and breast cancer detection.

52 FedDev Ontario. 2017. Interim Evaluation of the Southern Ontario Prosperity Program. https://www.feddevontario.gc.ca/eic/site/723.nsf/eng/h_02429.html?OpenDocument#s4.1.

Investing in Regional Diversification (IRD)

The Investing in Regional Diversification (IRD) initiative supported the long-term development of stronger, more diverse economies in southern Ontario communities. IRD leveraged unique regional assets and local expertise to attract new investment and opportunities for economic growth and development.

Examples of IRD-funded projects include:[53]

- The Stratford Economic Enterprise Development Corporation (Stratford) received FedDev Ontario for the Stratford@Play project to develop its creative economy. This project aimed to create a niche market for Stratford Festival productions to be broadcast internationally using regional assets (e.g., technological infrastructure, educational institutions, etc.) and diversify its offerings to include film and other digital products (e.g., educational products).

- The Innovation Centre at Bayview Yards (Ottawa) received non-repayable funding to establish a business incubator/accelerator that supports programming and prototyping. Offerings included a Global Cybersecurity Resource (GCR) Program, Advance Digital Media Lab, and a leading-edge maker space. Funding covered capital costs and operating expenditures of the Centre which delivered services and was managed in partnership with local universities.

The Advanced Manufacturing Fund (AMF)

Established as part of the 2013 Federal Budget, the Advanced Manufacturing Fund (AMF) supported research and innovation organizations, the private sector, post-secondary institutions (PSIs) and NFPs to work together to accelerate the development of large-scale, advanced technologies that would result in new market opportunities for Ontario businesses in manufacturing sectors. The objective was to increase firm productivity and enhance the competitiveness of Ontario's advanced manufacturers by:

- Addressing, within the Ontario delivery context, gaps in federal supports for advanced manufacturers;
- Attracting projects that advance the development and/or adoption of cutting-edge technologies leading to product, process, and technological innovation; and
- Creating spillovers for manufacturing clusters and/or supply chains, and fostering collaboration between research institutes, post-secondary institutions and the private sector.

Examples of AMF-funded projects include:[54]

- FedDev Ontario provided funding to the Centre for Commercialization of Regenerative Medicine (CCRM, Toronto) for a consortia project in the regenerative medicine cluster with 11 partners that supported infrastructure development and operation for CCRM's Centre for Advanced Therapeutic Cell Technologies (CATCT).

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53 FedDev Ontario. 2016. Review of Large-Scale, Long-Term Consortia Projects.

54 FedDev Ontario. 2016. Review of Large-Scale, Long-Term Consortia Projects.
FedDev Ontario. 2017. Interim Evaluation of the Southern Ontario Prosperity Program. https://www.feddevontario.gc.ca/eic/site/723.nsf/eng/h_02429.html?OpenDocument#s4.1.
FedDev Ontario. 2016. FedDev Ontario Supports Manufacturing Expansion and Job Creation [News Release]. https://www.canada.ca/en/economic-development-southern-ontario/news/2016/11/feddev-ontario-supports-manufacturing-expansion-job-creation.html.
FedDev Ontario. 2017. ArcelorMittal Tailored Blanks creates innovative clean-tech solutions. https://www.feddevontario.gc.ca/eic/site/723.nsf/eng/02420.html?OpenDocument.

- FedDev Ontario provided funding to Hanwha L&C Canada Inc., a multinational enterprise that manufactures countertops and flooring, to establish London as its North American headquarters. The funding was expected to double the company's production capacity and enable it to integrate robotics in a novel advanced manufacturing process.

- In January 2017, AMF provided funding to Astrex Inc. to establish the first production line in order to produce high-strength, low weight aluminum parts, such as crossbeams and crash box components for Crash Management Systems (CMS) used in passenger vehicles. A repayable contribution of up to $17.05 million is being used to support the purchase and installation of specially designed equipment. Astrex is undertaking a four year (two-phased) project to design, equip, and operate a state-of-the-art facility that would position it as a leader in the production of high-strength aluminum parts for passenger vehicle CMS.

Eastern Ontario Development Program (EODP)

The Eastern Ontario Development Program (EODP) was aimed at addressing economic challenges in eastern Ontario and taking advantage of innovative opportunities in the region. The program was delivered through 15 eastern Ontario CFDCs and promoted business development, job creation and strengthened economies in rural eastern Ontario communities.

EODP applications are solicited and assessed by CFDCs based on their potential to stimulate local economic development and create jobs. CFDCs consider project proposals in the following two areas: business development, which supports projects that will lead to the growth of new and existing businesses within rural eastern Ontario communities, and community innovation, which facilitates community-led economic development activities that enhance and diversify local economies.

Examples of EODP funded projects include:[55]

- Food Cycle Sciences Corporation (Stormont, Dundas & Glengarry) received FedDev Ontario funding, allowing it to attract and retain employees from urban centres – including new Canadians – who had relevant technical expertise. Funding also enabled the company to expand into global markets.

- FedDev Ontario provided funding to Clean All Environmental Systems (Cornwall) to help the company expand into new markets and deliver ongoing training to management and staff. It was expected to create eight jobs.

- Team Eagle Ltd. (Campbellford) received funding for the development of the Runway Aircraft Braking Availability Tester as an airfield conditions reporting solution. Successful completion of this project led to further funding through the Build in Canada Innovation Program (now Test Innovations).

55 FedDev Ontario. 2017. Interim Evaluation of the Southern Ontario Prosperity Program. https://www.feddevontario.gc.ca/eic/site/723.nsf/eng/h_02429.html?OpenDocument#s4.1.
Peters, B. 2018. EODP Leverages $14 million in Investment. https://choosecornwall.ca/news-english/eodp-leverages-14-million-in-investment/.
Prince Edward/Lennox & Addington Community Futures Development Corporation. 2019. Eastern Ontario Development Program 2014-2019.

- FedDev Ontario provided funding to the Cornwall Innovation Centre (Cornwall) to support the establishment of the Ontario Emerging Jobs Institute, which delivers training in areas such as digital skills, agri-tech, business skills, etc.

- FedDev Ontario provided funding to Biscuits Leclerc (Cornwall), helping to leverage investment valued at over $9.5 million to support a fully automated, peanut-free food processing facility and create an expected 80 jobs.

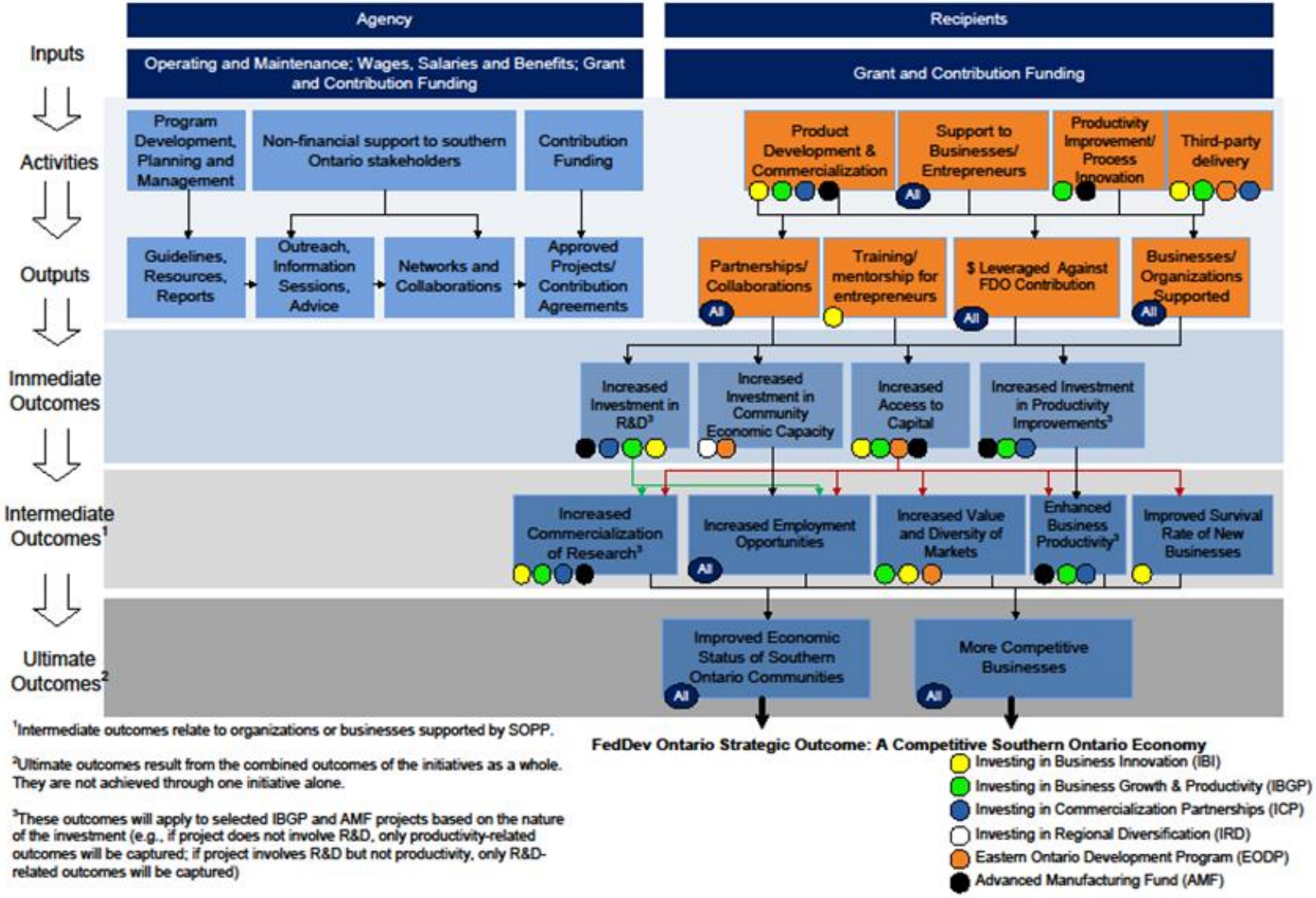
- Willis Manufacturing (Odessa, Lennox & Addington County), a growing precision metal fabricator and custom metal manufacturer, received FedDev Ontario funding to invest in technology to meet the needs of its rapidly growing customer base. In addition to creating more jobs, funding enabled the company to take on additional, larger contracts.

- Essential Relaxation (Wellington, Prince Edward County), a manufacturer of all-natural bath and body care products, received funding which enabled the company to increase production levels and to enter into wholesale markets.

II.3 Program logic model

The figure on the following page illustrates the logic model for SOPI, AMF and EODP according to the Performance Measurement Strategy, which was developed in February 2014.

Table 302: Logic Model for Southern Ontario Prosperity Initiatives, Advanced Manufacturing Fund and Eastern Ontario Development Program, 2014–19



[1]Intermediate outcomes relate to organizations or businesses supported by SOPP.

[2]Ultimate outcomes result from the combined outcomes of the initiatives as a whole. They are not achieved through one initiative alone.

[3]These outcomes will apply to selected IBGP and AMF projects based on the nature of the investment (e.g., if project does not involve R&D, only productivity-related outcomes will be captured; if project involves R&D but not productivity, only R&D-related outcomes will be captured)

Activities

The logic model makes the distinction between the inputs and activities of FedDev Ontario and those of the funding recipients. With inputs such as operating and maintenance (O&M) expenditures, wages, salaries and benefits, and grant and contribution (G&C) funding, the Agency undertakes the following activities:

- **Program development, planning and management**: The Agency undertakes research, consultation, planning and program management activities that contribute to program design, delivery and administration.

- **Non-financial support to southern Ontario stakeholders**: In addition to its financial investments in economic development opportunities, the Agency acts as a resource by:
    - Directing stakeholders to relevant FedDev Ontario initiatives and/or to those of other government departments and agencies and other levels of government;
    - Convening key stakeholders in communities and industry sectors to capitalize on economic development opportunities; and
    - Providing guidance and advice to recipients of FedDev Ontario funding to assist them in carrying out the activities and obligations specified in contribution agreements.

- **Contribution funding**: The Agency provided unconditional repayable and non-repayable contributions to recipients to carry out activities that achieve SOPI, AMF and EODP objectives.

With G&C funding inputs, the recipients undertake the following activities:

- **Product development and commercialization**: recipients of contributions under IBI, IBGP, ICP and AMF undertake this activity.

    - IBI: Recipients undertake pre-commercialization and late-stage product development activities that enable new businesses to move innovative products, services or processes to market.
    - IBGP: Recipients undertake product development and commercialization activities that support business expansion, market diversification, and integration into global value chains.
    - ICP: Recipients bring together collaborations of research and innovation organizations, private-sector enterprises, post-secondary institutions, and not-for-profit organizations to accelerate the development of globally competitive products and services that result in new market opportunities for southern Ontario businesses.
    - AMF: Recipients undertake product development and commercialization activities including prototyping, demonstration projects, advanced product testing, and applied research leading to practical applications.

- **Support to businesses/entrepreneurs**: This activity is undertaken by recipients of contributions under all SOPI, AMF and EODP initiatives:

    - IBI: Supports NFP organizations that in turn support the development of entrepreneurs, help them to launch new start-up enterprises and develop investment-ready businesses. IBI also provides direct support to early-stage businesses to undertake a variety of activities that accelerate growth, create jobs, and diversify markets.
    - IBGP: Supports eligible SMEs to undertake activities related to adapting or adopting new technologies, processes, and related skills development; business opportunity development, growth, and integration in global value chains; facilities improvement or expansion; market

development and expansion; and business expansion to support greater economic diversification.
    - ICP: Supports businesses to develop globally competitive products and services through increased collaboration with post-secondary institutions and research organizations and increase the capacity of existing and emerging innovation ecosystems in southern Ontario.
    - IRD: Supports regional businesses and clusters with the goal of economic diversification and sustainability.
    - AMF: Supports Ontario manufacturers to undertake manufacturing and R&D activities related to prototyping, demonstration projects, advanced product testing, and applied research; improvements to existing materials, devices, products or processes; as well as the adoption or adaptation of highly innovative products, technologies, and processes that support product or process innovation.
    - EODP: Supports new businesses and growth of existing businesses under the Business Development component of EODP, through activities such as productivity enhancements, market diversification, product development and succession planning.

- **Productivity improvement/process innovation**: These activities are undertaken by recipients of contributions under AMF and IBGP.

    - IBGP: Under the third-party delivery stream of IBGP, industry or sector associations further distribute contributions to SMEs for the adoption or adaptation of new technologies, processes and skills that enhance business productivity in their sector or industry.
    - AMF: Recipients under AMF receive support for the adoption or adaptation of highly innovative products, technologies (e.g., machinery and equipment), and processes that support product or process innovation leading to enhanced productivity.
    - ICP: Supports businesses in the development, adoption, or adaptation of highly innovative products, technologies (e.g., machinery and equipment), and processes that support product or process innovation leading to enhanced productivity.

- **Third-party delivery**: This activity is undertaken by recipients of IBI, IBGP, ICP, IRD and EODP.

    - IBI: Not-for-profit recipients of contributions under IBI provide skills development, education, and seed financing to new entrepreneurs and businesses to improve their investment readiness.
    - IBGP: Not-for-profit recipients of contributions under IBGP provide support to SMEs to adapt/adopt new technologies, processes, and skills that enhance business productivity in their sector or industry.
    - ICP: ICP supports NFP organizations and post-secondary institutions to work with SMEs to undertake prototyping, demonstration projects, advanced product development, and applied research leading to practical commercial applications.
    - EODP: Under the Business Development stream of EODP, not-for-profit organizations deliver support to promote the growth of new and existing businesses in rural eastern Ontario communities.

The Agency outputs include:

- **Guidelines, resources, and reports**: Program development, planning and management activities result in the creation of new initiatives and associated policies and practices that are intended to foster economic development.

- **Outreach, information sessions, and advice***:* The extent to which the Agency provides path-finding services and other resources that support stakeholders in undertaking economic development activities is reflected in the number of outreach activities, information sessions and other forms of advisory services provided.

- **Networks and collaborations:** Non-financial support to economic stakeholders is also reflected in the number of networks and collaborations the Agency facilitates.

- **Approved projects/contribution agreements**: The Agency enters into contribution agreements with eligible recipients to support projects that stimulate local economies and enhance the growth and competitiveness of local businesses and communities.

Recipient outputs are as follows:

- **Partnerships/collaborations**: All of the initiatives under the umbrella of SOPI, AMF and EODP terms and conditions include outreach activities, partnerships and collaborations with stakeholders in economic development.

- **Training/mentorship for entrepreneurs**: IBI projects delivered through NFP organizations support the development of entrepreneurs, helping them to launch new start-up enterprises and supporting them to become investment-ready businesses. Early-stage businesses that receive direct funding support through IBI also receive mentorship and support through angel and venture capital investors.

- **Investments leveraged against FedDev Ontario contributions**: It is anticipated that recipients of funding under SOPI, AMF and EODP use contribution funding from FedDev Ontario to leverage funds from third parties, including other federal departments, other levels of government, angel/venture capital investors and private-sector partners.

- **Businesses/organizations supported**: All of the initiatives provide support to businesses, NFP organizations or post-secondary institutions in the form of funding or technical/advisory support that assists the Agency in accomplishing its longer-term goals of improving the economic status of southern Ontario communities and the competitiveness of businesses.

Immediate outcomes

The outputs are expected to result in a number of immediate outcomes (expected to be manifested in the first one to two years of project activities), including:

- **Increased investment in research and development**: Recipients receiving contributions through IBI and ICP and some IBGP direct-to-business and AMF projects receive support to undertake research and development (R&D) and commercialization activities, including product and process applied research, engineering design, technology acceleration, product testing, certification, marketing studies, proof of concept, and piloting and demonstration activities. These contributions leverage further investment in R&D and commercialization activities from participating organizations, their partners and other funding organizations.

- **Increased investment in community economic capacity**: Recipients of contributions under IRD and under the Community Innovation and Community Economic Development components of EODP receive support to diversify local economies that leverages further community investments to support local economic capacity.

- **Increased access to capital**: New enterprises participating in IBI and businesses engaged in IBGP, AMF and EODP Business Development projects have increased access to capital to support their business development activities. Angel investment networks and their associations receiving non-repayable contributions through IBI support this outcome by attracting new investments to southern Ontario angel networks.

- **Increased investment in productivity improvements:** Projects funded through the IBGP, ICP and AMF initiatives result in investments that facilitate the adoption and adaptation of new productivity-enhancing technologies.

Intermediate outcomes

The immediate outcomes are expected to lead to the following intermediate outcomes within two to five years of support to projects:

- **Increased commercialization of research**: It is anticipated that the new products, services and processes developed as a result of investments in research and development activities undertaken by IBI, IBGP, ICP and AMF projects are commercialized and enter the market.

- **Increased employment opportunities**: Increased investments in R&D and community economic capacity and improved access to capital to undertake activities that lead to business growth are in turn expected to contribute to the creation and retention of jobs in projects supported through SOPI, AMF and EODP.

- **Increased value and diversity of markets***:* Businesses receiving increased investment in R&D and community economic capacity and improved access to capital through IBI, IBGP and EODP Business Development projects are expected to benefit from increased sales and market diversity resulting from business growth.

- **Enhanced business productivity**: Technologies adapted or adopted by businesses participating in IBGP, ICP and AMF are expected to result in improved productivity.

- **Improved survival rate of new businesses:** New enterprises receiving capital and business advisory support through IBI are expected to have better survival rates than comparable businesses that have not received similar support. The performance measurement strategy ensures the collection of information about the survival rate or the successful exit of new businesses to the end of the project lifecycle. In addition, start-up businesses receiving direct support through IBI generally repay their contributions over a two- to three-year period following the project's end. This allows the Agency to continue to monitor the survival and/or successful exit of individual businesses through annual financial reports during the control period. Finally, the collection of business numbers enables the Agency to undertake longer-term follow-ups of businesses receiving both direct support and support through intermediary not-for-profit organizations as a whole (not individually), as part of the overall program evaluation (i.e., through Business Registry data).

Ultimate outcomes

Ultimate outcomes are generally associated with changes in societal conditions, are often subject to influences beyond the initiative itself and, as a result, take a longer time to be realized. The above intermediate outcomes are expected to result in the following ultimate outcomes in the longer term:

- **Improved economic status of southern Ontario communities**: Diverse regional economies, a greater share of knowledge-based industries, and new and stronger start-up enterprises and SMEs are anticipated to result in more and larger businesses, and increased employment opportunities in southern Ontario communities.

- **More competitive businesses**: The commercialization of new products, services and processes; more diversified markets; enhanced productivity; and a talented labour force are expected to result from the improved competitiveness of businesses.