Evaluation of the Innovation Superclusters Initiative

Audit and Evaluation Branch
Senior Management Committee – March 2022

Management Response and Action Plan

The findings and recommendations of the Evaluation of the Innovation Superclusters Initiative (ISI) were provided to the ISI of Innovation Canada at Innovation, Science and Economic Development Canada (ISED). Management has been consulted and agrees with the findings included in this report and will take action to address all applicable recommendations by March 31, 2023.

Recommendation	Planned Action on the Recommendation	Responsible Official	Target Completion
Recommendation 1: ISED Innovation Canada should identify and implement approaches to facilitate and encourage collaboration and sharing of information and best practices across the Superclusters.	**Innovation Canada Position** The Innovation Superclusters Initiative (ISI) has a number of mechanisms in place to encourage collaboration and sharing of information across Superclusters. Since 2019, ISI has brought together all five Supercluster Chief Executive Officers (CEOs) on a monthly basis to discuss and deliver on program priorities of strategic importance (e.g., regulatory and policy issues, data, communications, finances) that affect all clusters and drive program results. In addition, the program facilitates twice yearly meetings between Supercluster Board Chairs, CEOs and ISED senior officials to ensure alignment and strategic coordination. To support these efforts, ISI also leads two working groups —on communications and on data—to bring together key officials to collaborate and to address issues of common concern. Superclusters also hold their own joint meetings across the five clusters, including regular meetings of the CEOs and of their Chief Technology Officers (CTOs). Finally, ISI plays a key role in leveraging connections to other federal departments, as well as the various ADM working groups, to ensure alignment on government priority areas, as well as to maximize the impact of Supercluster activities. **Innovation Canada Management Response** In addition to continuing to support engagement across the five Superclusters through existing mechanisms, Innovation Canada will: • establish a financial working group comprised of ISED program officials and Supercluster Chief Financial Officers to share financial management best practices; and • develop, for the next phase of the program, a framework to support the Superclusters in collaborating on activities (e.g. joint projects or joint project calls).	Director General (DG), ISI	June 2022: Establish financial working group December 2022: Develop a collaboration framework

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Recommendation 2: To enhance measurement of aggregate program outcomes for the ISI program, ISED Innovation Canada should continue improving the consistency in how data is collected and submitted by the Superclusters. Collecting structured data, in areas such as jobs, training, and skills development, would strengthen the quality of metrics used to assess progress against expected outcomes and enhance future modelling and assessments on the long term impacts of the program.	**Innovation Canada Position** Innovation Canada recognizes that the Superclusters Initiative is an innovative program, and that its ambitions to establish ecosystems of competitive advantage for Canada presents challenges to measure through traditional performance metrics. To that end, it is continuously reviewing its performance measurement and data management processes. Regarding the data around jobs in particular, it has always been the program's intention, instead of relying on data collected by the program, to measure jobs creation impacts through other mechanisms, specifically through a major multi-year external expert contract for economic modeling and a letter of agreement with Statistics Canada. Both of these studies were underway at the time of the evaluation, and have strong methodologies ensuring consistent job data, and will provide the jobs data the program will rely on in assessing its performance. In addition, in early 2021 Innovation Canada refined its main data collection tool for collecting project data across the program, including directing the Superclusters to report <u>direct</u> jobs data only, in order to ensure consistency in data collection. Furthermore, the Supercluster economic impact study provided clear definitions for direct, indirect and induced jobs, and for ongoing consistency and understanding these definitions will be captured in a data dictionary. **Innovation Canada Management Response (next page)**	Next page	Next page

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	Innovation Canada Management Response	Director General (DG), ISI	June 2022: guidance to Superclusters to report training and skills development, economic modelling report, Statistics Canada report
	1. ISI will take steps to further improve the structure and consistency of data collection by creating a data dictionary.		
	2. ISI has made progress on measuring program outcomes for the ISI program through its work with the Supercluster Data Network and will continue to leverage this group to improve the consistency in how data is collected and submitted by the Superclusters. Participation in discussions, testing data collection tools and providing feedback will be undertaken by the Data Network to improve data collection consistency. As well, ISI and Supercluster Data Network meetings will be conducted as needed and resulting meeting notes will be circulated between meeting attendees.		December 2022: create data dictionary
	3. ISI will provide additional direction to Superclusters on key information to include in their annual reports including guidance on providing information on training and skills development.		December 2022: meeting notes from Data Network and ISI meetings
	4. In May 2021, as part of the program's strategy to leverage economic modelling to report on Supercluster job impacts, ISI engaged independent expertise through a multi-year contract to conduct economic modelling to determine economic impacts of the Superclusters including direct, indirect, and induced jobs over the medium (5 years) and long (10 years) terms.		
	5. ISI has established a letter of agreement with Statistics Canada to assist with determining small and medium-sized business growth rates including capturing the number of employees for firms participating in Supercluster projects.		
	6. ISI is included in the Business Innovation Performance Information Profile (PIP) which is currently under development. CMS is coordinating the PIP and ISI does not control the date it will be finalized.		

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Recommendation 3: ISED Innovation Canada should explore opportunities to establish clearer definitions and consider more formal requirements for equity, diversity and inclusion (EDI).	**Innovation Canada Position** The Innovation Superclusters Initiative took a significant step forward in its approach to EDI in 2018, with its formal requirement for all Superclusters to have at least 50% women on their Boards of Directors. Innovation Canada actively monitors Supercluster compliance with this requirement. Looking forward, Innovation Canada will seek opportunities to include meaningful additions to EDI metrics, aligned with broader work in this area for other ISED innovation programs, and in new Contribution Agreements as they are developed. **Innovation Canada Management Response** 1. ISI participates in the Innovation Canada committee meetings looking at EDI metrics for the sector and will leverage this work to develop EDI indicators for the Superclusters. 2. Innovation Canada will consult with the Superclusters on these draft EDI measures as part of the work to develop new contribution agreements for artificial intelligence commercialization funding. 3. ISI will work with Superclusters to develop and pilot data collection tools for these indicators.	Director General (DG), ISI	December 2022: Equity, diversity and inclusivity (EDI) measures selected for artificial intelligence commercialization funding including data collection tools will be developed and piloted.

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Recommendation 4: ISED Innovation Canada should work with the Superclusters to clarify to recipients how funding requirements are linked to achieving program objectives and assess whether greater flexibility (e.g., amending project funding timelines and requirements across different funding streams) of ISI and Supercluster projects is warranted.	**Innovation Canada Position** Innovation Canada agrees with the recommendation. We are seeing that helping companies understand the benefit of working in collaborative consortia on projects takes time and support by the Superclusters. It also requires the program to operate differently than other funding programs. Moreover, as independent, non-profit organizations, each Supercluster has the ability to establish their specific operating parameters, within the overall authorities of the program and contribution agreement requirements, in order to best address the needs of their unique ecosystem. **Innovation Canada Management Response** ISI will work with the Superclusters to clarify to ultimate recipients how funding requirements are linked to program objectives. ISI will also leverage the new financial management working group (to be created in June 2022) to identify opportunities for simplifying processes where appropriate. As part of their independent governance processes, Superclusters retain the right to determine whether to proceed with implementing modifications to their project selection processes. Should Superclusters opt to make changes to project selection processes, it is expected this would be done as part of ISI program renewal in 2023-24. In addition, the program will continue to leverage the financial working group to further simplify ISI administrative processes as part of renewal (e.g. treatment of certain costs such as taxes, foreign costs, etc.).	Director General (DG), ISI	December, 2022 Complete work with Superclusters to identify opportunities for simplification