Evaluation of the Strategic Innovation Fund (SIF)

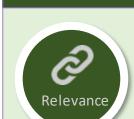
Audit and Evaluation Branch Senior Management Committee – June 2021

Management Response and Action Plan

A - For inclusion in the report

The findings and recommendations of the Evaluation of the Strategic Innovation Fund (SIF) were provided to the SIF Branch 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 May 31, 2022.

B - For follow-up purposes - Detailed actions to address the recommendations in the report



Recommendation

ISED / Innovation

with key federal

partners to help

inform efforts to

firms with viable

provide a full

Canada should consult

continuum of business

innovation support for

smaller-scale projects.



Planned Action on the Recommendation

Responsible Official

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Target
Completion

Innovation Canada Position

Innovation Canada agrees with the recommendation.

Ensuring that Federal programming is in place to provide adequate support for firms at all stages of their growth trajectories will require coordination and consideration of the totality of Federal business support programming, which would include a consideration of SIF's role.

Innovation Canada Management Response

Innovation Canada will undertake an analysis of project funding levels along the federal innovation continuum to examine the interplay between firm lifecycle funding maximum funding thresholds, and project funding actuals since 2017. Innovation Canada leverage the existing governance committees at the DG and ADM level with the mandate to ensure ongoing collaboration and information-sharing on relevant policy and program topics in federal innovation support programs, to further explore alignment between the Federal funding continuum and firm needs. These committees include NRC, NRCan, GAC, RDAs and the appropriate policy centres from within ISED.

Based on feedback and recommendations from the governance committees, IC will work with SIPS to factor any relevant findings on the funding continuum into ISED's policy work looking at the program landscape, the state of the innovation ecosystem, and whether program parameters are serving innovation goals.

Director General, Business Development and Strategy, Strategic Innovation Fund Director General, Performance and Partnerships, Innovation Canada September, 2021 for consultations with RDAs and other partners

December, 2021 for recommendations to be brought forward to appropriate senior management committees (ICPC, DGIC)





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Recommendation



Planned Action on the Recommendation

Responsible Official



Target Completion



ISED / Innovation Canada should explore approaches to tailor project assessment criteria to better meet the needs of targeted sectors and regions, such as assessment criteria that take sector characteristics into consideration (e.g. innovation and job creation capabilities), conduct targeted outreach and engagement, and provide sector-specific quidance.

Innovation Canada Position

In response to similar concerns raised regarding fine tuning assessment criteria to reflect needs of Canada's diverse sectors and regions, SIF worked on developing a new investment approach in parallel to the conduct of the evaluation.

In May of 2020, SIF launched a new SOI and assessment form. This new approach gathers key data points (including R&D intensity, recent firm growth trajectory, and employment impacts by location) on projects applying to SIF, and provides industry-specific and region-specific benchmarks for key indicators. This allows applicant projects to be assessed flexibly, relative to industry- and region-specific variables of interest.

Innovation Canada Management Response

The new SOI form was implemented outside of the scope of this report. Management's position is that the implementation of the new SOI form and assessment meets this requirement. Management fully concurs with AEB's finding in this area, and believes that the new approach that has been implemented addresses the recommendation.

Innovation Canada also agrees with the need to conduct targeted outreach and engagement with key Canadian industry sectors and regions, with a view to identify opportunities. To this end, SIF will commit to collaborating with partners in other departments to develop and implement outreach and engagement activities, including with Canadian large greenhouse gas emitters and Western provinces.

A new directorate will be established at SIF, specifically with the goal of developing partnerships with provincial and territorial governments and other Federal departments and crown agencies and to identify new investment opportunities and proactively engage with industry across Canada's regions.

Director General, Business Development and Strategy, Strategic Innovation Fund June 2021 to submit the evidence on SIF's new SOI and assessment form, and criteria driving project selection.

April 2021 to begin a pan-Canadian roadshow to engage with provinces and industry. To be completed by the end of December 2021.

New directorate focusing on outreach and identifying opportunities to be established by March 31, 2022.





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Design and

Delivery

Recommendation



ISED / Innovation Canada should examine opportunities to streamline program application, review and amendment processes, including improved triaging of the statement of interest applications and earlier communication with applicants, as well as the incorporation of additional service standards.



Planned Action on the Recommendation

_ Responsible Official



Target Completion

Innovation Canada Position SIF has made efforts to ensure its intake and assessment processes run as efficiently as possible, including increased Quality Assurance on Statement of Interest forms and the implementation of service standards applicants. Additional improvements possible and will be explored.

Innovation Canada Management Response

Innovation Canada will continue to explore options to further streamline the intake and assessment processes. For example, for project intake, this could include gating prior to the initial application (the Statement of Interest form) through an online checklist that companies would need to complete before accessing the SOI form. Other approaches, including asking for referrals or letters of support from sector leads, could also be explored.

Innovation Canada will undertake a review of the SIF intake and assessment process, and develop a report to outline areas where the process could be further simplified and improved, including earlier communication with applicants. The report will be presented to the Deputy Minister of ISED by March 31, 2022. The report will include a consideration of service standards and how these could be applied to improve applicant experience, as well as concrete recommendations and timelines for additional changes to SIF's intake and assessment process and amendment process.

With the recent launch of the SIF-Net Zero Accelerator initiative, SIF's intake and project assessment process includes increased input consultation with other Federal departments. These factors will be taken into account.

Director General, **Business Development** and Strategy, Strategic Innovation Fund Director General, Investment Operations, StrategicInnovation Fund

Innovation Canada to explore options and develop a report on potential process improvements for presentation to the Deputy Minister by March 31, 2022. The report will include timelines for implementation in Q4 2021-2022 and ongoing.



