



Canada Foundation for Innovation  
Fondation canadienne pour l'innovation

**Brief to the  
House of Commons  
Standing Committee on  
Finance**

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## **Executive Summary**

### *Tackling Economic Challenges to Secure our Future*

Given the increased role that innovation will play in Canada's post-recession economy, it is important that Canada's knowledge industries be able to compete successfully in meeting the challenges and opportunities that will emerge in the coming decade. Therefore, the Government of Canada should continue to build on its Science and Technology Strategy, a critical component of which is the support of research and development, and research training.

Canada has developed a global reputation as a place where outstanding research and training is being conducted. Although this reputation is well deserved, it has not happened by chance. In fact, it is the result of a planned transformation that has taken place across Canada and that has empowered our country's researchers and research institutions to reach for the highest levels of excellence, to participate in the knowledge-based economy, and to compete with the best from around the world. Proof that its research investments are paying off can be seen in the calibre of talent this country is able to attract to its communities, and in the groundbreaking discoveries being made that have the power to improve our quality of life in ways we can't yet imagine.

The Canada Foundation for Innovation (CFI) has played a significant role in this transformation. The opportunities created by the CFI's programs have helped to reinvigorate the S&T climate, and have changed the atmosphere at Canada's research institutions to one of optimism. Armed with the knowledge that there is support for new initiatives and state-of-the-art infrastructure, institutions have been empowered to establish long-term strategic research priorities, and to develop research plans and set priorities for establishing new facilities, recruiting new talent, training, and fundraising. As a result, institutions are now pursuing new ideas, planning faculty renewal, and attracting and retaining faculty members and researchers.

The Government of Canada's Science and Technology Strategy – *Mobilizing Science and Technology to Canada's Advantage* – recognizes the critical importance of state-of-the-art infrastructure in attracting and retaining highly qualified personnel in Canadian institutions, and in ensuring that Canada's research enterprise functions at a world-class level.

The 2009 Federal Budget reinforced the CFI's position as an essential element of the country's S&T capacity by providing \$750 million in new funding, of which \$150 million was targeted to the June 2009 *Leading Edge and New Initiatives Fund* competition, and \$600 million is intended for future CFI activities. These investments will further Canada's position in today's highly competitive global research environment, thereby maintaining Canada's status as a destination of choice for the pursuit of leading-edge research.

## **Role of the Canada Foundation for Innovation (CFI)**

Created in 1997 as an independent corporation, the CFI's mission is to strengthen the capacity of Canadian universities, colleges, research hospitals and non-profit research institutions to carry out world-class research and technology development that benefits Canadians both socially and economically through the provision of research infrastructure.

The CFI funds up to 40 percent of a project's infrastructure costs. Institutions, often in partnership with organizations in the public, private and non-profit sectors, must secure the remainder. Since its

creation, the CFI has committed almost \$5.2 billion in support of more than 6,300 projects at 129 research institutions in 65 municipalities across Canada.

All CFI investments in infrastructure have been guided by the strategic research priorities of individual institutions. This approach has been instrumental in creating an environment that allows many research programs to achieve world-class status and to recruit and retain outstanding new faculty members and students. Many of these programs have also become integral to the creation of regional innovation clusters that bring together the academic, industrial, and financial sectors.

Collectively, these institutional research priorities represent the overall strength of Canada's science and technology (S&T) enterprise. The majority of CFI funds have been invested in areas identified as research priorities in the federal S&T Strategy, including environmental science and technology, natural resources and energy, health and related life sciences and technologies, and information and communications technologies.

The strategic focus adopted by the CFI's programs to date provides a strong platform upon which to support the goals envisioned in the federal S&T Strategy. In fulfilling its mandate, the CFI continues to promote the four core principles that underlie Canada's S&T Strategy: promoting world-class excellence; focusing on priorities; fostering partnerships; and enhancing accountability.

Canada's future prosperity rests on its capacity to innovate—to generate knowledge and ideas that result in the development of new products and services, create wealth, enhance social foundations, sustain the environment, and ultimately improve the quality of life for all Canadians.

## **CFI's strategic approach**

The success of the CFI strategy, which continues to address the competitive advantage provided by leading-edge research infrastructure and facilities, ultimately rests on the integrity of the CFI, the professional connections between institutions and CFI staff, and the transparency of CFI's merit-review processes.

The CFI delivers on its mandate of funding world-class research infrastructure through a suite of funding programs designed to provide capital, replacement, and initial operating and maintenance funds, as well as attracting and retaining research talent. The CFI's funding mechanisms are continually adjusted and refined to align with the evolving needs of research community.

Together, the elements of this strategy assure the CFI's relevance to all stakeholders and ensure the greatest impact of its investments on Canada's research enterprise. The underlying logic of the strategy from a policy perspective is included in Appendix I.

This strategy has proven to be highly adaptable, allowing the CFI to effectively support Canada's S&T Strategy by enhancing the nation's research enterprise (Figure 1).

Figure 1. Suite of funds for 2009-10

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## Program activities and competitions in 2009-10

The national and international S&T landscapes continue to evolve rapidly, resulting in a research environment that is increasingly:

- competitive;
- strategic at both national and regional levels;
- collaborative across disciplines, sectors, and political jurisdictions; and
- focused on outcomes and benefits.

Budget 2009 provided new funding for CFI, including \$600 million “for future activities of the CFI including the launch of one or more new competitions by December 2010 in support of areas of priority identified by the Minister of Industry in consultation with the Canada Foundation for Innovation, and guided by the CFI’s strategic plan.” The CFI will present Industry Canada with a strategic plan for use of the \$600 million which will be guided by input from CFI management consultations with its client institutions, the federal government, and other stakeholders.

The CFI’s program activities during 2009-10 will focus on promoting excellence through a major competition designed to build on Canada’s Knowledge, People and Entrepreneurial advantages, enhancing of the nation’s research capacity by funding research infrastructure.

## **Focus on accountability**

Because of its status as a foundation entrusted with public money, the CFI operates in an economical, effective and transparent manner, and communicates its activities and results to a wide audience. It also recognizes its responsibility to deliver programs that focus on Canada's needs and enable institutions and their researchers to compete in the global, knowledge-based economy (see CFI's Governance and Accountability Structure, Appendix II).

The Board of Directors of the CFI has established strong governance, accountability and reporting practices which have been recognized repeatedly for their integrity and effectiveness. This year, the CFI had the honour of being ranked among the 50 Best Small & Medium Employers in Canada for 2009 by the Centre for Business Venturing at Queen's School of Business and Hewitt Associates, in partnership with the Globe and Mail. This designation, together with the Conference Board of Canada/Spencer Stuart National Award in Governance received by the CFI Board in 2006, highlights the fact that effective organizations require commitment and engagement at all levels—from Board Directors to employees.

## **Communicating with Canadians**

Communicating the results of research investments is critical on a number of fronts. It draws national and international attention to the needs and benefits of research. It attracts the interest of potential partners, increases the potential for commercialization, encourages funding and research partnerships, attracts talent to Canada, and provides an opportunity to recognize the government of Canada for entrusting the CFI with its important mandate. It also provides an opportunity for the CFI to make the case that research is necessary if Canada is to effectively compete in the global economic arena. Linking research to direct benefits to the Canadian public is critical to creating a culture of innovation across Canada.

## **Recommendations**

Given the increased role that innovation will play in Canada's post-recession economy, it is important that Canada's knowledge industries be able to compete successfully in meeting the challenges and opportunities that will emerge in the coming decade. Therefore, the Government of Canada should continue to build on its Science and Technology Strategy, a critical component of which is the support of research and development, and research training. The public policy instruments required to sustain and enhance the nation's research enterprise are now in place, including:

- Financial support to attract the best graduate students;
- Incentives to attract and retain high quality researchers;
- Support of the indirect costs of research to institutions;
- Support for the development, acquisition, operation, and renewal of research infrastructure;
- Support for the direct costs of research.

These instruments are complementary and serve to enhance Canada's research capacity, ultimately providing economic and social benefits to Canadians. However, the global research environment has become highly competitive, and therefore each requires further and ongoing support to ensure maximum returns for the country.

The CFI is successfully meeting its mandate to strengthen the capacity of Canadian universities, colleges, research hospitals and other non-profit research institutions to carry out world-class research and

technology development for the benefit of Canadians. Its infrastructure investments have had a transformative impact on the S&T landscape in Canada, facilitating the country's ongoing transformation to a knowledge-based economy.

For Canada to remain one of the most innovative countries in the world—a nation whose economic foundation increasingly depends on the knowledge-based economy—the Government of Canada needs to stay the course in supporting research. Canada's economic prosperity and quality of life depend on it.

### Logic Model of the CFI program

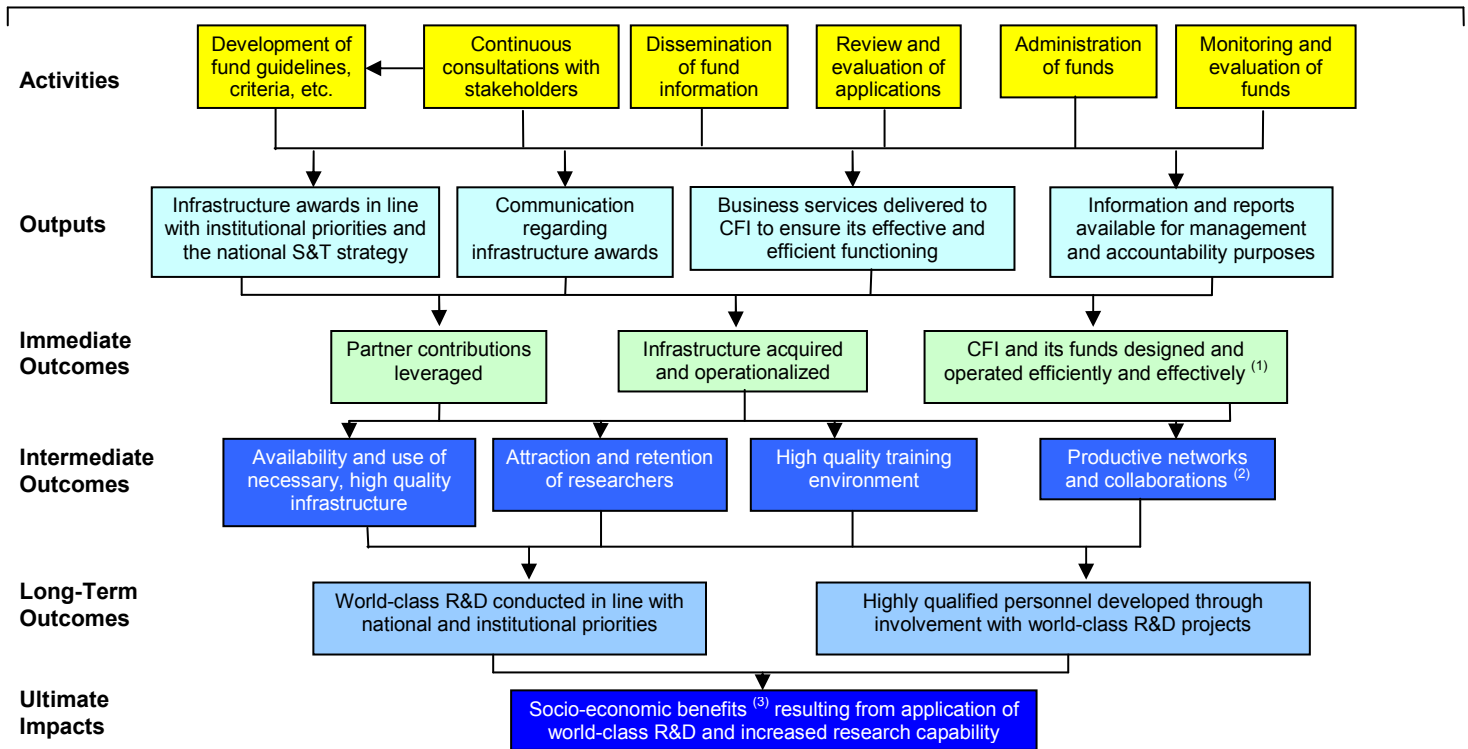
To support economic growth and job creation; as well as health and environmental quality through innovation.

To increase Canada's capacity to carry out important world-class scientific research and technology development.

**National Objectives**

To expand research and job opportunities by providing support through research infrastructure for the development of highly qualified personnel.

To promote productive networks and collaboration among Canadian post-secondary educational institutions, research hospitals and the private sector.



Note: The word *fund* includes CFI Funds (programs) and funds (awards disbursed).

(1) Efficient and effective operation of the CFI's funds includes ensuring compliance with the Funding Agreement and fund guidelines and requirements.

(2) Networks and collaborative arrangements include links between researchers, links between institutions, and links with end-users of the outputs of the R&D process. This objective also includes the sharing of new infrastructure – i.e., the arrangements that are set up include those related to infrastructure sharing.

(3) Socio-economic benefits include economic growth, job creation (including jobs resulting from infrastructure construction), improved health and health care, and improved environmental quality.



## Governance and Accountability

