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EVALUATION OF THE GLOBAL COMMERCE STRATEGY

Final Report

Foreign Affairs and International Trade Canada
Inspector General Office
Evaluation Division

January 2012

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ACRONYMS & ABBREVIATIONS

ADM	Assistant Deputy Minister
ANA	Office of the Chief Air Negotiator
BCD	Communications Bureau
BDC	Business Development Corporation
BFM	International Business Development, Investment and Innovation
BID	Invest in Canada Bureau
CBS	Canada Based Staff
CCC	Canadian Commercial Corporation
CCSIP	Canada-California Strategic Innovation Partnership
CDIA	Canadian Direct Investment Abroad
CETA	Comprehensive Economic and Trade Agreement
COOL	Country of Origin Labeling
CSF	Client Service Fund
CSM	Communications (International Trade)
CSR	Corporate Social Responsibility
DCD	Corporate Secretariat
DEC	Departmental Evaluation Committee
DFM	Afghanistan Task Force
EAC	Evaluation Advisory Committee
EDC	Export Development Canada
ERI	Enhanced Representation Initiative
FDI	Foreign Direct Investment
FIPA	Foreign Investment Promotion and Protection Agreement
FTA	Free Trade Agreement
FTE	Full Time Equivalent
GCS	Global Commerce Strategy
GEM	Europe, Middle East and Maghreb
GLM	Latin America and the Caribbean
GNM	North America
GoC	Government of Canada
GPM	Office of the Chief Trade Commissioner

GVC	Global Value Chains
HQ	Headquarters
IBD	International Business Development (Program)
ICCB	International Commerce Coordination Board
IPI	Investment Promotion Agency
IRAP	Industrial Research Assistance Program
ISTPP	International Science & Technology Partnership Program
JFM	The Legal Advisor
JLT	Trade Law Bureau
LES	Locally Engaged Staff
MFM	Global Issues Bureau
MNEs	Multinational Enterprises
NAPP	North American Platform Program
OGDs	Other Government Departments
PAA	Program Activity Architecture
PFM	Strategic Policy and Planning
PMA	Performance management Agreement
R&D	Research and Development
ROs	Regional Offices
SMEs	Small and Medium Enterprises
SOW	Scope of Work
S&T	Science and Technology
STC	Senior Trade Commissioner
TB	Treasury Board
TBS	Treasury Board Secretariat
TC	Trade Commissioner
TFM	Trade Policy and Negotiations Branch
XDD	Office of the Chief of Protocol
ZID	Office of the Inspector General
ZIE	Evaluation Division

ACKNOWLEDGEMENTS

The Evaluation Division (ZIE) of the Office of the Inspector General would like to extend its appreciation to all employees of DFAIT, Regional Offices, missions abroad and representatives of other government departments and agencies who agreed to participate in interviews for the evaluation of the Global Commerce Strategy (GCS). The Evaluation is particularly grateful to the Deputy Minister of International Trade, the GCS Evaluation Support Group and the GCS Evaluation Advisory Committee for their time and valuable assistance in support of the evaluation.

EXECUTIVE SUMMARY

The Evaluation Division (ZIE) of the Department of Foreign Affairs and International Trade (DFAIT), in the Office of the Inspector General (ZID), is mandated by the Treasury Board Secretariat's (TBS) Policy on Evaluation, to conduct evaluations of all direct program spending of the Department for programs (including Grants and Contributions), policies and initiatives. All evaluation reports are presented for approval to the Departmental Evaluation Committee (DEC) chaired by Deputy Ministers.

The implementation evaluation of the Global Commerce Strategy (GCS) was conducted according to DFAIT's Five-Year Evaluation Plan and focuses on the Relevance and Performance of the Strategy, and its progress with regard to achieving short to medium-term results. The evaluation was led by departmental evaluators with the support of consultant expertise in the administration of economic contextual analysis and an online survey.

The Global Commerce Strategy is part of a broader national competitiveness strategy -- Advantage Canada – which delineates the unique and important role of the Government of Canada in creating the conditions for Canadian businesses and organizations to thrive in today's global economy. GCS is being implemented over a five-year period (FY2007/8-FY2011/12) through integrated country/regional market strategies. To deliver on Advantage Canada's commitment to a Global Commerce Strategy, Budget 2007 provided $60M over two years ($10M in 2007/2008 and $50M in 2008/09 and ongoing). The Budget 2007 also provided $5M over five years (not ongoing) to launch new international education marketing campaign to attract talented students to Canada (Edu-Canada).

The ultimate goal of the Global Commerce Strategy is to position Canada as a world leader in a highly competitive global economy by strengthening the environment and the support systems for Canadian firms to participate in global commerce, thereby enhancing Canada's productivity and competitiveness. The five-year GCS framework presents a more targeted and integrated use of federal government resources and a new vision for the partnerships, services and tools required to maximize international trade and investment opportunities for Canadian clients.

Conclusions of the Evaluation

Following the analysis of findings, nine conclusions were drawn, highlighting key trends and issues identified by the evaluation, and supporting the report's recommendations. The conclusions are summarized as follows:

Conclusion 1: The fundamental objectives of GCS continue to be relevant and needed as a means of enhancing Canada's economic prosperity. The impact and progress toward results is being demonstrated; however, more intense and focused efforts could improve existing departmental success in enhancing commercial results and Canada's global competitiveness.

Conclusion 2: GCS aimed to align and streamline Canadian domestic and international commercial efforts and resources, as also outlined in Advantage Canada. Though much work continues toward this goal, interviews and analysis related to OGD and provincial coordination/collaboration demonstrated success in leveraging commercial objectives within the whole-of-government context. Further opportunities to improve results through enhanced coordination, communication and leveraging efforts at all levels continue to exist.

Conclusion 3: Though steps have been taken to improve communication and collaboration on GCS within the Department, confusion was reported related to the details of GCS and how it interacts with other departmental, OGD and other stakeholder initiatives. Limited communication of objectives has impacted the clear understanding of roles and responsibilities of GCS among Headquarters, ROs, posts and stakeholders. This has ultimately resulted in challenges in reporting on progress and performance. Many of the GCS funded activities were more horizontal and cross-cutting than initially envisaged. To address the horizontal matrix structure of the GCS, the ICCB was strengthened in fall 2010 to include a strategic governance role for the GCS, engaging Senior Managers from both Trade and Geographic areas. Funding for North American Advantage was not coordinated and used as planned n the GCS Submission; this may have negatively impacted NAPP.

Conclusion 4: The GCS supports the use of the Department's existing performance measurement systems to monitor and report on progress toward results. A gap in terms of data and economic analysis was identified in GCS component areas as well as at the overarching strategic level. A streamlining of regular data analysis across horizontal lines would provide timely and evidenced-based information for decision makers. Key stakeholders in this process would include, GCS responsibility centers, PDC, the Office of the Chief Economist and the ICCB (in terms of strategic decision-making, risk mitigation and forward planning).

Conclusion 5: With over 58% of GCS resources intended to contribute to the first GCS pillar ‘Sustaining North American Advantage’ and the North American Platform Program (NAPP), a commitment was made to leverage DFAIT and OGD funding to improve whole-of-government cohesion and client service in North America and particularly the United States. This included an approach to target new OGDs to join the pre-existing ERI partnership. Despite efforts to attract new partners, DFAIT was not successful in expanding the NAPP partnership. The value of an expanded partnership should be examined in support of a broader whole-of-government approach.

Conclusion 6: GCS has significantly contributed to the fulfillment of the mandate of the Investment Bureau in terms of resources and enhanced focus on investment initiatives. The Olympics, the Private Sector Investment Champion Program and the Flagship report have raised the visibility of DFAIT investment attraction work among both stakeholders and investors. It should be noted that Greenfield and expansion investment projects facilitated by DFAIT have increased by 46% since 2008/09. A need for improvements was identified including the need for a clearer definition of investment indicators and stronger on-the-job training for investment officers in the field. The Investment Bureau is aware of these and is working to address them as part of their planning and internal review processes. In terms of leveraging and internal DFAIT coordination, stronger ties with the CDIA team, with Regional Offices and Geographics are needed to clarify roles and to enhance the alignment and achievement of investment outcomes in support of Canada’s economic prosperity. There have been challenges in determining specific roles and responsibilities with regard to Global Value Chains, however, GVC tools and communication mechanisms have been developed. DFAIT is also exploring opportunities for improvement in terms of how best to manage and organise GVCs for optimal results across the TCS network.

Conclusion 7: The GCS has contributed to the enhanced capacity of Canada’s domestic and international network through resource investments (FTEs and new Offices). However, rapid roll-out of resource allocations across a broad spectrum of responsibility centers led to confusion in terms of roles and mandates of GCS resources as well as difficulties in tracking the allocations.

Conclusion 8: Market Access has been significantly advanced through the strategic direction provided by GCS, as well as the enhanced capacity provided by its resources (29 TFM FTEs and 3 Trade Law FTEs). Despite some internal departmental reorganization, market access results have already exceeded expectations in all areas including FTAs, FIPAs and Air Service Agreements. However, the enhanced Market Access agenda, combined with unplanned additions, have increased the workloads of the Trade Policy and Negotiations Branch, Trade Litigation as well as OGD and provincial partners.

Conclusion 9: Edu-Canada funding will sunset in FY 2011/12 presenting an opportunity to review the value for money of this tool for trade promotion. In the period 2006-2010, Edu-Canada contributed to an increase in student visas by 28% and an estimated $291 million in government revenues. Linking Edu-Canada activities with Invest in Canada and sector priorities has increased its alignment with Canada's commercial objectives and is contributing to long-term business results in terms of partnerships. Collaboration with sector specialists and leveraging the Canadian presence at sector specific trade shows is helping to attract world class researchers to Canada. With 95 missions engaged in 170 Edu-Canada activities worldwide, a key concern now is the insufficient funding for all proposed activities.

Recommendations

The following six recommendations have been derived from the evaluation findings and conclusions and are summarized as follows:

Recommendation 1: DFAIT should use the Global Commerce Strategy as a guiding framework going forward in order to support new and ongoing departmental priorities and initiatives. In doing so, it will create opportunities to increase understanding, efficiencies, leverage, and results from the GCS and its incremental resources toward enhancing Canada's global competitiveness.

Recommendation 2: DFAIT should continue to clarify and then communicate the roles and responsibilities of GCS responsibility centres (ROs, HQ Bureaus/Divisions, Missions and OGD stakeholders) in order to enhance the achievement of GCS objectives.

Recommendation 3: DFAIT should continue to improve the existing performance measurement systems to ensure that the horizontal collection, consolidation and analysis of GCS-related performance and expenditure data are used to support monitoring and decision-making at all levels of management. This would include, inter alia, the roll-up of existing data sets, performance reviews, analysis by responsibility centres and economic trends for review by the ICCB.

Recommendation 4: Global Value Chains (GVC) should be fully integrated into the Integrative Trade Model (ITM) (including training and promotion) to ensure that GVCs are viewed as strategically vital to making business connections and maximizing opportunity for Canadian clients beyond immediate geographic market responsibilities.

Recommendation 5: DFAIT should monitor the impact of the increased market access agenda on the workload of responsibility centers such as TFM, JLT, the Geographics and OGDs.

Recommendation 6: The Department should continue efforts to minimize the impact associated with the sun-setting of Edu-Canada funding in FY2011/12. The value added by Edu-Canada in terms of leveraging of opportunities, economic contributions from international student attraction and resources available for trade promotion should be assessed based on the known economic return. The $1 million annual funding for Edu-Canada has contributed to an increase in the number of international students which, based on a 2009 report, has resulted in an estimated $6.5 billion annual revenue to the Canadian economy in 2008, and economic activity to sustain 83,000 Canadian jobs.[1]

[1] Note: Recognizing the importance and success of Edu-Canada, the 2011 Official Budget of the Government of Canada has provided $10 million over two years for an expanded international education strategy. An Advisory Panel has been established in October 2011 to make recommendations by mid-2012 on the Strategy. The recommendation from the GCS perspective remains relevant for consideration as the new Edu-Canada funding and model for implementation moves forward.

1.0 INTRODUCTION

The Evaluation Division (ZIE) of the Department of Foreign Affairs and International Trade (DFAIT), in the Office of the Inspector General (ZID), is mandated by the Treasury Board Secretariat's (TBS) Policy on Evaluation, to conduct evaluations of all direct program spending of the Department for programs (including Grants and Contributions), policies and initiatives. All evaluation reports are presented for approval to the Departmental Evaluation Committee (DEC) chaired by Deputy Ministers.

The implementation evaluation of the Global Commerce Strategy (GCS) was conducted according to DFAIT's Five-Year Evaluation Plan and focuses on the Relevance and Performance of the Strategy, and its progress with regard to achieving short to medium-term results. The evaluation was led by departmental evaluators with the support of consultant expertise in the administration of economic contextual analysis and an online survey.

1.1 Global Commerce Strategy Overview

The implementation evaluation of the Global Commerce Strategy (GCS) is a requirement of the 2007 GCS Treasury Board Submission. This submission serves as a core reference document for the evaluation with regards to the planned roll-out and activities as well as benchmarking related to the current status of GCS implementation. Approximately $50 million per year on an ongoing basis was provided as an addition to A-based funds of the Department. The incremental nature of the GCS, together with its broader policy coverage, has been taken into consideration in shaping the scope and recommendations of this report. The productive relationship between the Department's broader commercial objectives and those of the Global Commerce Strategy have been noted to be mutually reinforcing, creating extensive opportunities for leveraging of results and impact.

The Global Commerce Strategy is the international arm of a broader national economic competitiveness strategy '*Advantage Canada* (2005)', which delineates the unique and important role of the Government of Canada in creating the conditions for Canadian businesses and organizations to thrive in today's global economy. By recognizing the need for greater coordination and coherence of actions on a national scale, it outlines key domestic and international initiatives to create advantage for Canadian businesses. In the February 2007 Budget, the Government committed $60 million over two years ($10 million in 2007/2008 and $50 million ongoing from FY 2008/2009) to support the implementation of the Global Commerce Strategy.

1.2 Goals & Objectives of GCS[2]

The **ultimate goal** of the Global Commerce Strategy (GCS) is to position Canada as a world leader in a highly competitive global economy by strengthening the environment and the support systems for Canadian firms to participate in global commerce, thereby enhancing Canada's productivity and competitiveness. The three interrelated and mutually supportive objectives of the GCS are to:

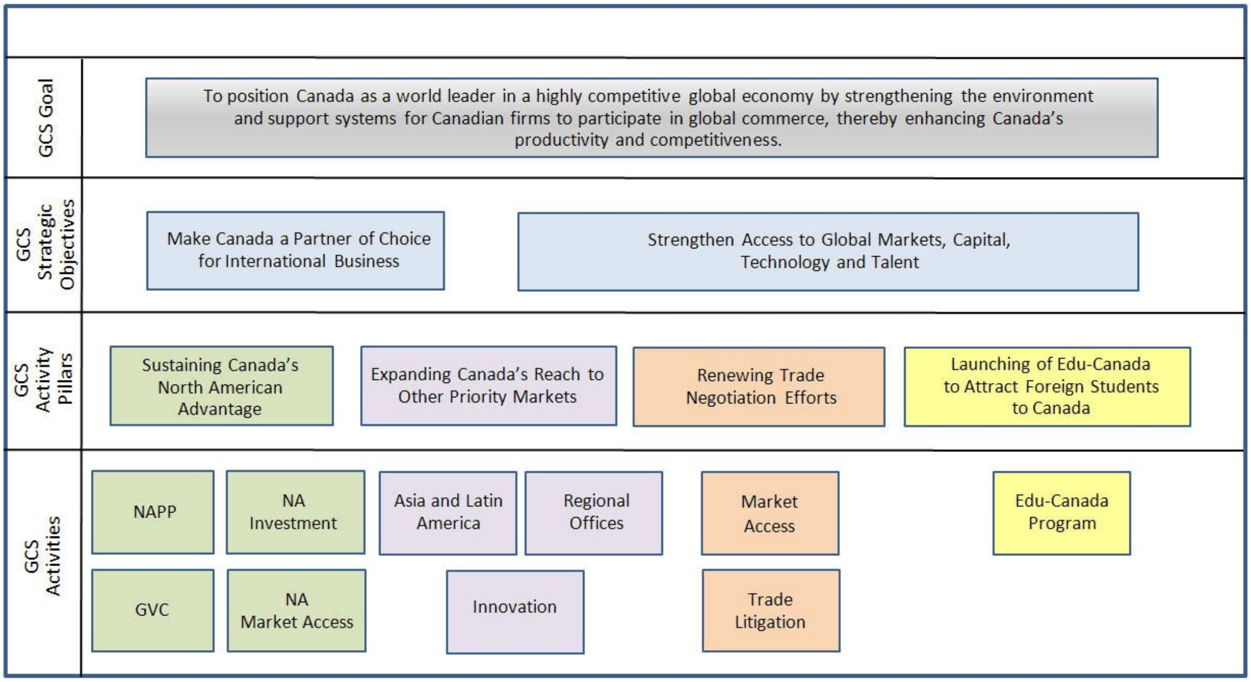
1. **Make Canada a Partner of Choice for International Business** by facilitating the exchange of two-way investment, innovation and talent between Canada and the rest of the world, particularly the U.S. Emphasis is placed on investment that connects priority Canadian sectors to foreign technologies and markets through global value chains.
2. **Strengthen Access to Global Markets, Capital, Technology and Talent** by actively shoring up Canada's competitive position in North America; by reducing trade and investment barriers and assuring the global attractiveness of Canada's economic platform; and by pursuing opportunity-generating agreements globally that cover trade with goods and services, air transport, investment, and science and technology (S&T).
3. **Better Connect Canadian Businesses to Expanding Global Market Opportunities** by addressing competition from other governments that may hinder the ability of Canadian firms to take advantage of new business opportunities.

1.3 GCS Activity Pillars

Specific activities have been outlined under four thematic pillars in the GCS. As part of the initial analysis and logic modelling, the illustrative logic chart below for full chart) was developed to highlight the Strategic Elements of GCS. This graphic representation demonstrates how the objectives, pillars and activities were originally planned in order to contribute to the overall goal of the GCS and the higher-level priorities of the Government of Canada. The original activities as described in the GCS TB Submission and as reflected in Figure 1 are outlined below:

2 This section utilizes key sections of the GCS TB Submission (File No. CSP-765).

Figure 1: GCS Original Logic Model Based on the GCS TB Submission



A. Sustaining Canada's North American Advantage

A total of $30 million of the GCS funding was allocated in FY 2008/2009 and ongoing, for activities related to sustaining Canada's North American Advantage. This funding, as originally planned through GCS, is as follows:

- The North American Platform Program ($20M) to maintain Canada's mission presence in the U.S.
- North American Investment activities to recruit and manage Private Sector Investment Champions ($2.4M) and other Investment Attraction activities ($2M).
- Activities to help Canadian firms leverage participation in Global Value Chains throughout North America ($4.6M).
- Activities to enhance Market Access in North America ($1M).

B. Extending Canada's Reach to Other Priority Markets

A total of $6M in 2007/2008 and $16M in 2008/2009 and ongoing was allocated for activities related to expanding Canada's reach in new markets beginning with Asia. This funding has been allocated to:

- Increase Canada's presence in priority markets by Expanding Canada's Commercial Network Abroad, specifically in Asia and Latin America ($4.5M in 2007/2008 and $9.4 million in 2008/2009 and ongoing).
- Develop expertise in Regional Offices in Canada ($1.5M in 2007/2008 and $5.4M in 2008/2009 and ongoing).
- Create and enhance S&T services to promote Innovation ($1.2M in 2008/2009 and ongoing).

C. Renewing Trade Negotiation Efforts

A total of $4M was allocated in 2007/2008 and ongoing for activities related to renewing negotiation efforts to enhance market access outside North America. Activities consist of:

- Enhancing Market Access
- Trade Litigation

D. Launching of Edu-Canada to attract international students to Canada

A total of approximately $5M (not ongoing) was allocated for Edu-Canada in support of GCS (~$1 million/year). Funding for Edu-Canada is being utilized to provide Canadian education providers with timely market information and to provide Canadian missions abroad, particularly those in countries identified as priority markets, with resources to undertake targeted activities to raise awareness of Canada's knowledge advantage.

1.4 Global Commerce Strategy Resources

The following table highlights the allocated funding for FY 2007/2008-FY 2009/2010 (the period under this evaluation's review) by GCS activity area based upon the TB Submission.

Figure 2: GCS Original Resource Allocations by Activity Area

	FY 2007/2008	FY 2008/2009	FY 2009/2010
A. North American Advantage			
NAPP	-	$20,000,000	$20,000,000
NA Investment	-	$4,407,024	$4,500,475
GVC	-	$4,604,069	$4,603,893
NA Market Access	-	$990,019	$990,019
B. Other Priority Markets			
Asia and Latin America	$4,523,252	$8,895,739	$9,201,529
Regional Offices	$1,204,891	$5,377,900	$5,156,383
Innovation	$299,750	$1,571,600	$1,549,500
C. Trade Negotiations			
Market Access	$3,523,012	$4,511,469	$4,447,269
Trade Law	$430,139	$511,965	$511,965
D. Edu-Canada			
Program	$1,000,847	$1,000,194	$1,009,694
GRAND TOTALS [3]	**$10,981,892**	**$50,879,959**	**$50,980,707**

Summary of Activity Resources:

The table below outlines the human and physical resources (offices) planned for each activity area. The target years are indicated in some areas and not in others in the TB Submission and will be reviewed in the Findings Section of this report:

3 Evaluation Activities were budgeted for a **total of $450,000** with $100,000 for an implementation evaluation in FY 2008/2009 and $350,000 for an impact evaluation in FY 2011/2012.

Figure 3: Original GCS FTE and New Office Allocations by Activity Area

	FTEs	Offices
A. North American Advantage		
NAPP	92.5	(9 representative offices and 20 Honorary Consuls[4] to be sustained as developed under ERI)
NA Investment	10	-
GVC	14	-
NA Market Access	-	-
B. Other Priority Markets		
Asia and Latin America	46	11
Regional Offices	30	
Innovation	3	-
C. Trade Negotiations		
Market Access	32 (29 Trade Policy, 3 Trade Law)	-
D. Edu-Canada		
Program	2	-
GRAND TOTALS	**137 + 92.5 (NAPP) = 229.5 FTEs**	**11 Offices**

Source: GCS TB Submission 2006

1.5 Key Partners

GCS coordinates, consults and partners with a wide variety of internal and external stakeholders. 19 departments, crown corporations as well as provinces/territories and academic institutions were identified as stakeholders of the GCS. Internal DFAIT Stakeholders and Partners in GCS implementation include a broad cross-section of the Department, contributing to an extensive range of political (bilateral/multilateral), economic and commercial objectives.

4 Honorary Consuls were not planned to be funded/are not funded through the $20M provided by GCS for NAPP.

2.0 EVALUATION SCOPE & OBJECTIVES

The goal of this evaluation is to provide evidence-based information for departmental decision makers and operational staff that can be used to improve systems, data collection and alignment and to ensure GCS results and long-term impact. The specific objectives of the evaluation are as follows:

- To evaluate the relevance of the GCS (including each of its pillar activities) by assessing the extent to which the strategy continues to address a demonstrable need, align with Government of Canada priorities, and advance federal commercial-economic objectives.
- To evaluate the performance of GCS (including each of its pillar activities) by assessing progress being made towards expected outcomes, as well as economical resource allocation and leveraging.
- To assess the Department's capacity to deliver on the Global Commerce Strategy by examining: current capacity and the new skills potentially required to meet new demands; the adequacy of the knowledge infrastructure (including information systems: databases, reporting frameworks, networks, etc.); and, resources, both human and financial, dedicated to support flexible, rapid and integrated response on all program lines to opportunities and market/client linkages. To identify strategic linkages, impacts and leveraging opportunities of other DFAIT and OGD strategies/programs on/with the Global Commerce Strategy.
- To examine the current and future outlook of the global commerce environment in relation the continued implementation and strategic direction of GCS as a means of achieving the commercial-economic objectives of the Government of Canada.

3.0 KEY CONSIDERATIONS

The evaluation of the GCS posed a significant challenge given the highly interconnected nature of DFAIT's Trade/Commerce Operations which engage missions, HQ, regional offices, OGDs and external stakeholders (incl. clients). The GCS itself touches on almost every DFAIT Branch when examining GCS activities as they contribute to DFAIT's commercial-economic objectives. In addition to the United States, the GCS further contributes to two priority regions for the Government of Canada – Latin America & the Caribbean, and Asia (particularly India and China).

The incremental and complementary nature of GCS funding to the overall commercial efforts of the Department adds another element of complexity where clear lines between GCS resources and pre-existing trade/commerce initiatives and positions are often difficult to gauge. Departmental budget cuts added further challenges to the evaluation in that resources were cut from the same areas in which GCS resources were added.

Complicating all these factors is the changed global operating context which included the global economic crisis. The outlook envisaged when the GCS was conceived in 2006 was reflective of a different time and that the Department has grown and adapted to new realities. During the course of the evaluation, the Department was experiencing a period of intense review, budget restraint and organizational change resulting primarily from Strategic Review. These conditions have had both direct and indirect impacts on the implementation of GCS.

A New Business Model (NBM) came into effect between fall 2009 and spring 2010, introducing many changes that have influenced the mode of GCS delivery. Examples include:

- Restructuring of the Geographics (GeoGroup Renewal).
- Creation of the Canada Bureau to oversee the domestic network of regional offices.
- FMA's for each Branch to enhance accountability, reporting and streamlining of financial management.

The Strategic Review Human Resource Rebalancing (SR-400) initiative was initiated as an effort to shift some responsibilities from HQ to the field. The evaluation has taken the progress and plans for SR-400 into consideration as part of its findings though the impact of this change on GCS implementation was not clear in documentation. Though not viewed as a specific limitation, it was important to recognize the potential impact of the SR-400 initiative on the objectives and delivery mechanisms of the GCS.

4.0 STRATEGIC LINKAGES

Federal Government Level

The Global Commerce Strategy is an international extension of *Advantage Canada* and, more recently, 'Canada's Economic Action Plan.' As such, GCS is linked to the efforts of many key other Government Departments/Agencies (OGDs). Coordination and leveraging of efforts, including information sharing among OGDs and GoC stakeholders, is vital to Canada's global economic and commercial success. The evaluation examined these linkages to OGDs and national economic priorities to assess how GCS is delivering on its goals, objectives and results.

Department Level

The Global Commerce Strategy contributes to two Departmental Strategic Outcomes (as described in the Program Activity Architecture (PAA)[5]): 1) International Services for Canadians, and 2) Canada's International Platform. It further supports Program Activity 3: International Commerce; Program Activity 6: Canada's International Platform: Support at Headquarters; and, Program Activity 7: Canada's International Platform: Support to Missions Abroad.

This cross-cutting strategy is implemented by a vast network of the Department's branches, missions and regional offices, addressing a wide variety of Trade and Commerce Policy and Program Results including:

- Greater economic opportunity for Canada, with a focus on growing and emerging markets (including India, China and Latin America & the Caribbean).
- United States and the Hemisphere.

The following Branches and Bureaus work together to implement the Global Commerce Strategy as identified in the DFAIT 2009-2010 and 2010-2011 PMA responsibilities charts[6] and based on assessment of GCS contribution to departmental commercial-economic objectives:

5 Based on PAA in place as of FY 2009/10.

6 The evaluation recognizes that in some years GCS objectives and activities were not specifically defined in PMA responsibilities however, many departmental commercial-economic objectives were assessed to be contributing directly and indirectly to GCS result attainment. This list of contributors is reflective of that assessment.

- BFM*
- GLM*
- GNM*
- TFM*
- MFM
- XDD
- DCD
- ACM*
- HCM
- GPM*
- GEM
- CSM
- DFM
- JFM*
- BCD
- ANA*
- PFM
- IFM

* *Direct Responsibilities for GCS Implementation*

Evaluation Level

In FY 2009/10 and FY 2010/11, the Evaluation division (ZIE) conducted six evaluations that hold a number of strategic linkages with the GCS evaluation. Relevant evaluations conducted by ZIE (this fiscal year as well as previous years) with ties to GCS include:

- International Education and Youth Programs (IEYP) (FY 2009/10)
- Americas Strategy (FY 2009/10)
- Client Service Fund (FY 2009/10)
- Air Services Agreements (FY 2010/2011)
- Life Science Practice (FY 2009/10)
- Summative Evaluation of the International Science & Technology Partnership Program (ISTPP) (FY 2009/10)
- Evaluation of DFAIT's Trade Commissioner Service (TCS) Regional Offices (FY 2008/2009)
- Meta Evaluation of International Business Development (FY 2009/2009)
- CISP, Going Global and PEMD-A Evaluations (with subsequent GCSP ARAF) (FY 2008/2009)
- Summative Evaluation of the Asia Pacific Foundation (FY 2008/2009)
- Summative Evaluation of the Enhanced Representation Initiative in the United States of America (FY 2007/2008)
- IBD Country Studies (Germany, China and Mexico)
- Evaluation of Co-Location Arrangements and the Policies and Practices Towards Provincial-Territorial Representation Abroad (FY 2008/2009)

5.0 EVALUATION APPROACH & METHODOLOGY

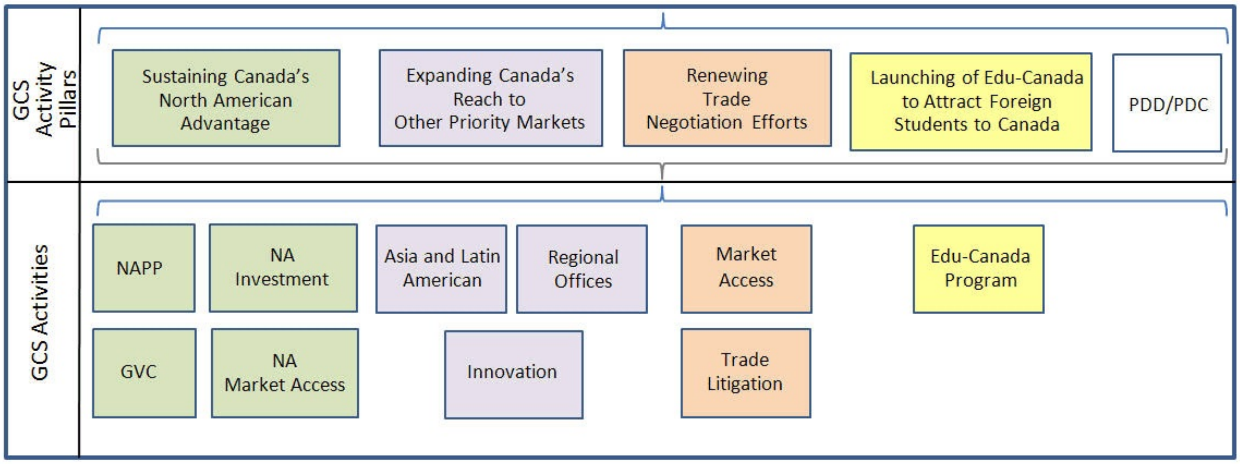
The following section outlines the evaluation methodology for data collection and analysis which corresponds to the Evaluation Issues and Questions outlined in Section 6 of the Evaluation Work Plan (dated February 2010). Core Evaluation data collection began on 2 February, 2010, following the approval of the Work Plan, and officially ended on the 31st of July, 2010. Data Analysis was ongoing but began in June 2010 and continued through additional consultations (including with DMT and the ICCB) and draft revisions with stakeholders until April 2011.

The implementation evaluation examined how the GCS operates and focused primarily on the implementation processes and management systems in place to achieve results. The implementation approach is suitable for the current stage of implementation of GCS, acknowledging that the period under review has predominantly dealt with issues of start-up, change management and, reorganization of initiatives in support of service delivery. Understanding that the GCS is an incremental A-base increase to the net of the Department’s trade and commercial portfolio, it is challenging to separate systems, funding, and results achieved in order to assess the increment from the whole. With this in mind, the evaluation looked at the following management themes through its lines of inquiry:

- Vision and Strategic Direction
- Governance and Resources
- Business Planning Processes
- Integrated Service Delivery
- Market Orientation, Client Priorities and Results
- Program Management and Cost Effectiveness
- Performance Monitoring, Results and Impact Reporting

The Evaluation examined how the four pillars of the GCS are being implemented independently, how they are integrated horizontally under the GCS umbrella and finally, through the broader lens of DFAIT and GoC commercial/trade efforts. Figure 4 below provides a graphical representation (logic model) of how the GCS pillars and activities were described in the GCS TB Submission. As part of the analysis conducted, the evaluation revised this chart to reflect more of how GCS is operating in reality.

Figure 4: Global Commerce Strategy - Activity Pillars



5.1 Initial Consultations & Review of Available Data

Consultations with senior managers in November and December 2009 identified key issues and questions to be used to guide the evaluation process. The Evaluation division (ZIE) and the Strategic Planning Resources and Coordination Bureau (PDD) established a working level (primarily Directors and Deputy Directors) evaluation support group that met 10 times[7] over the course of the evaluation to provide guidance on data sources and working level issues. Additionally, informal meetings with representatives of each functional implementing arm of GCS were conducted to gather information.

5.2 Secondary Data Collection

A document review was conducted examining over 2000 documents including: descriptive, analytical and statistical reports; governance documents; communication plans and tools; integrated business plans; country strategies; service standards; performance databases (such as MARCUS, TRIO, and Dashboard), the 2009 TCS Client Satisfaction Survey, email correspondence, broadcast messages and, existing comparative studies. Financial documents were also reviewed to map out GCS expenditure and to determine the efficiency and economy with which resources have been utilized. Triangulation of data was supported by systematic qualitative and quantitative data collection, categorization and analysis toward the formation of evaluation findings.

7 (4 November, 2009; 19 November, 2009; 3 December, 2009 and; 11 January, 2009)

The analysis and use of quantitative data was applied when addressing the key performance issue of achievement of expected outcomes. The following internal performance measurement sources were consulted:

- Office of the Chief Economist (BED) including Canada's State of Trade Reports
- TRIO
- TCS Client Satisfaction Survey (2009)
- International Business Development (IBD) Reports
- Performance Measurement Efforts from ROs
- MARCUS
- Other TCS Databases (Divisions/Missions/ROs)
- Investment's Performance Measurement Framework (SIIS)

The following sources for external commercial performance indicators were consulted:

- Statistics Canada (Trade and Investment Flows)
- Department of Finance
- EDC, BDC and CCC (International Commerce Statistics/Records)
- CIC Stats of Study Permits
- Economist Intelligence Unit
- World Trade Statistics
- World Trade Organisation (WTO) Statistics
- OECD Statistics
- Relevant Canadian web sources (IC, NRCan, NRC, StatCan)

In support of secondary data collection, a contextual analysis study entitled "GCS Contextual Analysis" was conducted by an external consultant. The intent of the analysis was to independently inform the evaluation's findings, conclusions and recommendations with regards to the ongoing global commercial operating context.

5.3 Primary Data Collection

Primary data collection consisted of gathering information from informants engaged directly and indirectly in the delivery of the Global Commerce Strategy. Methods of data collection included informant interviews (in-person or by phone), senior management consultations, site visits, activity/event observation and advisory committee meetings.

Primary data was collected predominantly by ZIE evaluators. To increase efficiencies, the evaluation team strategically planned linkages to other ongoing evaluations conducted by ZIE, particularly the America's Strategy and Academic Relations (including Edu-Canada). The following sections outline the primary data collection process utilized by the evaluation team:

Informant Interviews

The Evaluation conducted 143 semi-structured interviews using approved interview protocols with key informants primarily with the executive level belonging to identified DFAIT, OGD and other Stakeholder groups. Over 200 consultations were held with stakeholders to verify, follow-up and discuss information relevant to the evaluation.

Several levels of interviews took place in support of data collection:

- **The Strategic Senior Management Level:** The first round of consultations with DFAIT senior management (DMT and ADMs) began at the preliminary evaluation scoping phase and contributed toward the development of the TORs and the Work Plan. The evaluation then moved to interviews of the DGs to examine the next level of GCS implementation. DGs were consulted, as required, throughout the evaluation process. Once data were analyzed and preliminary findings developed, some follow-up interviews were scheduled with senior managers to verify accuracy and clarity of information gathered.
- **The Pillar Level:** These rounds of interviews targeted each of the four pillars. Predominantly Directors General and Directors with responsibility for GCS resources and activities were interviewed. The pillar level involved interviews with external DFAIT partners and stakeholders, including OGDs and central agencies. The aim was to obtain more precise information on how GCS activities and commitments are being operationalized and implemented.
- **The Horizontal Level:** The Evaluation Support Group noted that there was a need to recognize and examine the interrelated nature of GCS implementation across functional and geographic areas. This horizontal examination included interviews that addressed functions, coordination, communication and management horizontally.

GCS Survey

An online survey was commissioned by the evaluation team with the aim of acquiring additional feedback from a broader spectrum of respondents. Given the scope of GCS and time constraints, the survey aimed to support the findings and highlight issues and trends that were identified as part of the evaluation. The survey collected information on the roll-out of the GCS to date, level of GCS awareness, and a reflection of GCS priorities. Out of 1,682 potential respondents, 176 of 330 Senior Staff (Directors, STCs and above) and 670 of 1,359 Trade Commissioners completed the survey. For a web-only survey of its length, “the overall response rate of 50% provides confidence that the survey findings are broadly indicative of these groups of DFAIT Staff” (GCS Census, p. 3).

Direct Observation

As the evaluation progressed, evaluators were invited to observe GCS related activities. These direct observation events provided an opportunity to enhance understanding of the types of activities typical of the various pillars of the GCS. The Evaluation team observed the following events:

- “Global Commerce Strategy Interdepartmental Collaboration Meeting” held on 8 December, 2009.
- Interdepartmental Consultative Advisory Committee meetings on CDIA (23 February, 2010 and 20 May, 2010, 16 September, 2010).
- Canada-CA4 FTA Negotiations Round 12. 8-12 March, 2010 (Ottawa)
- ICCB Meeting, 25 June, 2010.

Field Visits

GCS field visits were coordinated with the evaluations of the Americas Strategy, International Education and Youth Programs (including Edu-Canada) and the International Science and Technology Partnership Program (ISTPP). Countries and missions visited by the GCS evaluation include the following:

- China (BEJING) 22-26 February, 2010
- India (DELHI) 1-5 March, 2010
- Brazil (SPALO, BRSLA, RIO) 5-10 March, 2010

China, India and Brazil were selected due to the emphasis on these countries as emerging markets and a priority for the GCS approach. The field visits aimed to provide a stronger sense of the program’s implementation and impact at the operational, client and results level.

5.4 Data Anaylsis

Key evaluation findings were developed following the examination and analysis of information collected through the evaluation process including: informant interviews, document review, resource review, surveys and statistical trend analysis. The main steps in carrying out data analysis for the evaluation were to:

- Conduct an initial literature and document review.
- Collect qualitative data from the documents and interviews.
- Conduct mini literature and document reviews throughout the evaluation process to supplement knowledge or inquiry gaps.
- Organize the data in a way that lends itself to analysis, making sure that it is suitably validated so as to lend it credibility (triangulation);
- Analyze the data independently and through workshops to synthesize the evidence gathered in ways that allow the evaluation questions to be answered.

The analysis of interview notes with respect to evaluation issues was performed and the findings were summarized in a narrative way while respecting the anonymity of interviewees.

While the above described approach is qualitative, it does not prevent from presenting some of the evidence gathered in a quantitative or semi-quantitative fashion. For example, document types were classified according to certain parameters (context analysis); answers to certain questions obtained from the various types of informants were counted, ranked, or otherwise classified and presented in a tabular manner. Tables and graphs have been used to present both qualitative and quantitative analyses whenever possible in the evaluation report.

A draft presentation of preliminary findings was made both to the Support Group (July, 2010) for initial input and feedback. Initial conclusions and recommendations were shared with the ICCB for comment on 25 November, 2010. A finalized version of the preliminary findings was presented to the Evaluation Advisory Committee (including the ICCB on 28 February, 2011).

The draft report was finalized and shared for feedback from the primary responsibility centers to ensure accuracy and coherence of the data presented.

5.5 Reliability & Validity

The evaluation process aims to ensure that information and findings are reliable, have been validated and can be verified. Qualitative information collected through interviews were checked by triangulation with several informants and secondary sources, while preserving the confidentially of the answers of each informant.

The validity of findings and conclusions extracted from other studies and reports and used in the analysis were examined with respect to the methodology used and validated whenever possible. Statistical information originated from reliable sources (vetted with DFAIT's Office of the Chief Economist) and is described with respect to definition of variables, methods of collection of data, and possible bias or errors.

6.0 EVALUATION LIMITATIONS

Beyond the internal changes experienced by the Department, the following limitations were observed as part of the evaluation:

Given the breadth of the GCS coverage relating to the entire International Trade/Commerce portfolio including 13 priority markets (covering 95 countries), the depth of the evaluation review had to be limited. Document & Literature Reviews were conducted to the extent possible using sampling as appropriate. The number of divisions, missions, regional offices, business lines, stakeholder and clients involved mass documentation and research for consultation. However, more documentation than time was available during the course of the evaluation and, as a result, the document review cannot be considered exhaustive and it is possible that key documents exist that were not reviewed or that could have helped to further justify findings of the report.

To mitigate this limitation and ensure the widest coverage possible, interviews were conducted primarily with DFAIT and OGD managers at the Executive level ,and a survey was conducted to solicit general awareness of DFAIT's trade/commercial officers (n=670) as well as Executives abroad and at HQ (n=330) who could not be interviewed. DFAIT TCS clients were not included in the scope of this evaluation due to its implementation orientation; however, the 2009 TCS Client Survey was utilized as a secondary source.

While the evaluation covers the areas contained within the GCS TB Submission, it also recognizes that more activities are being conducted by each responsibility center, which also contribute to the attainment of GCS objectives. Evaluating incremental funding and attributing results to such funding is a challenge. To mitigate this limitation, the evaluation had to consider the whole of the trade/commercial activities of the Department, particularly in terms of the impact of the evaluation's recommendations.

To compensate for the limited governance information on GSC, the evaluation also referred to objectives formulated in the Performance Management Agreements (PMA) of senior managers.

7.0 MANAGEMENT OF THE EVALUATION

7.1 Roles & Responsibilities

The Evaluation was managed by the Evaluation Division (ZIE) which was deemed to be the Project Authority, on behalf of the Department. The evaluation was conducted and led by ZIE evaluators supported by consultants for targeted evaluation components (survey, contextual analysis and NAPP).

The conduct of the evaluation was guided by an Evaluation Advisory Committee (EAC). The first EAC meeting was held on 2 February, 2010 with the second, involving ICCB members, held 28 February, 2011 to review the Preliminary Findings of the evaluation. The established Working-level Evaluation Support Group met 10 times during the course of the evaluation and included 12 regular members as representatives from GCS implementation areas.

7.2 Contracts

Three contracts were issued and completed in support of this evaluation:

- **Contextual Analysis:** This contract provided a literature review and contextual analysis of the global economic context and its potential impact on the implementation and priorities of the Global Commerce Strategy.
- **GCS Awareness Census/Survey:** This contract provided widespread input from Trade Commissioners globally as well as DFAIT Managers to help understand the level of GCS awareness as well as considerations for future GCS focus.
- **NAPP Review:** This contract provided a review of NAPP progress since the ERI evaluation and an examination of how NAPP is contributing to the objectives of the GCS. This contract also included an Expert Quality Evaluation Review of the work of the ZIE Evaluators to provide an independent look at the methodology utilized to implement the Evaluation.

7.3 Timelines

Given the extent of interviews and the need for extensive cross-branch consultations on the preliminary findings and the draft report, the evaluation took several months longer than expected. Early in the evaluation process it became clear that there were varying views and priorities across the Department which necessitated more in-depth consultations to ensure the validity and accuracy of the findings and recommendations. The table below presents the planned versus actual timelines of the Evaluation.

Figure 5: Planned Versus Timelines of the Evaluation

Activities/Deliverables	Planned Timeframe	Actual Timeframe
Preparatory Measures		
Scoping and Workplan Development	Nov. 2009-Dec. 2009	Nov. 2009-Jan.2010
First EAC Meeting to Approve Workplan	Nov. 2009	2 Feb., 2011
Data Collection (Primary and Secondary)		
Document Reviews	Jan. - Feb. 2010	Jan. - June 2010
Interviews	Jan. - March 2010	Jan. - June 2010
Field Visits	March 2010	March 2010
Data Analysis Stage		
Analysis & Finding Development	Feb. - April 2010	April - June 2010
Reporting Stage		
Draft Initial Findings Presentation to Evaluation Support Group	April-May 2010	18 May, 2010
Initial Conclusions to ICCB	Not Planned	25 Nov. 2010
DM and ADM Consultations	Not Planned	Dec. 2010 - Feb. 2011
Presentation of Preliminary Findings to EAC	April-May 2010	28 Feb. 2011
Draft Report for Consultations	April-May 2010	June-September 2011
Finalized Report	May 2010	January 2012
Presentation to the Departmental Evaluation Committee	June 2010	February 2012

8.0 GCS OVERALL FINDINGS

This section covers findings related to the GCS's overall implementation under the following six evaluations issues:

- Relevance Issue 1: Continued Need for the Strategy
- Relevance Issue 2: Alignment with Government Priorities
- Relevance Issue 3: Consistency with Federal Roles and Responsibilities.
- Performance Issue 4: Achievement of Expected Outcomes
- Performance Issue 5: Demonstration of Efficiency and Economy
- Performance Issue 6: Governance

Relevance Issue 1: Continued Need for the Strategy

The development of the Global Commerce Strategy extends back to previous efforts and research on a broad Commercial Strategy for Canada. In 2005, the Global Commerce Strategy policy framework set out a five-year and ongoing commitment to reshape and refocus Canada's approach to global commerce as a means of increasing Canada's competitiveness and economic prosperity. This was followed by the release of *Advantage Canada: Building a Strong Economy for Canadians* in 2006 which was developed by the Government of Canada as "a long-term, national economic plan designed to make Canada a true world economic leader."[8] The GCS thus contributes to Canada's international economic efforts in support of Advantage Canada.

Finding 1: **The objectives of the GCS as a means of enhancing Canada's economic performance are well placed, particularly as the rise of emerging economies leads to increased global competitiveness. The resources provided by the GCS have contributed to the ongoing achievement of the international commercial priorities of both the Department and of the Government of Canada. Canada's emphasis on North America and Emerging Markets (e.g., Brazil, India, and China) appears to be well placed in relation to current global economic trends. This remains true following the 2008/9 global economic crisis; however, international competition is increasing and continued efforts and resources will be required to retain and advance Canada's market share.**

8 http://www.fin.gc.ca/n06/06-069-eng.asp

The need for the GCS is reinforced by the Government of Canada through its policy frameworks, plans, Speeches from the Throne, Canada's Economic Action Plan, and Advantage Canada. The 2009 publication *Seizing Global Advantage: A Global Commerce Strategy for Securing Canada's Growth and Prosperity*[9] reiterated GCS objectives as follows:

- Securing favourable terms of access to the markets, investment and innovation opportunities where Canadian commercial interests are greatest.
- Attracting global investment and innovation to Canada and facilitating Canadian commercial engagement abroad.
- Expanding Canada's international commercial network to ensure our companies have the support they need to capitalize on opportunities across the entire spectrum of modern business.

The GCS TB Submission identified 21 federal departments and agencies as well as provinces/territories, industry associations and universities to be targeted through whole-of-government coordination. The importance of leveraging domestic and international economic efforts was highlighted in *Advantage Canada*. It was recognised that the efforts of federal departments and agencies supporting the domestic economic agenda have direct implications on Canada's economic efforts abroad, with the reverse also being true. The challenge remains seamless coordination, collaboration and timely information sharing across government bodies, including provincial/territorial partners.

GCS resources were geographically focused on North America, Latin America and Asia. Though these regions remain relevant, the need to include and examine the economic return from other markets, such as Europe, Africa and the Gulf Cooperation Council (GCC) needs further analysis, particularly in terms of resource allocation and activity 'push.' There was wide recognition among interviewees that the evolving nature of the world economy provides windows of opportunity that rapidly open and close, which in turn requires more frequent reviews of the strategic directions based on rigorous economic and commercial analysis to support decision-making, risk mitigation and opportunity leveraging on a real-time basis.

In terms of economic performance, Canada's GDP is on the rise; growing to $1,624.6 billion in 2010 ($1,529 in 2009) from $1,373.8 billion in 2005 and, $1,076.6 billion in 2000.[10] This represents an increase of 50.9% over the period 2000-2010. Over the same period, Canada registered positive trade balances until 2008 before recording trade deficits in 2009 and 2010. In terms of growth in Canadian

9 http://www.international.gc.ca/commerce/assets/pdfs/gcs-en.pdf

10 http://www.international.gc.ca/commerce/assets/pdfs/gcs-en.pdf

investment, FDI has increased by 41.2% between 2005 (pre-GCS) and 2010; similarly, CDIA has increased by 36.4%. These trends, examined in more detail below, demonstrate the strength of Canada's growing economy in the world.

The GCS was developed in response to a broad recognition that Canada's international economic activities needed additional focus in order to be competitive in an increasingly complex global economic environment. The Strategy was viewed as the international extension of Canada's broader domestic economic agenda (Advantage Canada) that aimed to advance Canada's prosperity at home and abroad. Out of this need, the GCS was approved setting the framework and direction for a whole-of-government approach to international commerce, with DFAIT taking the lead along three core objectives:

- Make Canada a Partner of Choice for International Business
- Strengthen Access to Global Markets, Capital, Technology and Talent
- Better Connect Canadian Businesses to Expanding Global Market Opportunities

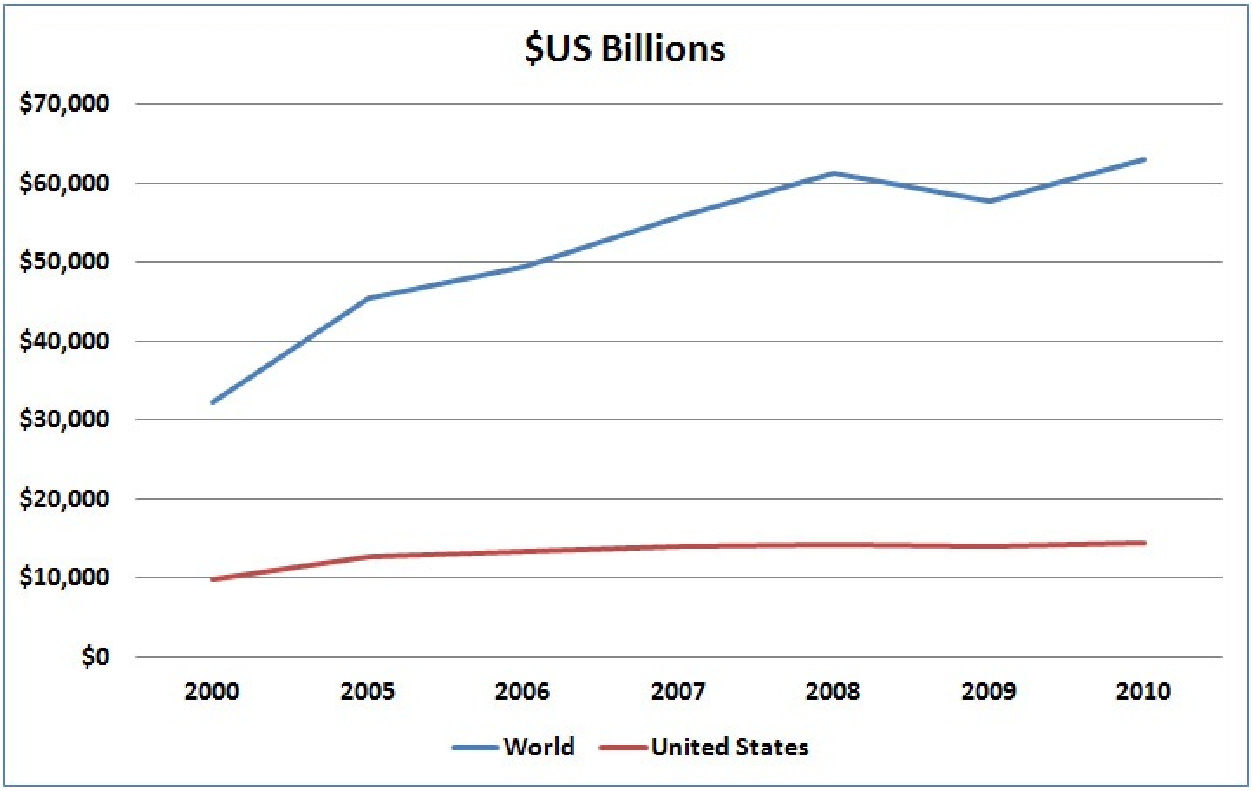
Governments around the world, including the United States, France, Australia and the United Kingdom are also renewing and aligning their commercial plans/strategies to stay competitive in the global market place.

World GDP increased to $64.79 trillion ($US 62.91 trillion) in 2010 (57.72 in 2009), up from $55.16 trillion ($US45.52 trillion) in 2005 and, $47.85 trillion ($US 32.22 trillion) in 2000.[11] Canada appears to be following the global GDP trend in terms of overall growth. A closer analysis of Canada's GDP position among influential global markets such as the G8 and BRIC (Brazil, Russia, India and China) nations provides some insight into how Canada fairs comparatively with its global competitors. The three following charts highlight the trends based on International Monetary Fund Statistics.

Figure 6 highlights world GDP versus U.S. GDP. Of significance when conducting global GDP comparisons, the U.S. represented 23.1% of world GDP in 2010 (24.1% in 2009) and 27.7% in 2005. Though a G8 nation, U.S. GDP is largely out of proportion compared with other G8 Nations and the countries with emerging economies (Brazil, Russia, India and China, i.e., the BRIC countries) and is graphically represented separately for ease of visual reference.

[11] International Monetary Fund, World Economic Outlook Database, September 2011 http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/download.aspx

Figure 6: World and U.S. GDP: 2000-2010[12]



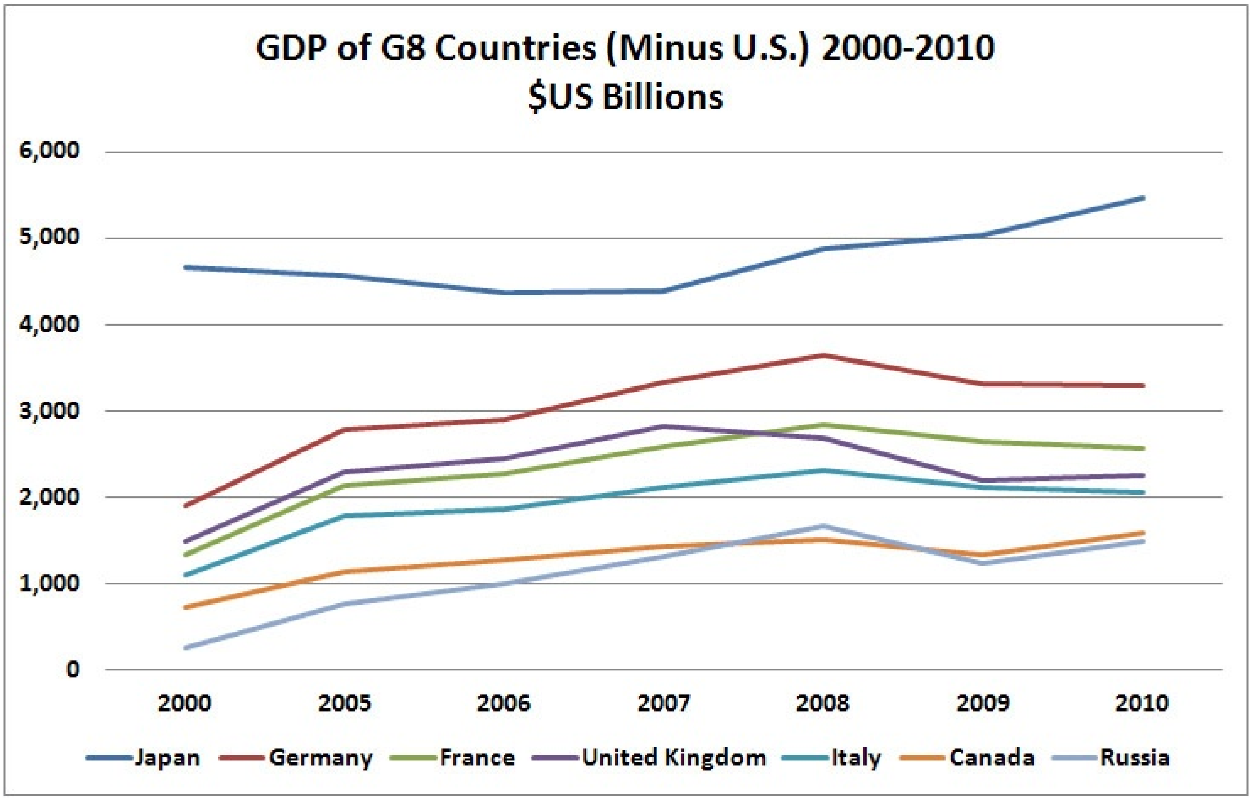
US$	2000	2005	2006	2007	2008	2009	2010
World	$32,216	$45,525	$49,308	$55,680	$61,191	$57,722	$62,911
United States	$9,951	$12,623	$13,377	$14,029	$14,292	$13,939	$14,527

Figure 7 demonstrates the 10 year GDP growth of G8 nations, in nominal values, in US-dollar terms, excluding the United States. All economies have experienced overall growth over the past 10 years with Japan leading in overall GDP value apart from the U.S. Another point of note is that Russia is the only country that is both a member of the G8 and a member of the BRIC group of nations. In terms of increased growth between 2005-2010, Russia leads again with 49.5%, Japan follows with 25.1% and Canada is third with 23.3%; France with 13.4% and Germany 13.1%; Italy with 10.1%, U.S. with 8.6% and the UK with -8.1%. Cumulatively, G8 nations (excluding U.S.) achieved an average of 15.9% growth (13.7% if you exclude Russia).[13]

12 International Monetary Fund, World Economic Outlook Database, September 2011 Countries. http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/download.aspx

13 Growth rates calculated against US dollar value levels of GDP and are not real growth rates.

Figure 7: GDP of G8 Countries (Minus U.S.): 2000-2010[14]



	2000	2005	2006	2007	2008	2009	2010
Japan	4,667	4,552	4,363	4,378	4,880	5,033	5,459
Germany	1,892	2,771	2,905	3,329	3,641	3,307	3,286
France	1,332	2,138	2,260	2,587	2,843	2,632	2,563
United Kingdom	1,481	2,283	2,448	2,812	2,679	2,182	2,250
Italy	1,101	1,781	1,865	2,119	2,307	2,117	2,055
Canada	725	1,134	1,279	1,424	1,503	1,338	1,577
Russia	260	764	990	1,300	1,661	1,222	1,480

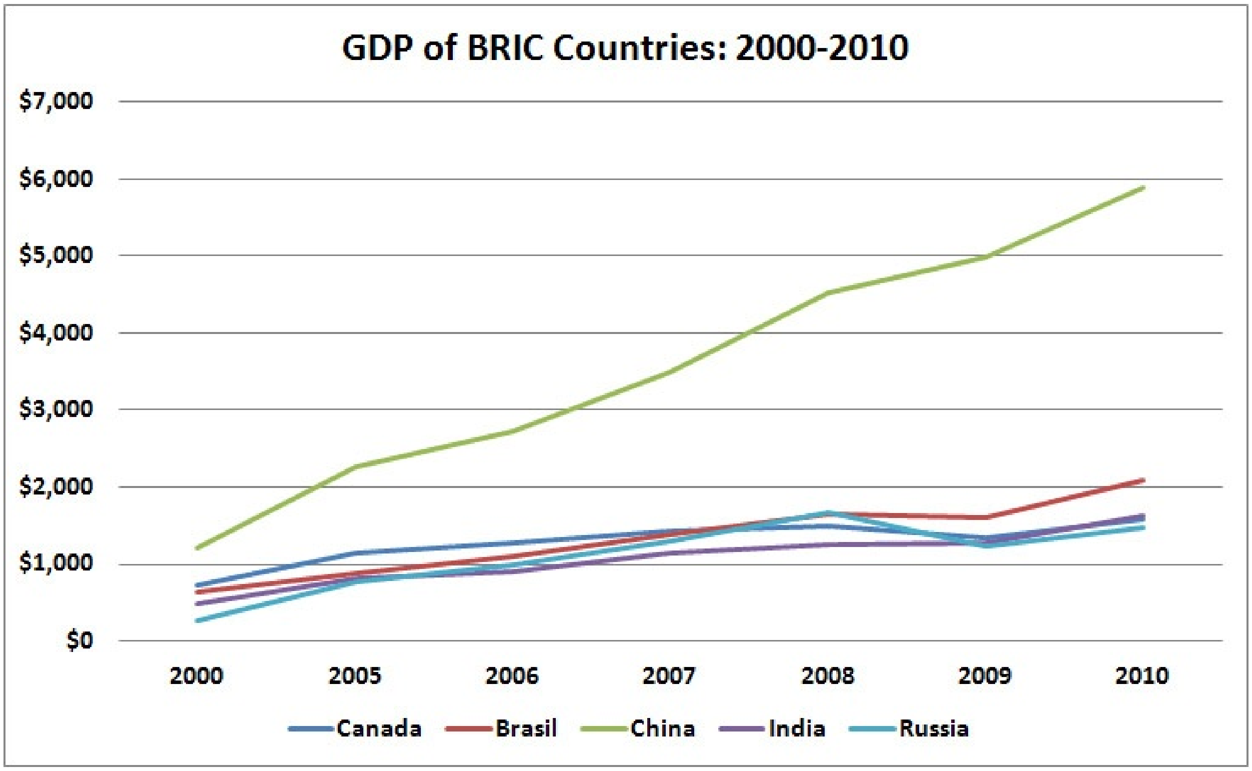
Figure 8 highlights the steady growth of the GDP of BRIC nations over the past ten years, with China leading the pack with a 121.1% GDP[15] increase between 2005 and 2009. Comparatively the remaining BRIC countries have performed extremely well over the same period with Brazil increasing its GDP by 79.9%; India by 56.4%; and, Russia by 60.0%. The average GDP growth of the BRIC nations between 2005 and 2009

[14] International Monetary Fund - World Economic Outlook Database - http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx

[15] Growth rates calculated against US dollar value levels of GDP and are not real growth rates.

stands at 78.0%. In perspective, Canada achieved only a 18.1% growth in GDP over the same period.

Figure 8: GDP of BRIC Countries + Canada: 2000-2010[16]



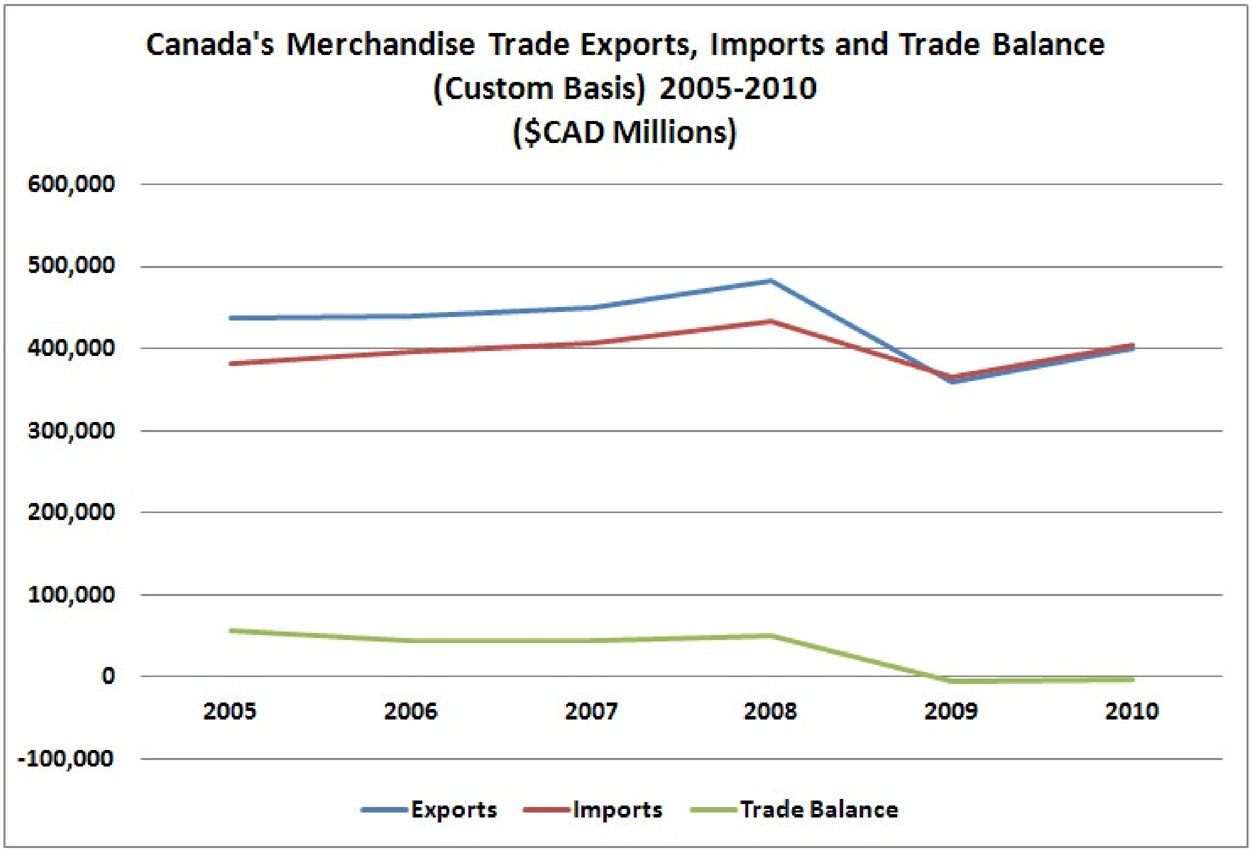
	2000	2005	2006	2007	2008	2009	2010
Canada	$725	$1,134	$1,279	$1,423	$1,504	$1,339	$1,577
Brasil	$642	$890	$1,093	$1,378	$1,655	$1,601	$2,090
China	$1,198	$2,257	$2,713	$3,494	$4,520	$4,991	$5,878
India	$476	$809	$908	$1,153	$1,251	$1,265	$1,632
Russia	$260	$764	$990	$1,300	$1,661	$1,222	$1,480

16 International Monetary Fund - World Economic Outlook Database - http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx

Another key, yet complex indicator of commercial economic performance is the overall imports, exports and trade balance. Other factors such as trade liberalization, non-tariff barriers, foreign exchange rates, commodity prices and overall domestic economic health also affect the state of a country's trade as well as the projections on future economic performance.

DFAIT produces an annual trade publication "Canada's State of Trade" which is a reliable source for Departmental analysis on key economic, commercial and trade trends and which goes in much greater depth than can be covered in this report. The following chart highlights the trends which contributed to the assessment of the overall need for GCS to guide and foster Canada's economic and commercial objectives, and demonstrates a relatively stable positive trade balance in the world (all countries) from 2000-2008 when it took a serious dive in 2009 with a slow recovery starting in 2010. This is largely reflective of a broader pattern experienced around the world related to the domino effect of the global economic/financial crisis. For many countries the 2009 crisis resulted in a negative trade balance and Canada was no exception as the country registered its first trade deficit after 15 years of surpluses. Despite the upturn in economic activity in 2010, Canada registered a second trade deficit for the year.

Figure 9: Canada's Merchandise Imports, Exports and Trade Balance with the World 2005-2010[17]



	2005	2006	2007	2008	2009	2010
Exports	436,351	440,365	450,321	483,488	359,866	399,433
Imports	380,858	397,044	407,301	433,999	365,155	403,910
Trade Balance	55,492	43,321	43,020	49,489	-5,289	-4,477

[17] Data from Statistics Canada via DFAIT's Office of the Chief Economist http://www.international.gc.ca/economist-economiste/assets/pdfs/PFACT_Annual_Merchandise_Trade_by_Country-Eng.pdf

In terms of Canada's imports and exports, for illustration purposes, merchandise statistics are demonstrated in Figure 10 below. The U.S. continues to dominate Canadian exports, while China gains in its share of imports in 2010. Brazil and India continue to grow in terms of merchandise trade importance for Canada with Brazil remaining in the top ten in terms of exports and gaining the 14th rank in terms of imports.

Figure 10: Canada's Top 10 Merchandise Import and Export Destinations 2010 + GCS Relevant Additions (Customs Basis)[18]

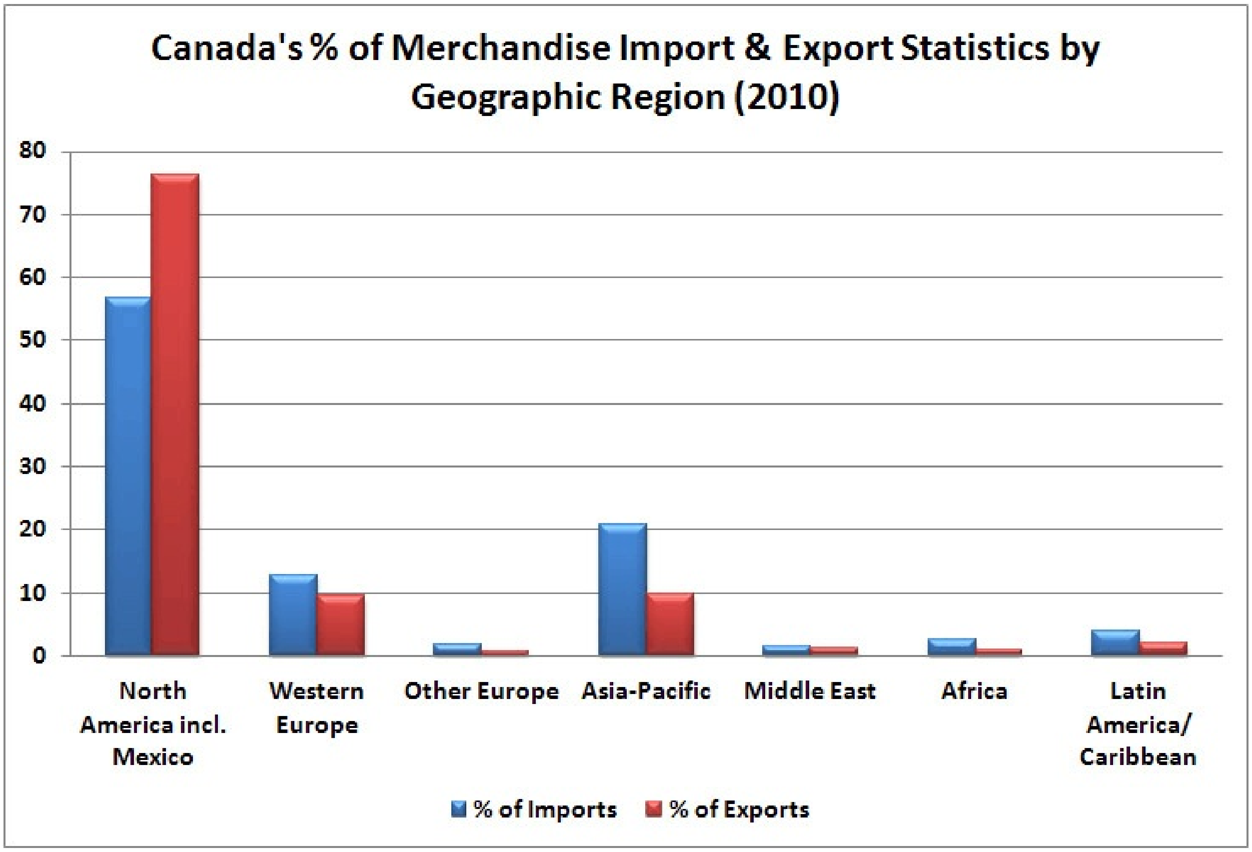
Canadian Merchandise Exports			Canadian Merchandise Imports		
2010 Rank	**Country**	**2010 % Share**	**2010 Rank**	**Country**	**2010 % Share**
1	United States	74.873	1	United States	50.354
2	United Kingdom	4.105	2	China, P. Rep.	11.023
3	China, P. Rep.	3.313	3	Mexico	5.474
4	Japan	2.302	4	Japan	3.330
5	Mexico	1.254	5	Germany	2.793
6	Germany	0.986	6	United Kingdom	2.650
7	Korea, South	0.929	7	Korea, South	1.522
8	Netherlands	0.819	8	France	1.345
9	Brazil	0.642	9	Italy	1.154
10	Norway	0.633	10	Taiwan	0.983
13	India	0.523	14	Brazil	0.860
19	Russia	0.298	20	India	0.526
11	France	0.588	29	Russia	0.407
14	Italy	0.482	28	Netherlands	0.413
18	Taiwan	0.323	16	Norway	0.705

Given that GCS supports a broad approach to priority markets which includes a regional emphasis, Figure 11 below shows regional geographic representations of Canada's global share of merchandise imports and exports. It is clear that North America (U.S. and Mexico) dominate both Canadian imports and exports (merchandise), while Latin America, a key GCS and Government of Canada priority region, lags behind Western

18 Data from Statistics Canada via DFAIT's Office of the Chief Economist http://www.international.gc.ca/economist-economiste/assets/pdfs/PFACT_Annual_Merchandise_Trade_by_Country-Eng.pdf

Europe and Asia-Pacific. As highlighted in the brief analysis on GDP, the emerging markets of Brazil and other countries in Latin America and the Caribbean require continued focus as opportunities and economic growth increase.

Figure 11: Canada's 2010 Merchandise Import & Export Statistics by Geographic Region[19]



2010	North America incl. Mexico	Western Europe	Other Europe	Asia-Pacific	Middle East	Africa	Latin America/ Caribbean
% of Imports	56.81	12.64	1.87	20.72	1.50	2.45	4.01
% of Exports	76.14	9.43	0.69	9.91	1.09	0.85	1.89

19 Data from Statistics Canada via DFAIT's Office of the Chief Economist http://www.international.gc.ca/economist-economiste/assets/pdfs/PFACT_Annual_Merchandise_Trade_by_Country-Eng.pdf

Figure 12 below illustrates the main destination of exports and origins of imports for the four major priority markets indicated in the GCS (United States, India, China and Brazil) including Canada's ranking based on percentage of the market share. It is clear that for Exports and Imports, Canada remains a priority of the United States (#1 country for US exports and #2 country for imports behind China) however, ground could be gained in India, China and Brazil with Canada ranking 38, 18 and 24, respectively, for exports and 32, 22 and 17 for imports.

Figure 12: GCS Priority Markets and their Main Destinations of Exports & Imports ($ of total)[20]

#	US Exports (2009)	#	US Imports (2008)
1	Canada -19.4%	1	China - 19.0%
2	Mexico - 12.2%	2	Canada - 14.4%
3	China - 6.6%	3	Mexico - 11.3%

#	Indian Exports (2008)	#	Indian Imports (2008)
1	US - 12.2%	1	China - 10.9%
2	China - 10.4%	2	US - 6.3%
3	UAE - 8.4%	3	Singapore - 4.2%
36	Canada	29	Canada

#	Chinese Exports (2009)	#	Chinese Imports (2009)
1	US - 18.4%	1	Japan - 10.2%
2	H. Kong - 13.8%	2	S. Korea - 10.2%
3	Japan - 8.1%	3	Taiwan - 8.5%
16	Canada	20	Canada

#	Brazilian Exports (2008)	#	Brazilian Imports (2008)
1	US - 13.9%	1	US - 14.8%
2	Argentina - 8.9%	2	China - 11.6%
3	China - 8.3%	3	Argentina - 7.7%
24	Canada	18	Canada

20 Data compiled from the World Trade Atlas. www.worldtradeatlas.com

The rankings above give an indication of Canada's ranking with its GCS indicated priority markets compared with key competitors in these markets.

During the course of GCS implementation, the global economic/financial crisis has had a significant impact on domestic and international economic growth of most global markets. Canada fared better than many industrial/developed nations however, as illustrated in Figure 13, emerging markets performed better that developed countries.

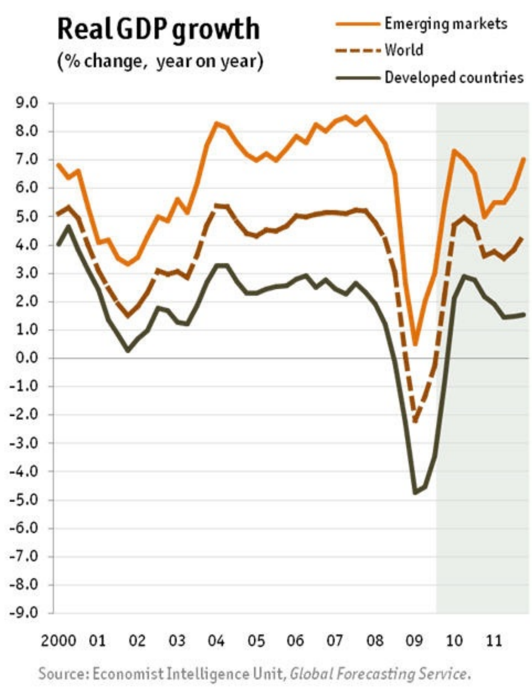


Figure 13: Real GDP growth of emerging markets vs. developed countries 2000-2010[21]

From August 2008 through mid-2009, the world suffered one of the worst global economic downturns in history. The bulk of the declines were seen in the advanced economies, which collectively contracted by 3.2 percent in 2009. The emerging and developing economies broadly experienced a slowdown in economic activity in 2009, but avoided outright contraction. As stated in the DFAIT's State of Trade Report, Canadian economic activity was deeply affected by the global recession and real output contracted in the fourth quarter of 2008 and continued to fall over the first half of 2009 before growth resumed in the second half of the year.

"In line with the global recession, Canadian exports of goods and services to the world plunged 22.1 percent ($124.1 billion) in 2009. At the same time, imports of goods and services fell 13.6 percent ($72.8 billion). The 15-year-long unbroken period of surpluses in goods and services trade was reversed in 2009 and the country registered a $26.9 billion trade deficit, the first since 1993."[22]

Despite worldwide economic shock, there continues to be recognition of the importance of diversifying and exploring emerging markets. In fact, some reports suggest that the economic crisis has re-emphasised that need. The recent 2009 TCS Client Survey indicated that the U.S. was in the top 3 priority markets for only 33% of clients. Canada's ability to compete effectively in emerging markets will be determined by the

[21] Data compiled from the World Trade Atlas. www.worldtradeatlas.com

[22] Canada's State of Trade 2010.2010. p. 5.41.

effectiveness of focused trade & political resources. Examples of the levels of investments by competitors include the following:

- 2009/10 budget of Australia's Department of Foreign Affairs and Trade (DFAT), $20 million over four years will be provided to develop an international business brand for the country.[23] In addition, $12.7 million over four years will be allocated to accelerate exports, investments and commercial alliances with India.[24] Austrade, the Australian Government's trade and investment development agency, has one office in Brazil, 14 offices in China with close to 100 staff, 6 offices in India and 14 offices in the US.[25]
- The French Foreign Ministry allocated in its 2009 budget €506,8 million for the program *Le rayonnement de la France*, whose goal is to promote the "attractiveness" of the country and of which €38.9 million is allotted to reinforce technological, scientific and university exchanges.[26]
- With Brazil's booming and emerging economy, many world markets are taking notice. Informants in Brazil cited the strength of competitors such as France, the Netherlands, Norway, China and Australia. Informants emphasized that if Canada wants to capitalize on a lasting economic partnership in Brazil, it will need to stand out amongst the competition and communicate to Canadian clients about the opportunities that exist and how to navigate them.

Inward and Outward Foreign Direct Investment are key economic indicators that contribute to economic growth and stability. The chart below highlights the trends of Canada's Inward FDI and Outward FDI (Canadian Direct Investment Abroad CDIA) between 2000 and 2010.

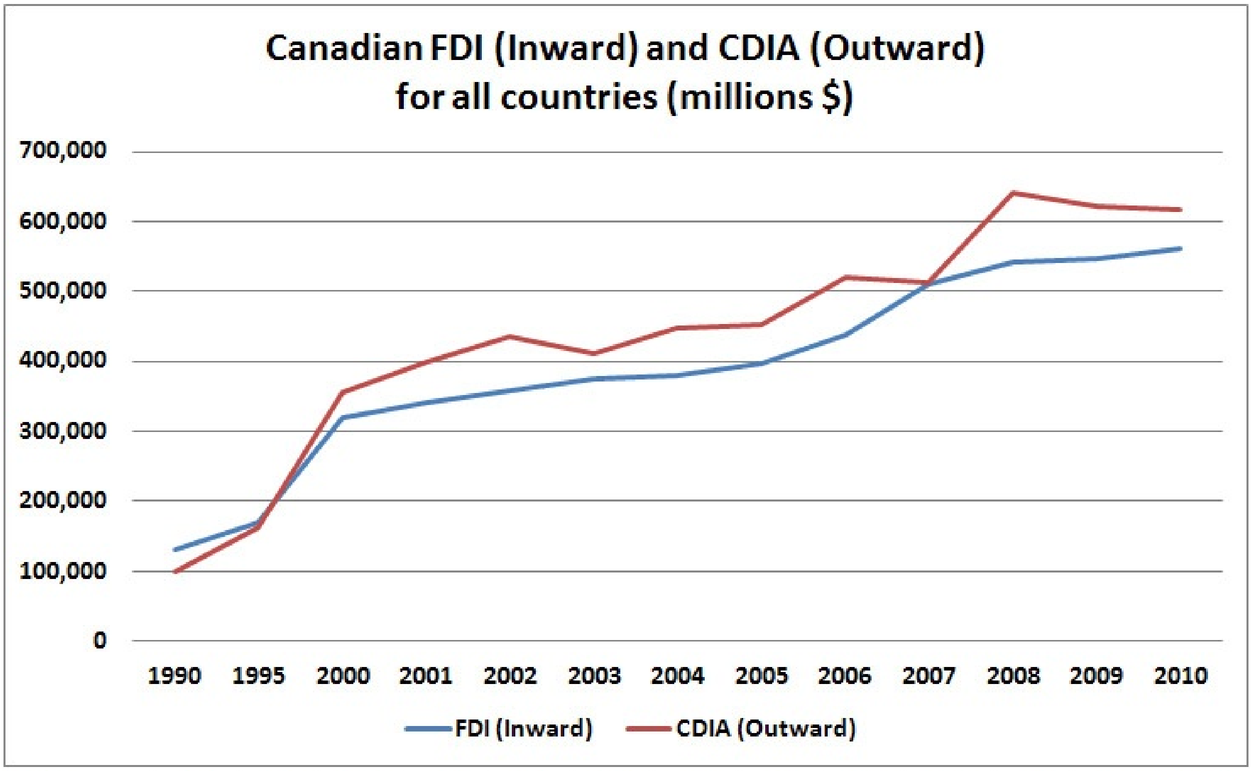
23 http://www.brandaustralia.gov.au/About-the-Program.aspx

24 http://www.dfat.gov.au/dept/budget/2009_2010_paes/2009-10_DFAT_PAES_4austrade.pdf

25 http://www.austrade.gov.au/Austrades-offices/default.aspx, retrieved 2010. November 2011.

26 http://www.diplomatie.gouv.fr/fr/ministere_817/activite-budget_824/budgets_14541/budget-2009_19313/projet-budget-du-maee-pour-2009-12.11.08_68331.html , retrieved 2010. November 2011.

Figure 14: Canada's FDI and CDIA 2000-2010[27]



$ millions	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
FDI (Inward)	130,932	168,167	319,116	340,429	356,819	373,685	379,450	397,828	437,171	510,139	542,732	547,578	561,616
CDIA (Outward)	98,402	161,237	356,506	399,253	435,494	412,217	448,546	452,195	518,839	513,140	642,026	621,181	616,689

The figures below illustrate inward FDI for select years from 1990 to 2010. Some key trends of note include the continued presence of the United States and the United Kingdom among the top investment countries in Canada. More recently, the Netherlands has joined the United States and the United Kingdom in this top-investing group. As a reflection of the rise of emerging markets globally, Brazil reached 10th position in 2005, and has moved up to 8th place in 2010 at $13.5 billion in investment holding. China entered the top 10 beginning in 2009 and had investment holdings of $14.1 billion at the end of 2010. Notwithstanding a tripling of its FDI in Canada between the years 2000 and 2010, Japan has seen its ranking in the top-investing countries in Canada fall from 3rd spot to 6th. Nevertheless, at $16.0 billion, Japan remains a major investor in Canada, contributing to the health and growth of Canada’s economy.

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27 Data from DFAIT’s Office of the Chief Economist CANSIM Table 376-0051. http://www.international.gc.ca/economist-economiste/statistics-statistiques/investments-investissements.aspx?lang=eng

Figure 15: FDI into Canada 1990-2010[28]

Foreign Direct Investment (Stocks) in Canada (Millions of Dollars)												
Rank	Country	1990	Country	1995	Country	2000	Country	2005	Country	2009	Country	2010
1	United States	84,089	United States	112,948	United States	193,651	United States	251,477	United States	291,369	United States	306,141
2	United Kingdom	17,185	United Kingdom	14,097	France	36,997	United Kingdom	29,499	Netherlands	52,223	Netherlands	51,752
3	Japan	5,222	Japan	6,987	United Kingdom	23,955	France	28,293	United Kingdom	44,758	United Kingdom	42,178
4	Germany	5,074	Netherlands	6,276	Netherlands	15,335	Netherlands	21,068	Switzerland	22,907	Switzerland	20,355
5	Netherlands	4,276	France	5,710	Japan	8,041	Switzerland	13,061	France	17,707	France	19,032
6	France	3,836	Germany	5,013	Germany	7,375	Japan	10,523	Japan	14,407	Japan	15,995
7	Switzerland	2,812	Switzerland	3,411	Switzerland	5,846	Germany	8,763	Brazil	13,355	China	14,056
8	Hong Kong	1,374	Hong Kong	2,809	Norway	5,005	Hong Kong	6,174	China	12,855	Brazil	13,494
9	Bermuda	1,302	Belgium	2,526	Hong Kong	3,374	Luxembourg	3,595	Luxembourg	10,156	Luxembourg	11,357
10	Australia	758	Bermuda	1,618	Luxembourg	2,988	Brazil	3,069	Germany	9,751	Germany	10,184

The growing recognition of the importance of outward FDI (or Canadian Direct Investment Abroad (CDIA)) to Canada's economy is illustrated by the FDI statistics. As with inward FDI, the United States and the United Kingdom feature among the top destinations for CDIA occupying the top two spots over the last two decades. CDIA trends are, however, complicated by the tendency of Canadian investors to utilize intermediaries for their investments in countries with more favourable tax regulations, such as Ireland, Bermuda, Bahamas, Barbados, etc. South American economies have also entered the top ten destinations for Canadian foreign direct investment abroad, with that Brazil sitting in 10th place, and Chile in the 8th spot.

Figure 16: Canada Direct Investment Abroad (CDIA - Outward FDI): 1990-2010[29]

Canadian Direct Investment Abroad (Stocks) (Millions of Dollars)												
Rank	Country	1990	Country	1995	Country	2000	Country	2005	Country	2009	Country	2010
1	United States	60,049	United States	84,562	United States	177,943	United States	202,398	United States	252,387	United States	249,910
2	United Kingdom	13,527	United Kingdom	16,412	United Kingdom	35,170	United Kingdom	46,410	United Kingdom	73,402	United Kingdom	70,160
3	Australia	2,401	Ireland	5,925	Barbardos	19,668	Barbados	34,553	Barbados	51,163	Barbados	51,709
4	Bahamas	1,950	Barbados	5,820	Netherlands	10,490	Ireland	19,844	Cayman Islands	26,244	Cayman Islands	27,221
5	Singapore	1,837	Australia	3,080	Bermuda	9,482	France	14,637	Ireland	22,962	Ireland	21,454
6	Bermuda	1,758	Bermuda	3,006	Ireland	7,255	Bermuda	11,053	France	15,688	Australia	21,045
7	France	1,745	Japan	2,739	Bahamas	7,006	Netherlands	9,852	Bahamas	14,948	Bahamas	14,864
8	Brazil	1,698	Chile	2,673	Brazil	6,667	Cayman Islands	8,577	Bermuda	14,031	Bermuda	13,828
9	Netherlands	1,481	Germany	2,624	Japan	5,613	Australia	8,002	Australia	13,328	Chile	13,341
10	Barbados	1,453	France	2,516	Chile	5,421	Germany	7,442	Hungary	13,260	Hungary	12,058
11	Ireland	1,269	Brazil	2,458	Argentina	5,023	Brazil	6,829	Chile	12,230	Brazil	9,675

Relevance Issue 2: Alignment with Government Priorities

The GCS provided an incremental infusion of resources into the department to further the renewal of the international commerce program. It was originally intended as a policy framework that would set the stage for cooperation at all levels of government. Components of the GCS were described in Advantage Canada as elements supporting

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28 Compiled from Statistics Canada: CANSIM Table 376-0051

29 Compiled from Statistics Canada: CANSIM Table 376-0051

domestic and international economic interests. It is by extension an element of Canada's Economic Action Plan contributing to Canadian prosperity and job growth. Beyond this policy framework, the GCS contributes concretely to a broad range of federal policies and programs as highlighted in the findings below.

Finding 2: GCS is aligned with GoC Priorities as outlined in Speeches from the Throne, Advantage Canada, Canada's Economic Action Plan and the Americas' Strategy.

The Canadian economy has remained a strong focal point in each annual Speech from the Throne (SFT), with 2010's Speech entitled *A Stronger Canada, A Stronger Economy, Now and for the Future*,[30] a clear example. The 2010 SFT recognised that "to succeed in the global economy, Canada must keep step as the world races forward" and emphasised the need for the Government of Canada to "aggressively diversify opportunities for Canadian business through bilateral trade agreements."[31] Pillar III of the GCS focuses specifically on "Renewing Trade Negotiation Efforts." DFAIT and its OGD partners have taken on this challenge and have dramatically advanced the FTA and FIPA agenda to keep pace with trade liberalization efforts of the United States and other nations, ultimately increasing Canada's competitive edge in bilateral trade and investment.

The global economic recession of 2008/09 demonstrated the interdependency of the world economies and the importance of engaging internationally to ensure domestic economic security. Though Canada fared better than other world markets, the recession hit home the need for strong commercial foundations coupled with the need to keep up with the competition in order to maintain and raise Canada's status as a modern industrial nation.

Advantage Canada aimed to provide an "economic plan (that) will make a strong Canada even stronger, by building a country that is a formidable economic player in the world."[32] Recognizing that Canada is a knowledge-based economy, *Advantage Canada* emphasised the need for Canada to market its strengths amongst heavy competition, particularly with the rise of emerging economies. GCS's focus on emerging markets (Pillar II) appears to be well placed both at the time of its conceptualization and today.

GCS served as the backbone of the Americas' Strategy in supporting its Prosperity Pillar. With clear economic priorities and through the provision of additional resources within the region, GCS contributed to the advancement of the objectives set for the

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30 2010 Speech from the Throne. http://www.speech.gc.ca/grfx/docs/sft-ddt-2010_e.pdf Retrieved, 1 Nov, 2010.

31 2010 Speech from the Throne. http://www.speech.gc.ca/grfx/docs/sft-ddt-2010_e.pdf Ibid. p. 8.

32 Advantage Canada, 2006. http://www.fin.gc.ca/ec2006/pdf/plane.pdf Retrieved 1 Nov, 2010. p. 10.

Americas' Strategy. Additional resources allocated to the region included two new micro offices in Brazil (Porto Alegre and Recife), and 12 FTEs allocated (Brazil, Panama; Colombia; and, Chile). These two strategies worked in concert towards the achievement of results and broader impact. GCS efforts were enhanced by the Americas' Strategy's political resources which provided diplomatic support to trade policy objectives including the FTA with Panama and Colombia (2009) and the S&T Agreements with Chile and Brazil (2010).

Finding 3: GCS has benefited from the multiplier effect of other departmental commercial and political activities such as: public diplomacy, trade policy, exchange of high-level visits and other departmental strategies.

A wide range of political activities have had an impact on the achievements of the Global Commerce Strategy. For example, GCS has benefited from the Americas' Strategy and in particular from the high-profile visits to the region by the Prime Minister, the Minister of International Trade and the Minister of State for the Americas. This level of political attention has heightened the interest of the Brazilian private sector and of Canadian exporters in doing business with Brazil. Examples of high-level support to the Global Commerce Strategy and the Americas' Strategy include:

- Panama: During a visit of the Prime Minister to Panama on August 11, 2009, Canada and Panama announced the conclusion of negotiations for a Free Trade Agreement.[33]
- Brazil: From August 21-24, 2009, the Minister of International Trade travelled to Brazil and Ecuador, during which visit he inaugurated Canada's new trade office in Recife, Brazil.[34]
- Colombia: Two Members of Parliament visited Colombia in August 25-28, 2009. Following this visit, they gave a very positive speech during a Parliament debate on the Canada-Colombia Free Trade Agreement.[35]
- CARICOM: Minister of International Trade visited Trinidad and Tobago on September 11, 2009, where he met with his CARICOM counterparts to renew commitment for the negotiations of a Free trade Agreement.[36]

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33 http://www.international.gc.ca/international/honduras.aspx?lang=eng

34 http://www.international.gc.ca/commerce/visit-visite/south_america-2009-amerique_du_sud.aspx?lang=eng

35 http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/andean-andin/can-colombia-colombie.aspx

36 http://www.international.gc.ca/commerce/visit-visite/caricom-2009.aspx?lang=eng

- Air Agreements were signed with Brazil, El Salvador, Barbados and Costa Rica.

The Prime Minister's visit to China in December 2009 (including the issuance of the *Canada-China Joint Statement*), the Governor General's visit in June/July 2010 and the visit by the Chinese President to Canada in June 2010 paved the way for the signing of a number of MOUs focused on increasing commercial relations after 40 years of diplomatic relations. The following events illustrate the broadened economic cooperation between Canada and China:

- Canada's Expo 2010 Pavilion in Shanghai is viewed to be a major success that introduces Chinese companies to commercial opportunities with Canada.
- A Memorandum of Understanding (MOU) to facilitate group travel from China to Canada, which cements Canada's Approved Destination Status.
- In the area of commerce, the leaders instructed officials to explore means of deepening the Canada-China economic partnership by establishing a working group under the Joint Economic and Trade Committee.

The launch on November 12, 2010 of negotiations between Canada and India for a Comprehensive Economic Partnership Agreement (CEPA) is an example of Canada-India economic cooperation. Other examples include:

- In 2009, Canada signed the Canada-India Joint Statement; Memorandum of Understanding on Cooperation in Agriculture and Allied Sectors; and, a Memorandum of Understanding on Energy Cooperation.[37]
- In 2005, Canada signed the Canada-India Agreement for Scientific and Technological Cooperation.[38]

Finding 4: GCS, as a whole-of-government mechanism, is aligned with the economic priorities of departments and agencies across government. DFAIT, nevertheless, needs to continue its outreach and communication in order to ensure priorities and actions of other actors are aligned.

The GCS supports a whole-of-government engagement to bring together diverse actors including OGDs, provinces, Regional Development Agencies (RDAs), the private sector and non-governmental associations to support Canada's economic success. Efforts were made to communicate the Department's approach to whole-of-government in the 2009 *Seizing Global Advantage* publication:

37 http://www.international.gc.ca/commerce/visit-visite/caricom-2009.aspx?lang=eng

38 http://www.international.gc.ca/commerce/strategy-strategie/r9.aspx

> *Building on the progress being made in negotiating bilateral investment and S&T agreements with key partners, as well as partnerships with Export Development Canada, the Canadian Commercial Corporation and with the provinces and territories and business stakeholders, the federal government is expanding its efforts to promote Canada's strengths as a partner and destination for global investment, enterprise and innovation.*[39]

Overall, consulted OGDs and Crown Corporations viewed GCS as a needed tool to apply a broad whole-of-government approach to Canada's economic success. Though many informants were aware of the general objectives of the Strategy, they showed interest in receiving more specific information on the elements and resources of the GCS. Stakeholders indicated that for Canadian clients to compete and for the GoC to be successful in economic terms, more focus, planning and alignment of priorities (markets, sectors and objectives) are required. Informants were generally aware of DFAIT's priority markets and core activities, however they expressed concern that DFAIT may not be fully aware of their international priorities and ongoing activities which may provide leverage opportunities or require the assessment of DFAIT as part of international economic/commercial activities of OGDs/Crown Corps.

Stakeholders recognized the multitude of players bringing with them diverse interests in international commercial engagement. Many cited the Comprehensive Economic and Trade Agreement (CETA) negotiations as an example of the challenge for a whole-of-government coordination; which, in this case, included the engagement of provinces. Provinces often have their own, sophisticated and specific, international trade and investment programs that are working in parallel with the federal government, and beyond the regional development agencies such as ACOA, CEDQ and WED.

Interviews with OGDs indicated a desire for a more collaborative whole-of-government approach to commerce by improving domestic and international linkages and priority alignment. Analysis of Canada's formal whole-of-government structure illustrates a less formalized network compared to the one adopted, for example, by the United States where the Department of Commerce comprises 12 Bureaus/Agencies working together in support of the Department's mission. A more comprehensive review of the effectiveness of the whole-of-government relationship related to international commerce may be required given the vast number of stakeholders involved (including provinces and territories).

Research and analysis continues to be conducted by the Department in terms of optimal models for international trade & commerce activities; however more economic analysis may be needed to understand the impact of Canada's efforts and to support decisions related to strategic direction and program investments. BPD has been leading

39 *Seizing Global Advantage*, p. 7. http://www.international.gc.ca/commerce/assets/pdfs/gcs-en.pdf

an examination of general foreign commercial models, as has BID in terms of investment promotion models.

Relevance Issue 3: Consistency with Federal Roles & Responsibilities

Finding 5: GCS falls within federal roles and responsibilities and DFAIT is the appropriate department to lead its implementation. The GCS objectives compliment and are in line with DFAIT's own objectives for international commerce.

DFAIT has a federal mandate to promote international trade, commerce and trade policy on behalf of the Government of Canada. Recognizing the domestic link to OGDs, Crown Corporations, Provinces and Business Clients, DFAIT further has a role to coordinate the domestic input for international commercial engagement. This coordination role requires DFAIT to regularly consult and coordinate with a wide range of domestic stakeholders. The mandate below highlights DFAIT's federal role toward international commercial engagement. The mandate of Foreign Affairs and International Trade Canada consists of:

- *Ensuring that Canada's foreign policy reflects true Canadian values and advances Canada's national interests;*
- ***Strengthening rules-based trading arrangements and to expand free and fair market access at bilateral, regional and global levels;*** and
- ***Working with a range of partners inside and outside government to achieve increased economic opportunity and enhanced security for Canada and for Canadians at home and abroad.***

http://www.international.gc.ca/about-a_propos/index.aspx

Finding 6: The delivery of Edu-Canada is consistent with the mandate of the federal government and of DFAIT, in particular.

Edu-Canada ensures access to timely market information for Canadian education providers and provides Canadian missions abroad, particularly those in countries identified as priority markets, with resources to undertake targeted activities that raise the awareness of Canada's knowledge advantage through the "*Imagine* Canada" brand.

In the November 2006 Advantage Canada policy statement[40] and the 2007 Federal budget, the promotion of Canadian post-secondary education abroad was declared a federal priority. The 2007 Budget provided $2 million over two years to launch a new

40 *Advantage Canada: Building a Strong Economy for Canadians*. http://www.fin.gc.ca/ec2006/pdf/plane.pdf (p. 7, 51).

international education marketing campaign to attract talented students to Canada.[41] The Government of Canada, through the GCS, provided $1 million per year, for five years, in support of Edu-Canada.

Through its network of embassies, consulates and high commissions, DFAIT is best positioned to provide support to the education sector internationally. Being delivered by a federal department, Edu-Canada has become the focal point for the interests of provinces and territories and for educational associations and institutions, which have limited resources and capacity to develop and implement an international education marketing strategy. DFAIT has worked collaboratively with provincial governments and other Government departments through the Federal-Provincial Consultative Committee on Education-Related International Activities (FPCCERA) to create, develop, and manage the Education in Canada brand "*Imagine*".

Performance Issue 4: Achievement of Expected Outcomes

As an implementation evaluation, the findings presented in this section focus on highlighting GCS results achieved to date based upon objectives and activities outlined in the GCS TB Submission. The section recognizes the incremental nature of GCS's resources (as A-based ongoing funds) and the contribution of its objectives to the broader mandate of the Department. It also notes the difficulty in separating their mutually reinforcing achievements. The findings below are related to the overall delivery of the GCS.

Finding 7: GCS has established a framework to guide value-added enhancements to the overall commercial and economic activities of the Department. GCS incremental funding has enabled the Department to meet its expected outcomes.

The GCS was designed to improve Canada's economic strength and its competitive edge in the global economy. Strategic documents identified the challenge of Canada's weakening market share in investments and in exports and pointed to the Government's role in creating the conditions for businesses and organizations to thrive, identifying the link between domestic and international economic success. GCS was designed as the international delivery arm of this approach.

The new realities of global business highlight the interdependence of world markets through the reality and definition of global value chains as well as the growth of emerging economies such as Brazil, China, South Korea, Singapore and India which threaten Canada's competitiveness in terms of market share. GCS recognized the

41 Budget 2007. Chapter 5 - A Stronger Canada Through a Stronger Economy: Knowledge Advantage, http://www.budget.gc.ca/2007/plan/bpc5d-eng.html

global business model had changed and that DFAIT's approach to client service had to undergo respective change as well. GCS identified and supported a Global Value Chain (GVC) initiative which resulted in extensive research on Multinational Enterprise (MNE) GVCs while highlighting matching opportunities for Canadian capabilities.

GCS also aided in creating the conditions needed to reshape the way in which the Department operated. This included the introduction of the Integrative Trade Model (ITM) and the Sector Practices. ITM was designed as an approach to better align functional services while supporting greater depth of knowledge and interoperability among staff to better serve clients. The Sector Practice approach was designed to enhance the level of expertise, the private sector consultation and the tools related to Canadian industry capabilities in five core sectors. Recently (2010-11), the GVC initiative was transitioned to the Sector Practices to promote stronger linkages to client capabilities and to support matching opportunities abroad.

To facilitate the ease of market access and support global value chains, trade policy efforts have been on the rise. Both the United States and Australia have pursued an active bilateral and regional Free Trade agenda following the stalemate of WTO Doha negotiations. The GCS set forth an aggressive market access and trade policy agenda to strengthen Canada's ability to compete internationally in a climate of trade liberalisation. As a result, Canada caught up with its competition and is now better positioned to take advantage of trade liberalization in support of Canadian clients.

The Global Commerce Strategy has positively influenced the reshaping of the Department with the objective of improving client service and meeting client needs in an ever evolving and complex global market place. Many direct and indirect economic and commercial activities have been leveraged to support the objectives and results of the GCS.

The GCS strategic documents outlined a comprehensive and longer-term policy approach which required significant resource investment. GCS resources demonstrated the Government of Canada's commitment to ensure a higher level of commercial engagement. The Department has succeeded in integrating the core objectives and activity themes outlined by the GCS into its ongoing operations and modernization exercises working to ensure leverage and efficiency. Examples include:

- Establishing 13 Priority Markets and associated Market Plans.
- Advancing a broad Trade Policy and Market Access Agenda. Since the launch of GCS, 5 new FTAs have been signed or are in-force, 12 are under negotiation; 12 FIPAs have been concluded, 12 are being initiated and 14 exploratory talks are underway; In addition, 26 new Air Transport Agreements have been signed.

- Establishing Sector Practices to improve the Department's awareness of Canadian capabilities as well as creating Private Sector consultation forums (Private Sector Advisory Boards) for each sector.
- Shifting to an Integrative Trade Model approach to enhance efficiencies and client service.
- Advancing a strong FDI and CDIA agenda, particularly leveraging the 2010 Vancouver Olympics.

GCS alignment with the broader Departmental objectives was not explicitly apparent partly due to the lack of a communications strategy for GCS. This led to a level of uncertainty among both internal and external stakeholders as to the nature and purpose of GCS, i.e., was it a renewed program, a vision, or simply an opportunity for additional resources. Key informants were also uncertain about the way in which GCS resources related to their existing resource base. Separating and/or tying GCS funding to specific GCS results appeared to be a challenge.

Finding 8: The GCS resources supported the Department's commercial economic operations during a period of departmental resource review and reallocation.

Over the period of GCS implementation, the Department was subject to resource cuts which may have lessened the impact of GCS contributions in some cases. It should also be noted however, that without GCS resources, the Department's commercial activities during this period of financial review would likely have resulted in more severe implications for the Department's activities and services.

Many senior managers reported that GCS resources contributed to ongoing efforts; yet, the reality of the allocations and departmental resource reviews has in some cases resulted in minimal and, in some areas, negative net increases. During periods of resource reviews, ensuring optimal operations is a recognized challenge as priorities need to be re-established, work processes revised and resources reallocated. The evaluation noted that the rationale for these changes were not always clearly defined or communicated, resulting at times in frustration among both managers and employees. Expenditure cuts, relevant to GCS supported areas include the following for FY 2009/10 and in future years:[42]

- Cuts to GCS resources included $534,000 from BID in FY 2009/10 and two deleted positions from TFM.
- BFM's reference levels have been cut by $1.9 million/year.

42 Data provided by SWPA.

- JLT's WTO/NAFTA Legal Litigation budget has been cut by $170,000.
- TFM's reference levels were cut in two areas resulting in a reduction of $2.2 million. Additionally, 11 positions were cut.
- GNM's reference levels have been cut by $2.2 million in FY 2009/10 and $2.7 million in future years.
- GPD reference levels have been cut by $3.8 million in FY 2009/10 and $4.7 million in future years.
- GLD reference levels have been cut by $482,000 in FY 2009/10 and $594,000 in future years.

Two points of view were presented on this issue: 1) GCS contributions have limited the impact of these cuts; and, 2) Cuts to the net resources of the GCS might have limited the achievement of planned results.

Finding 9: A communication plan for GCS was not created to inform staff, OGDs and Canadians on the priorities and activities of the GCS. This appears to have limited the understanding and overall awareness of the strategy among employees, management and stakeholders.

A lack of branding of the GCS and of Canadian economic opportunities abroad has limited the impact and visibility of GCS efforts domestically and internationally. Few GCS specific promotional materials for clients, posts or ROs were identified beyond the market plans, which do not provide a comprehensive vision (road map) of the GCS. In the GCS planning document, no funding was specifically allocated for overall communications. This hampered efforts of CSM to implement a comprehensive GCS communications plan for internal and/or external audiences. On the other hand, Investment, Innovation and Edu-Canada received funding and implemented separate marketing efforts relating to their own activities, however the link to GCS within these promotional materials was not fully evident.

Despite the high levels of familiarity, the GCS evaluation survey identified a need for further communication about the objectives. While 59% of Trade Commissioner respondents felt that the GCS objectives had been communicated to them to a degree, a significant proportion (20%) of respondents felt that they had been communicated not at all or not very clearly. When asked where they obtained information on the Global Commerce Strategy, Trade Commissioner Survey respondents identified broadcast messages the most often, with half of the respondents selecting that choice. Thirty-nine percent of respondents also identified self-directed research as a means to obtain information, and 37% of them stated having obtained information on the GCS through annual business plans. One quarter of respondents used GCS presentation ("decks") to obtain information about the Strategy. In the comments section of the survey, requests for additional information were made by both Senior Staff and Trade Commissioners and covered a range of topics including further information about the objectives and implementation of GCS.

Internal and external virtual interfaces are the primary information hubs for both staff and clients; these include Horizons, TRIO and the VTC. The GCS emphasized a need to serve as a 'single service window' across DFAIT, OGDs and provincial/territorial partners. Though efforts have been made in this direction, the web presence could be improved in terms of this vision. Some key points of consideration raised by informants, and confirmed through document review, include:

- Recent improvements were made to the internal interface for staff on Horizons in November 2010.
- DFAIT's internal wiki and Connections platforms are improving communication, knowledge management and, sharing of information among staff, among management and across the DFAIT network.
- DFAIT's extranet does not contain one place that explains comprehensively the mission of International Trade or of the GCS. This lends to a fragmented picture of DFAIT's operations.
- DFAIT's 'Invest in Canada' website has seen many recent improvements, including flash graphics, accessibility in multiple languages, links to YouTube and video streaming. However, the busy format and lack of full dynamism may be viewed as less user-friendly than some of the competitors as outlined below.
- EDC has a client focused website that links seamlessly to economic indicators on trade. Given that EDC often engages the same clients, a closer examination of their approach and opportunities for collaboration with DFAIT's commercial activities and resources could help to maximize the level of client service.
- All Canadian provinces have a web presence to attract foreign investment and promote trade. Alberta and Quebec are examples of detailed and dynamic sites with a client focus (internal to Canada and external to investors and business partners).

Other countries are also working to modernize their message and communication mechanisms to best serve their clients and to attract investors in an increasingly competitive environment. Though more analysis would need to be done to identify opportunities for continued modernization for Canada, examples from other countries include:

- Invest in France Agency (http://www.invest-in-france.org/landingus/home.htm) which features commentary on 'Why France' from leading global executives (e.g., Embraer, Huawei, and Nutura) as well as testimonials demonstrating the power of business to business promotion. It further provides answers and insights on France's economy to help the investment client make an informed investment decision.

- UK Trade and Investment (UKTI): The clarity of the UK Trade and Investment message facilitates ease of client use with two clear channels to support different audiences: exporters and investors. It further integrates all popular social media to facilitate up-to-date messaging and access to real time information for busy business clients. www.uktradeinvest.gov.uk/.
- The Australian Department of Foreign Affairs and Trade publishes biannual economic market statistics for most countries. http://www.dfat.gov.au/trade/index.html
- The U.S. Department of Commerce serves as a gateway to its 12 commercial and economic agencies. It also utilizes social media to reach its target audiences and to respond to the realities of international business. www.commerce.gov

Performance Issue 5: Efficiency and Economy

Finding 10: DFAIT will benefit from further consultations and coordination of its strategic approach with OGDs and provinces/territories. This will ensure continued alignment of multiple priorities and available public resources. Many OGDs and provinces/territories have realigned resources to support the GCS agenda both directly and indirectly to meet changing DFAIT activities.

GCS was developed as the international arm of Advantage Canada with a level of cross-government coordination. As DFAIT was the only Department to receive resources, some OGDs had to shift priorities in order to support GCS activities, particularly in the area of trade policy/market access. This led to several informant requests to ensure a more substantive strategic planning, resource and priority alignment exercise with stakeholders, should a phase II of GCS be convened in the future.

Interviewees from OGDs expressed a desire for DFAIT to be more inclusive in the decision making process. The capacity of OGDs to cope with requests from DFAIT varied from one department to another. For some, last minute requests for information were seen as reciprocal and easy to respond, others found the process more demanding. Last minute requests also affected OGDs' capabilities to provide substantial input to DFAIT initiatives. This element was largely reported as related to the increased Trade Policy Agenda due to the nature of negotiations and consultations.

DFAIT interviewees often cited the importance of OGDs as a source of knowledge on the industries, especially those dealing directly with stakeholders. There was a widespread acknowledgment by the Market Access group of the increased workload undertaken by OGDs as a result of the GCS, despite the fact that they had not received additional resources to reflect this increase. Many OGD informants confirmed the added stress on resources they had experienced due to the GCS.

Finding 11: **Roles and responsibilities for trade/commercial staff at HQ, missions and regional offices have changed during the GCS implementation. This has occurred through the introduction of sector practices and the Integrative Trade Model (ITM), and the realignment of geographic groups under the New Business Model. Continued attention is needed to ensure a clear definition of roles and responsibilities across the network to facilitate greater efficiencies and effectiveness of GCS activities.**

Roles and responsibilities for GCS positions were not always clearly defined causing confusion among incumbents on how exactly their activities contribute to GCS. In general, new GCS positions were created with little advanced preparation in terms of roles, responsibilities and action plans. Recognizing that it is standard practice to manage using generic TCS job descriptions, there was an opportunity to align new human resources to the objectives and strategic direction intended by the GCS. Of the job descriptions provided by China, GVCs, Brazil and Regional Offices, the following was identified:

- No mention of GCS or how the position is contributing to its objectives. (However, GVCs updated their generic job descriptions with reference to GCS in June 2010.)
- No mention of the complex relationship between post, RO and HQ related to reporting on GCS objectives and dual reporting/direction relationships (e.g., matrix management structure to follow).
- No requirements for results reporting and analysis of progress against GCS objectives.
- Sample Regional Office and GVC Job Descriptions reviewed included references to FAC and ITCan indicating that they are in need of updating.

The GCS Survey revealed that while the majority of Senior Staff (56%) indicated that they were satisfied with their team's awareness of their roles and responsibilities under the GCS, a lower proportion of Trade Commissioners (32%) were of the same opinion (GCS Survey, p. 24).

In terms of GCS roll-out in the early stages of implementation, the emphasis was more on getting the offices opened and the positions filled which ultimately required the incumbents to fill out the objectives, opportunities and targets with little guidance provided. This has resulted in many GCS field positions reporting that they perform traditional TCS roles with a small percentage of their time devoted to GCS directed activities.

The evaluation also found that there was not sufficient clarity regarding the interaction of the sector practices with other commercial functions of the Department.

The sector practices approach, while not a direct initiative of the Global Commerce Strategy, followed soon after the GCS rollout in FY 2007/8. This shift in the approach to international trade had an impact on the delivery of GCS. Staff at ROs, posts and HQ described a need for more clarity on the roles and responsibilities related to sector practices at HQ and the functions performed by ROs and posts planning and reporting. This matter was discussed in-depth in several Evaluation Support Group meetings where ideas were exchanged on how to address this in practical terms.

A DFAIT inter-branch workshop was held in September 2010, which aimed to increase awareness and understanding of the mandates, activities and roles each Branch with the objective to facilitate and increase cooperation and collaboration. This was viewed by many stakeholders as a positive initiative, though many requested that analysis of system and operational enhancements be conducted to move from discussions to practical implementation – ultimately operationalizing the integrative trade model.

Finding 12: The Sector Practices have changed the way in which DFAIT approaches international business development, investment and internal communications in serving the needs of clients. Priority Sectors (push and pull) were viewed to be in need of review by many interviewees against the background of non-priority sectors and in-country market priorities with potential opportunities for Canada. Enhanced guidance on how to capitalize and leverage resources for various market priorities, be it priority sectors or locally identified opportunities should be provided to staff at missions, regional office and HQ.

The Sector Practices approach began with the pilot of the Life Science Sector Practice in 2007. The pilot experienced start-up challenges due to administrative issues as well as the shift from the more traditional operational approach (confirmed in the Evaluation of the Life Science Practice, 2010). Since the pilot however, five sector practices have now been established which have benefited from the experience of the original pilot exercise. With the establishment of the sector practices, their respective private sector advisory boards and global sector strategies, TCS operating practices shifted significantly. Interviews revealed that some confusion over approaches and priorities of the TCS has arisen. A clear mapping and strategic planning for each Global Sector Strategy against the objectives and priorities of the GCS (target markets, investment, and market access) is still a work in progress as BPI has initiated a review that could be built upon. Some developments in this area include:

- "The growing trend of sector before country may be explained in part as being an outcome of the departmental "transformational" efforts to move to a priority sector-based approach to support its network abroad and across Canada, and Canadian clients in global markets. The global strategies for the five priority sectors are to help posts prepare plans for FY 2010-11 so that they align with priorities identified with the support of Canadian industry" (Administrative Notice, 2009-11-30).
- In IBD Plans/CEPs Posts must identify their priority sectors and how they align with DFAIT priorities.
- The recent shift of 50% of CSF funds (Evaluation of the Client Service Fund 2010) to sectors has had a clear impact on the perceptions about the influence of the sector practice model on TCS operations.

Given the Federal Government's recognition of Canada's energy (including clean energy) and mineral industries, there appears to be missing emphasis within the selected priority 'push' sectors. As an example, though Canada does not specialize in offshore drilling, which appears to be the area of opportunity in terms of Brazilian oil reserves; Canada's reputation on land drilling and mining are of clear interest to Brazil as indicated by the recent business exchanges to Alberta. DFAIT employees in Brazil highlighted the growing opportunities in these areas, as well as infrastructure, but were unclear on how best to capitalize on them or to obtain promotion funding (e.g., via the Client Service Fund) given that Oil & Gas and Mining are not viewed as priority sectors. There was a broad sense of uncertainty on this issue at the time of the evaluation. This level of uncertainty in terms of non-priority sectors and non-priority markets was also expressed in the GCS Evaluation Census.

Advantage Canada further highlights the importance of Canada's energy industries for the country's economy:

- "We are an emerging energy superpower. At a time of global shortages, we are already ranked fifth in the world in total energy technologies. We will build on this advantage. New investments in primary research will be targeted, including in the area of energy and environmental technology."[43]

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[43] Advantage Canada, 2006. http://www.fin.gc.ca/ec2006/pdf/plane.pdf. Retrieved 15 August, 2010, p. 66.

- "Canada is a world leader in research into many environmental energy productions, seventh in oil production, third in natural gas production and first in hydroelectric generation."[44]
- "With ample supplies of hydrocarbons, uranium and hydropower, Canada is poised to become a global energy superpower. We already rank fifth in energy production in the world, and we are the single largest foreign supplier of oil, natural gas, uranium and electricity to the United States.[45]

If Africa grows in market importance, as appears the trend based on the FY 2010/11 RPP, the Mining Sector may need to gain importance in terms of a sector priority. The CDIA inter-departmental group identified Oil & Gas and Mining as two key sectors of Canada which appear to be lacking sufficient focus. Furthermore, if the focus of increasing market intelligence and communicating Canadian capacities abroad are limited to core push sectors, there may be missed opportunities to do the same for non-priority sectors in priority markets such as Brazil, where opportunities in both sectors are increasing.

Finding 13: GCS encouraged the use of existing performance measurement systems to track overall GCS performance. In some areas, such as GVCs, no specific performance measures were indicated. Using existing systems suits an incremental A-base contribution to the broader commercial efforts of the Department. However, this approach makes it difficult to measure and differentiate the GCS incremental resources and achieved results from those of DFAIT's entire trade/commerce efforts.

GCS related documents indicate that existing departmental performance measurement systems would be used to gather performance information. Specific reporting on GCS was viewed, however, as a challenge due to the incremental nature of the contribution to the whole of trade. The development of GCS-specific reporting and accounting tools was not a requirement for the renewal of the incremental A-base funding. However, the systems in place for regular analysis of data economic trend analyses could be improved to support decision-making and reporting.

The current tools and systems for reporting on results vary significantly due the decentralized nature of the GCS. The following are examples of reporting tools and processes in place, including some associated challenges:

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44 Advantage Canada, 2006. http://www.fin.gc.ca/ec2006/pdf/plane.pdf. Retrieved 15 August, 2010, p. 66.

45 Advantage Canada, 2006. http://www.fin.gc.ca/ec2006/pdf/plane.pdf. Retrieved 15 August, 2010, p. 26.

- TRIO: Roll-out time is extensive leading to questions surrounding the quality of data. Additionally, TRIO was not developed as a performance measurement tool but has been adapted as such which may not be optimal for GCS purposes.
- PDC's role to facilitate the planning and performance measurement activities on the trade side of the Department has led to improvements in terms of the integrated planning templates and reduction in performance indicators over the years.
- GCS indicators and targets included in the TB Submission were deemed to be unrealistic by those consulted. There was not sufficient clarity on how these indicators and targets were originally set or what systems were to be used to measure them.
- For some GCS elements, clear measurement systems, objectives, indicators and targets were not set.

Finding 14: The Integrative Trade Model is aligned and supportive of the achievement of GCS objectives while increasing corporate efficiencies.

The Integrative Trade Model (ITM) was introduced shortly after the approval of the GCS. Its objectives were to improve the integrated service delivery to clients while increasing each TC's ability to understand and provide a wide range of commercial services. It led to a shift in the operational approach which in turn had an impact on the delivery of GCS.

The theory underlying the ITM remains sound and is similar to the approach taken by other Trade/Commercial Ministries/Departments. However, the approach may need to be further analyzed and clarified in terms of practical application. Some informants expressed concerns that the ITM may over-generalize expertise and that current levels of expertise may need to be improved in terms of more effective communications with clients. The rotational nature of many TC positions further complicates the accumulation of expertise in areas such as negotiation skills for market access and trade policy. If such expertise is not available within the Department, hiring externally, rather than constantly training new staff appears to be a preferred and easier option. Additional points raised, in terms of building internal expertise and the ITM, are as follows:

- Improvement of sector and business knowledge is needed to increase the effectiveness, confidence and frequency of outcalls across the TCS.
- A better understanding of client expectations and related training and development of standard guidelines.
- Building investment expertise through practical field experience in investment promotion.

The value-added of the ITM model is already evident in the sharing of information (particularly through the use of the Department's new media resources), in breaking down of traditional silos, and in the integration of annual planning and cross-training of employees. Enhanced efficiencies are seen at Missions, HQ and Regional offices.

Finding 15: Given the multiple GCS components and responsibility centers, a matrix management structure emerged, to varying degrees of success, for the implementation of GCS cross-functional activities. This has, in some areas, created challenges in assuring that GCS commitments are being met efficiently.

Trade Commissioners support the mandate of the TCS and the priorities of ROs and Missions. Informant interviews revealed that some TCs occupying GCS positions abroad or in ROs fulfill general TCS responsibilities as management and direction remains with the RO or Post. The challenge noted was that even when HQ direction is provided with targets and activities, HQ has limited ability to follow-up on a day-to-day basis to ensure that the directions are followed and commitments fulfilled. Examples of GCS-related areas presenting this challenge included GVCs, Investment, Trade Policy and S&T.

In these areas, annual plans are coordinated between missions and the lead responsibility centers/bureaus at HQ. However, once the planning is completed, no regular reporting to HQ is required on progress made toward the targets. Reporting on initial targets set in annual plans typically takes place at the end of the fiscal year which presents a challenge for improvement of results, engagement on emerging risk mitigation.

In addition to overall results management, some resource management challenges were noted due to overlaps in management responsibilities. For example:

- RO and GVC positions in Vancouver and Toronto have been double counted.
- Tracking the allocation of the NAPP $20 million has been a challenge.
- For Investment, GCS allocated 10 FTEs in FY 2008/9. BID reporting indicates that currently only 8 FTEs have been filled (August 2011).
- A GCS position in UAE was created outside of the GCS plan without documented justification.
- Some GCS positions allocated abroad could not be filled due to space limitations (Colombia, Rio de Janeiro).
- A GCS position envisaged for Brasilia was not been allocated. Both the Embassy and the Geographic Bureau were unaware of this position. Multiple requests from

the Embassy on the status of the position resulted in the position being requested through the SR-400 process.

- Positions in Brasilia, Brazil; Santiago, Chile; and Bogota, Colombia planned for FY 2009/10 have not yet been filled.
- There is a split of GCS resources between the Geographics and the International Platform Branch that is not well defined.
- The financial structure is quite decentralized with no clear central reporting mechanism for GCS or for trade overall.
- In Trade Policy, positions were provided by GCS intending to increase capacity to facilitate the achievement of Pillar III goals: Revitalizing Trade Negotiation Efforts. However, departmental reduction exercises removed trade policy positions resulting in a net loss in the overall complement.

Recognizing the incremental A-base reality of the GCS contribution, some key resource tracking challenges were identified by the evaluation. Financial and human resource data tracking was difficult for most GCS responsibility centers (those provided with direct fiscal resources as allocated by the GCS TB Submission). It appeared that the responsibility centers did not have sufficient understanding of whether GCS resources were to be managed separately or as part of their broader A-base financial and resource tracking systems. The following examples demonstrate some of these challenges:

- Some missions were unaware or uncertain of the GCS positions allocated to them. The position in Colombia, for example, has not yet been filled. Some positions were not staffed due to the lack of office space, which also indicates the lack of sufficient up-front planning for the GCS resource allocation. Challenges in terms of resource planning were identified with the CCC offices in China, The administrative and financial challenges associated with these positions were indicative of the need for better planning prior to full scale implementation.
- Confusion was apparent over the status of the NAPP (as an extension of ERI) funded positions in terms of their permanency. There were diverse views among those interviewed. Some had the impression that the funding was permanent and did not depend on a renewal of GCS funds. Others were concerned that, as with ERI, NAPP funding could sunset.
- The evaluation made BRSLA aware of a GCS position that was to be allocated for trade policy. The mission communicated with multiple responsibility centers at HQ requesting the position. The problem was eventually resolved by the position being filled through SR-400. There appeared that no centre had been designated to ensure that GCS positions are filled on time and according to the plan laid out in the TB Submission.

- Many interviewees at the executive level were not aware of the details of the HR & Financial Resources allocated to them under the GCS. Some indicated that these were all part of the Bureaus's Reference levels, or the funds had already been incorporated in the Bureau's resources when they assumed the position; therefore they were unaware of the details.
- With regard to the opening of new offices, there was not sufficient information about the type of offices to be created (in addition to a lack of communication on the issue for all involved). In one case, an office was opened in a location not originally envisaged (e.g., Recife).

In terms of GCS resource contributions to programs and activities, few solid tracking mechanisms exist. No clear tagging of GCS resources and activities was evident apart from the positions in Trade Policy (TFM). Tracking and reporting of financial and human resources appeared inconsistent, decentralized and without clear guidelines, accountabilities and synthesis.

Managers and employees held different opinions about the status of GCS in-terms of fenced resources. Some believed that the resources were fenced, i.e., protected from departmental reduction exercises and hiring freezes, while others viewed GCS as an incremental A-base fund contribution. These differing views were indicative of the lack of understanding to what the status of GCS funding means in practical terms for management accountability and tracking of resources.

Finding 16: GCS aimed, through its policy framework and its resource distribution, to enhance Canada's competitiveness and overall economic growth by focussing on some key high return and emerging markets. These markets included North America, Asia (particularly China and India) and Latin America. There was a mixed level of understanding across the Department in terms of the definition and application of 'GCS priority markets,' which was further hampered by the uncertainty of how GCS priority markets aligned with Departmental priority markets.

GCS focused on priority markets from a broad policy perspective and the TB Submission identified the markets for which resources were to be allocated (FTEs, New Offices, etc.) The majority of interviewees indicated that there was confusion regarding priority markets and that a better alignment was needed.

As listed on Horizons and published by BPI in its development market plans, Canada's 13 priority markets are the following: ASEAN, Australia and New Zealand, Brazil, China, Europe, GCC, India, Japan, Latin American and the Caribbean, Mexico, Russia, South Korea and the United States.

The following countries were identified in the GCS TB Submission to receive resources under Pillars I & II: North America, China, Brazil, India, Mongolia, Panama, Chile, and Colombia. Seven new offices were opened in the following locations: India in the cities of Ahmedabad, Bangalore, Hyderabad and Kolkata, one new office was opened in Ulaanbaatar, Mongolia and two new offices in Brazil in the cities of Porto Alegre and Recife. Additionally, six CCC offices were opened in China (Chengdu, Nanjing, Shenyang, Shenzhen, Wuhan, and Qingdao). Other countries were targeted for Trade Policy and Negotiations beyond the resources investments, in order to advance the FTA/FIPA agenda.

In terms of priority market identification, the Report of Plans and Priorities (RPP) and the Departmental Planning Report (DPR) set out the priorities, plans and results achieved by the Department. The evaluation noted some inconsistencies with regard to market priority messaging over time in these reports, such as:

- In the FY 2006/7 RPP, Russia is mentioned as part of the ‘core group of priority markets’ (p. 152) though prior to GCS implementation, it was unclear whether this priority would continue into the future.
- The FY 2010/11 RPP mentions 21 priority markets for Investment and puts a new emphasis on Investment in Africa (not consistent with the 13 priority markets of the GCS).

Most staff surveyed as part of the evaluation felt that the GCS was generally targeting the right markets, with a significant proportion of Senior Staff (80%) and Trade Commissioners (75%) indicating that the GCS targeted the right markets (at least to some extent). Only a small proportion of staff (7% of Senior Staff and 6% of Trade Commissioners) did not feel that the correct markets were being targeted.

It should be noted that there were considerable disparities between the two groups in terms of the proportion of respondents who could not comment on the issue (Senior Staff 3% and Trade Commissioners 30%). Russia is notably absent from the BRIC countries as an emerging GCS priority; however, some interviewees believed that Russia, as a BRIC member, should be a country of priority focus.

When asked how the current GCS priority markets could be adjusted to better serve Canadian clients and GoC’s economic priorities, 100 Senior Staff out of 300 responded with comments. Of those responding, 17% indicated that Africa should not be neglected, and that it should be more targeted, 14% thought that other markets offered better opportunities and 13% pointed out that Europe should be more targeted. Thirteen percent (13%) of respondents felt that some GCS-targeted countries should be given less importance.

When asked about how the current GCS priority markets should be adjusted, 221 (63%) Trade Commissioners responded with comments. Twenty two percent (22%) of the comments suggested that the European Union should be targeted by the GCS. 20% of respondents also stated that Asia was important to target.

Performance Issue 6: Governance

Finding 17: **There has been an increased high-level strategic oversight and decision-making related to GCS and the Department's broader commercial-economic objectives through improvements set forth by a strengthened International Commerce Coordination Board (ICCB) mandate and Standard Operating Procedures as of October 2010. Many of the activities originally identified in the GCS were in fact more horizontal, mutually interdependent and cross-cutting than originally envisaged.**

GCS contributed in vision and in resources to a wide range of the Department's responsibility centers and contributed directly and indirectly to the overall mandate of the Department. Through the course of the evaluation it became clear that many of the activities identified in the GCS planning documents were in fact more horizontal and cross-cutting than originally described. Examples include: Investment, Global Value Chains, S&T, Regional Offices, CDIA and Performance Measurement. The evaluation also found that many existing and new initiatives on the trade side of the Department are complementary and contributing to GCS results. Such initiatives include: the Integrative Trade Model (ITM), the Sector Practices, the Global Commerce Support Program, DFAIT Inc., ISTPP and the Asia Pacific Gateway.

GCS results contribute to broader departmental results and, similarly, the broader departmental results contribute to GCS result attainment. This breadth of activity and impact create a complexity for results tracking particularly in terms of a centralized go-to responsibility for overall results and progress.

The evaluation began with constructing a logic model (Figure 17) to illustrate the activity pillars and activity elements of GCS. After further analysis during the evaluation, the following revised logic model representation (Figure 18) was created to better illustrate the horizontal nature and complexity of the GCS implementation. In this graphic presentation, although not comprehensive, reflects the contributions of the Integrative Trade Model and the sector approach to the delivery of GCS results.

Figure 17: Global Commerce Strategy - Activity Structure as described in the GCS Planning Document

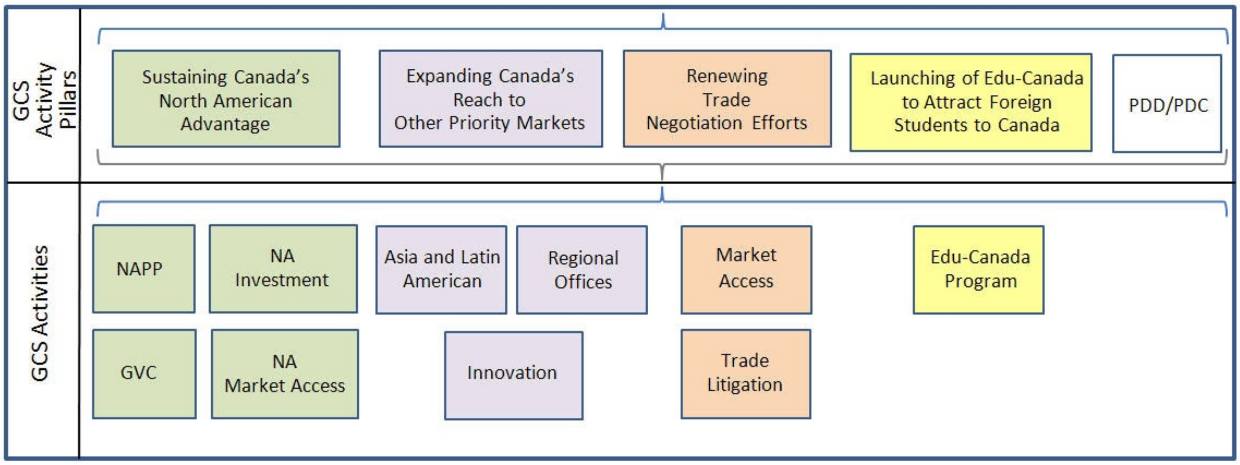
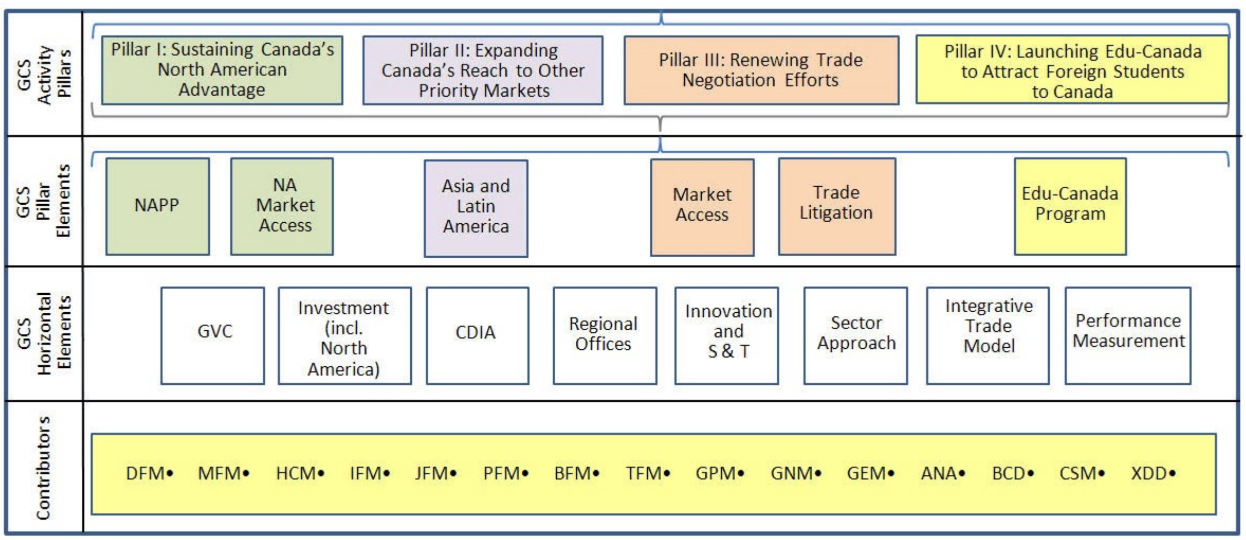


Figure 18: Revised GCS Activity Structure following Evaluation Review



In terms of its three core objectives, GCS activities were widely distributed in terms of responsibility centers across the Department, posing management challenges to ensure strategic alignment and results roll-up toward higher objectives.

During the period of review and the first years of GCS roll-out, the ICCB did not appear to function as an oversight and decision-making body for GCS. However, in October 2010 the ICCB revised its mandate, standard operating procedures and its composition (to include the ADM of TFM and the geographic DGs). A high-level oversight mechanism is now confidently in place.

The mandate of the ICCB has remained consistent over the years of GCS implementation and continues to follow the ICCB's New Standard Operating Procedures (October 2010):

- *To review and consider strategic and operational issues pertaining to the deployment of DFAIT's international commerce mandate.*

The original ICCB Roles & Responsibilities (prior to October 2010) outlined the following:[46]

- *To assign priorities regarding the implementation of the Global Commerce Strategy (GCS) and the Integrative Trade model.*

These changed only slightly in the New Operating Procedures of the ICCB which note under "ICCB Roles", as being:

- *To assign international commerce priorities through the implementation of the Global Commerce Strategy (GCS), the Integrative Trade Model (ITM) and other initiatives.*

The original ICCB Mandate (prior to October 2010) included two Co-Chairs at the ADM level representing BFM and the Chief Trade Commissioner, as well as DG level representatives from BFM, TFM and the Geographics. The New Standard Operating Procedures of the ICCB (as of October 2010) indicate a new governance structure which includes three Co-Chairs representing BFM, TFM and the Chief Trade Commissioner and further introduced a no-substitute policy as well as a stronger focus on strategic issues.

In terms of the oversight of the GCS as a departmental strategy, clearer definitions of what the Strategy is to the Department are needed to enhance broad-based understanding. The opinion shared by some interviewees was that if GCS is seen only as an A-base contribution to the Department's existing efforts, additional mechanisms need to be developed beyond those that already exist to manage the trade/commerce activities of the Department.

A vast majority of DFAIT's international trade and commercial activities are touched directly and indirectly by the GCS. Theoretically, with direct ties to Advantage Canada, GCS should be represented as a guiding framework for all of DFAIT's international

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[46] ICCB TORs for the ICCB (date 23/06/2010) provided to ZIE by BFM.

trade and commercial activities. However, in reality, not all responsibility centers identify themselves with a GCS focus. Some informants indicated that there was no GCS funding given and therefore there are no ties to GCS. In other cases, the evaluation team was asked why they were not looking at certain unfunded activities as they were viewed to be supporting GCS objectives.

These interpretations have resulted in challenges with attribution of results and results tracking. The lack of a central strategic focal point for the GCS prior to the enhanced role of the ICCB in October 2010, made it difficult to monitor the overall strategy, communicate progress, maximize leveraging opportunities and, identify areas for improvement.

Finding 18: There appears to be a strengthened sense of GCS accountability as part of the overall commercial objectives of the department. Although GCS objectives are reflected in most PMAs, there is no roll-up report of PMAs reflecting the achievement of GCS specific results.

There was a 40.4% increase in GCS related Branch PMA Responsibilities from 2009/10 to the current FY 2010-11 year (from 84 to 118) respectively. This demonstrates a strong recognition of the breadth of shared responsibility for the achievement and attainment of GCS objectives. It further identifies a potential challenge to coordinate strategically and in decision-making among such a high number of branches, bureaus and divisions.

PMAs are the core means through which ADMs and DGs monitor GCS objectives; however there has been no effort to roll-up PMA objectives at the highest level across ADMs. No roll-up of PMA objectives and reporting on results was identified beyond the PMA chart developed by PDC.

9.0 GCS COMPONENTS

In the original GCS documentation, a number of specific activity areas were outlined for which GCS A-Base contributions were allocated together with specific objectives and result targets. The following sections provide a snapshot of how GCS resources were allocated and what results have been achieved. primarily through these resources. However, attribution to the GCS contribution alone was not possible in most cases due to its incremental nature to the whole of existing trade/commercial activities, structures, systems and networks.

In reviewing the sections that follow, it should be noted that it was beyond the scope of the evaluation to highlight all the commercial-economic results achieved by the Department as a whole, despite the patent contribution of the additional GCS resources to these large-scale efforts. Therefore, the results achieved and value-added of the Strategy must be considered within this context.

A. North American Platform Program (NAPP)

The North American Platform Program contributed to the GCS objective of “Sustaining our North American Advantage”. It replaced the sun-set funding of the Enhanced Representation Initiative (ERI).

In the 2002 Speech from the Throne, the Government of Canada (GoC) indicated its commitment to "increase its consular presence to expand fair and secure trade and commerce and to brand Canada in the United States". This resulted in the development of the Enhanced Representation Initiative (ERI) which provided a total budget of $118.2 million over five years, beginning in the fiscal year 2003/04 and ending in 2007/08. The ERI was replaced with the North American Platform Program (NAPP). $30 million annual funding was provided by GCS to contribute to its objective of “Sustaining our North American Advantage.” The funding was allocated as follows:[47]

- $20 million for NAPP, to maintain Canada’s mission presence in the US;
- $4.4 million for Investment (Private Sector Champions & Investment Attraction);
- $4.6 million for North American Global Value Chains, and
- $1.0 million to enhance Market Access

47 As stated in the GCS TB Submission.

Finding 19: Over 58% of the total GCS funding resources provided were focused on Sustaining the North American Advantage. This appears well placed given the size of the US market and its importance to the Canadian economy which represents 79.3% of Canada's total global trade exports over the past five years.

The GCS provided $20 million annually to maintain Canada's mission presence in the U.S. Document reviews and economic analyses emphasise the importance of the United States to Canada's economic success cannot be under estimated. DFAIT's publication, *Canada's State of Trade 2010*, noted the following in terms of the importance of the U.S. market to Canada's economy:

- "The United States was the destination for 70.1 percent of Canadian exports of goods and services in 2009, yet was responsible for 82.0 percent of the decline in Canada's exports from 2008 to 2009."
- "Canada maintained a trade surplus with the United States of $19.1 billion. The United States is the only major trading partner with which Canada maintains a trade surplus."
- "Canadian exports have significantly diversified beyond the U.S. market since 2002, and this trend continued in 2009. In 2002, less than 20 percent of Canadian goods and services exports were destined for non-U.S. markets; by 2009 this share had increased to nearly 30 percent."
- "Canadian exports to the U.S. declined more rapidly than Canadian exports to non-U.S. markets in 2009 due largely to falling energy prices and the poor performance of the auto sector, and thus may also rebound more quickly as conditions improve. But longer-term, Canadian exports are expected to continue diversifying toward fast-growing emerging markets."

- Canada's State of Trade 2010. pp. 43-44.

The 2009 TCS Client Survey indicated that Clients still believe the United States is their key market but that clients are also looking to expand their reach to emerging markets as a means of seeking out future opportunities based on current and projected trends. From the perspective of the advancement of Global Value Chains, the GCS recognised that a strong US presence enhances Canada's knowledge of key sectors, businesses (particularly MNEs) and value chain links which better positions Canada and Canadian clients globally to take advantage of GVC opportunities across a multitude of sectors and partnerships.

In purely economic terms, the United States remains an economic powerhouse of vital economic importance to Canada across imports, exports and investment (inward and outward). Despite this reality, there is broad recognition both among Canadian businesses, TCS clients and economic watchdogs that emerging economies are growing and the impact of this growth on traditional economic relationships is not yet clear. Canadian businesses are starting to look to diversify to these emerging markets as opportunities arise, while retaining the long standing comfort, familiarity, security and economic return of the United States. The Department is closely monitoring these economic trends and, with its extensive international network of missions, is working to optimize relationships and capture windows of opportunity. The challenge identified by some interviewees relates to the availability of resources for proactive engagement activities and for large scale efforts to push Canada in specific markets of interest or for which specific opportunities for engagement arise. Another key challenge for the Department is to determine, in concrete terms, the extent, type, coverage and range of client service requirements to ensure a balance of resources in the United States vis-à-vis the rest of the world.

Finding 20: The U.S. remains the top import and export destination for Canada. However, Canada's competition for U.S. market share is increasing as China takes over as the United States' main importer in 2009 and 2010. Though Canada still remains on top in terms of U.S. exports, this area also demonstrates increasing diversification and competition.

The United States is ranked as Canada's number one import and export market, representing an average of 79.5% of Canada's total global exports over the past five years (2005-2009).[48] Figure 19 below illustrates the significance of the US market to Canada's global exports. There has been a downward trend in terms of market share in recent years highlighted in 2005 whereby the U.S. share of Canadian exports represented 83.82% of the global total while in 2009 this was reduced to 75.03% and to 74.9% in 2010. The impact of the recession appears in the 2009 data with a 25.6% decrease in Canada's Global Exports from 2008 to 2009 representing over $123.6 billion, which comprises a 28.1% reduction in U.S. exports and a 16.9% reduction in rest of world exports. This highlights that the highest impact for Canada was that between Canada-U.S. trade relations.

48 Industry Canada (Statistics Canada) Canadian Export Statistics.

Figure 19: Canada's Global Exports Compared to U.S. Share 2005-2010 (millions $)[49]

$CAD millions	2005	2006	2007	2008	2009	2010
Canada's Global Exports Total	$436,351	$440,365	$450,412	$483,579	$360,043	$399,433
United States (U.S.)	$365,741	$359,135	$355,610	$375,480	$270,126	$299,068
Global Minus US	$70,610	$81,230	$94,803	$108,100	$89,917	$100,364
% of US to Canada's Global Trade	83.82%	81.55%	78.95%	77.65%	75.03%	74.87%

With increasing competition in the U.S. from emerging market superpowers such as China, India and Brazil, Canada needs to continue to increase its efforts to retain and improve its market share in the United States. Prior to 2007, Canada has typically been the number one import partner of the United States. In 2007 U.S. imports from Canada and China were nearly on par with 16.4% and 16.2%[50] of the global import total respectively. However, in 2009 and 2010, China moved into the top spot with 19.0% exceeding Canada's 14.4%. This trend is projected to continue and is one that Canada will need to monitor going forward. Figure 20, below indicates the import trends of the U.S. between 2004 and 2010 with its top 10 trading partners together with Brazil and India.

49 Industry Canada and Statistics Canada. http://strategis.ic.gc.ca

50 www.globaltradestatistics.com (U.S. Import Trade Stats) retrieved, 16 November2010.

Figure 20: U.S. Trade Import Statistics 2004-2010

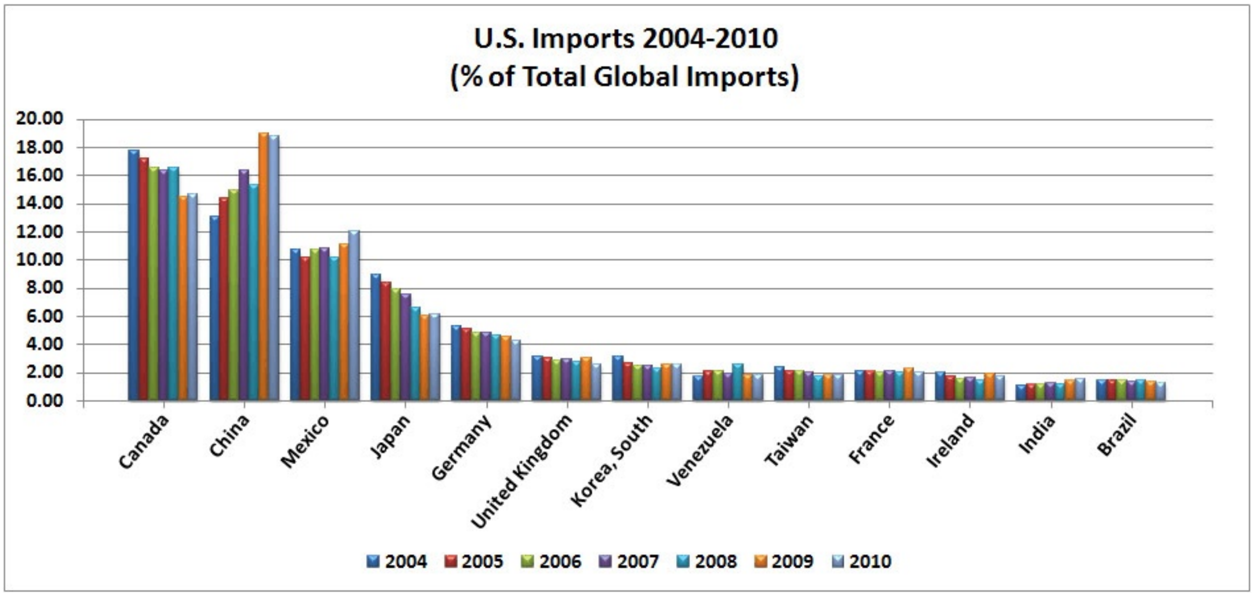

Figure 20 further indicates that though India and Brazil are viewed as emerging economies, they still have not entered into the top 10 of the U.S. market, though India appears to be growing its imports steadily while Brazil's progress being relatively even.

Understanding Canada's performance vis-à-vis its competitors in the U.S. is critical to ensuring long-term success and retaining its market share. As illustrated in Figure 21 below, beyond imports it is important to look to U.S. exports as well given Canada's traditional long-term ranking in the number one spot in terms of U.S. global exports which remains in 2010 at 19.4% over its nearest competitor Mexico at 12.8%.[51]

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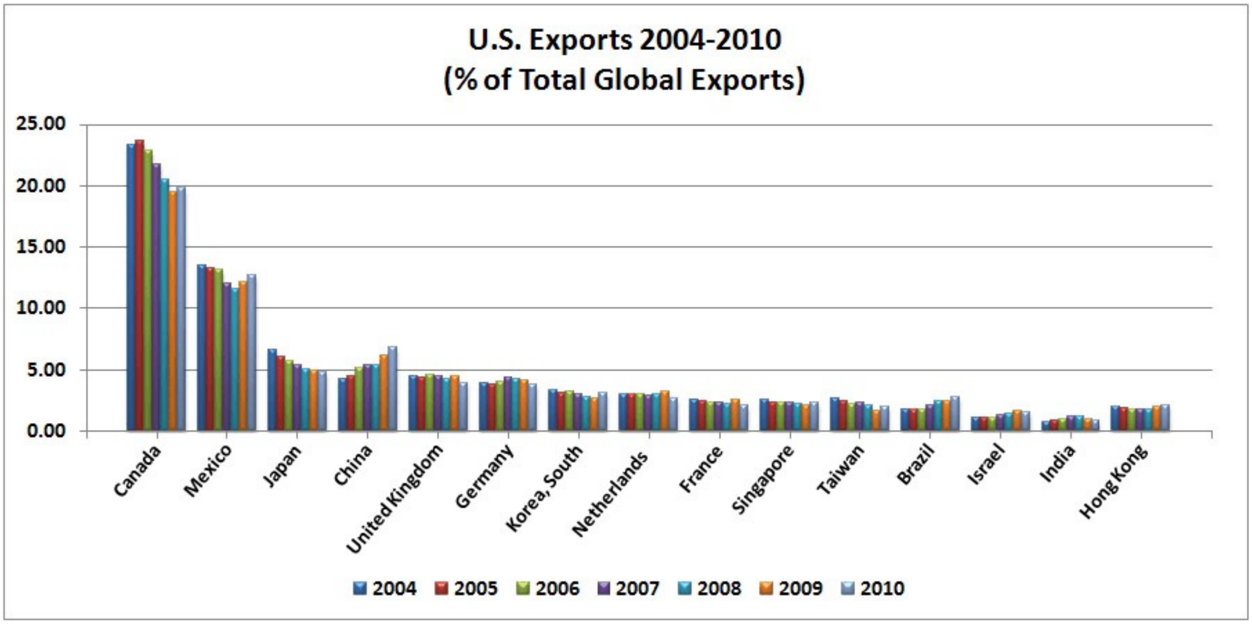
[51] www.globaltradestatistics.com (U.S. Export Trade Stats) retrieved, 16 November 2010.

Figure 21: U.S. Trade Export Statistics 2004-2010



Several key trends in U.S export data are highlighted as follows:

- Canada's share of U.S. global exports has trended downwards from 23. 2% in 2004 compared with 2010's 19.4%.
- Mexico remains in the number two position of U.S. exports though it has also experienced a downward trend though to a lesser extent than that of Canada.
- Japan, in the number three spot has experienced a steady downward share and was replaced by China in the number three spot in 2007 when China over took Japan with 5.61% compared to Japan's 5.39%. The gap grew further in 2009 with China's share climbing to 6.6%.
- Brazil jumped from 15th in 2004 to 8th in 2010.
- Hong Kong rose from 13th in 2004 to 12th in 2010.
- India has remained constant over that period at the 17th rank.

U.S. trade imports countries have remained relatively steady since 2004 in terms of country rankings; however, U.S. exports are experiencing dramatic shifts. Despite the trends showing that emerging economies are playing an increasingly important role in U.S. exports, they are still lagging in terms of U.S. imports. This is likely due to the increasing domestic demand in these bourgeoning economies.

Overall, the impression of both Posts and partners was that the economic/financial crisis in the U.S. did not have as much of an impact as many thought it would. Ongoing monitoring of the trends in U.S. trade data remains, however, important given the significance of the U.S. market for Canada's economy. Trends in the U.S. also underscore trends within the private sector to diversify business opportunities, partnerships and investment. With the increasing reality of Global Value and Supply Chains, these trends and up-to-date analysis can better position Canadian companies and TCS clients to take advantage of the opportunities in real time.

Finding 21: The Department has leveraged the efforts of Global Value Chains, Investment, S&T, Advocacy and OGD partnership toward the achievement of stated objectives under NAPP. NAPP funding is supporting mission staff and the OGD partnership in delivering on advocacy and IBD objectives in the United States, with 717 IBD projects and 425 Advocacy projects completed as of FY 2009/10.

U.S. Advocacy efforts have demonstrated the opportunity to link political advocacy efforts with international business development efforts. The model has proved successful, and necessary, in the United States.

ERI and NAPP were designed to promote Canada's long-term interests in the United States by linking advocacy and international business development efforts. Given the diverse nature of the U.S. political context, a broad presence across the U.S. was deemed necessary to advocate for trade cooperation and easing of trade barriers at a very local level. The opening of new offices under ERI aimed to strategically place departmental resources to achieve this objective. Furthermore, the partnership with OGDs has allowed additional Canadian expertise to be closer to advocacy efforts, strengthening the information and messaging going out. Political/trade advocacy efforts of ERI and NAPP are aimed at the following objectives:

- Making Canada a partner of choice for international business.
- Connecting Canadian business with expanding global opportunities.

Informant interviews confirmed that IBD efforts continue towards these objectives and are currently being measured more successfully through the NAPP performance measurement strategy.

ERI established seven new offices in the United States including a new Consulate General in Denver, upgrading the offices in Miami and San Francisco to Consulates General, and opening six smaller missions in Anchorage, Houston, Philadelphia, Phoenix-Tucson, Raleigh-Durham and San Diego. The objectives of this enhanced representation in the U.S. were focused on strengthening Canada's capacity to promote and sustain Canada's long-term interests with its first priority market. Additionally, in accordance with the GCS and through the efforts of staff in the mission network, NAPP aimed to:

- Continue its vital political, commercial and economic advocacy efforts to maintain market access and overcome obstacles in the US,
- Increase emphasis on attracting investment in key knowledge-intensive sectors, and
- Build more robust innovation links to the US to fuel Canadian research commercialization.

The GCS outlined some key results targeted to be achieved with the support of GCS funding as follows:

- Canadian performance as a location for FDI and S&T partnering has been improved. This will be demonstrated by: an increase in the stock of Canada's FDI from the US by 15% by 2011/12; an increase in US investor knowledge of Canada's S&T capabilities and advantages; and the number of Canadian companies active in the US market seeking to acquire technology or to commercialize technologies will be doubled.
- Canadian firms have enhanced access to US markets.
- More effective and targeted Government services have led to improved Canadian exports' performance in the US. This was to be demonstrated by the following:
    - An increase in the number of Canadian first-time exporters (SMEs) to the US by 20%;
    - An increase in the number of S&T relationships with US entities including acquisition of productivity-enhancing innovation, collaborative R&D, and commercialization ventures;
    - An increase in the level of service to Canadian direct investors to the US; an increase in the number of Canadian firms integrated into US-based supply chains;
    - A 20% increase in the number of partnerships between US venture capital firms supporting the advancement of Canadian technology.

Informant interviews confirmed that NAPP continues to work on these objectives. Reporting on results and tracking performance has been a challenge however, since the March 2010 approval of the NAPP performance measurement strategy, improvements in mechanisms and understanding have been observed. The following table highlights that 717 IBD projects have been completed as of FY 2009/10 with a total value of $6,739,849 from the Partnership. A 36% increase is observed in IBD projects from FY 2008/9 to FY 2009/10, though only a slight 9.3% increase in funding as illustrated in the table below:

Figure 22: Number and Value of NAPP IBD Projects[52]

	2008-09		2009-10	
Missions (US)	**# of Projects**	**$ Value**	**# of Projects**	**$ Value**
Anchorage				
Atlanta	20	$100,869	23	$84,938
Boston	7	$153,799	23	$118,348
Buffalo	8	$53,000	16	$60,080
Chicago	28	$148,064	25	$113,528
Dallas	6	$51,372	11	$46,780
Denver	10	$66,998	16	$82,146
Detroit	10	$109,836	17	$105,400
Houston	5	$53,652	4	$108,985
Los Angeles	31	$176,504	27	$181,738
Miami	5	$82,169	18	$90,300
Minneapolis	7	$76,536	11	$78,817
New York	13	$106,504	20	$141,825
Philadelphia	12	$58,533	19	$45,204
Phoenix	6	$47,335	12	$112,700
Raleigh-Durham	9	$28,362	11	$52,698
San Diego	6	$47,400	8	$60,355
San Francisco	6	$206,836	16	$114,000
Seattle	6	$43,998	21	$82,546
Washington	7	$102,445	17	$209,187
Sub-Total	**202**	**$1,714,212**	**315**	**$1,889,575**

Figure 23 below illustrates the NAPP partnership expenditures by OGD partners toward IBD project objectives:

52 Data provided by GWX, December 2010.

Figure 23: OGD Partner Contributions to NAPP IBD Projects[53]

	2008-09		2009-10	
Partners	**# of Projects**	**$ Value**	**# of Projects**	**$ Value**
AAFC	31	$331,766	29	$469,976
ACOA	17	$365,399	21	$245,760
CEDQ	15	$208,689	15	$150,012
NRC	6	$356,676	8	$381,370
WD	26	$309,477	32	$317,037
DFAIT (HQ)	0	$0	0	$0
Sub-Total	**95**	**$1,572,007**	**105**	**$1,564,155**
Total	**297**	**$3,286,219**	**420**	**$3,453,630**

In terms of NAPP Advocacy projects the tables below highlight that 425 advocacy projects have been completed as of FY 2009/10 with a total value of $ 4,726,609. A 4.2% increase in IBD projects was observed from FY 2008/9 to FY 2009/10 with a14% decrease in total advocacy project funding as illustrated in the table below:

53 Data provided by GWX, December 2010.

Figure 24: Number and Value of NAPP Advocacy Projects[54]

	2008-09		2009-10	
Missions (US)	**# of Projects**	**$ Value**	**# of Projects**	**$ Value**
Anchorage	7	$64,964	11	$61,430
Atlanta	9	$102,742	9	$48,637
Boston	5	$20,886	6	$41,136
Buffalo	9	$50,499	14	$38,858
Chicago	17	$86,823	11	$80,010
Dallas	18	$154,815	14	$103,639
Denver	23	$176,716	14	$101,835
Detroit	13	$116,705	10	$163,819
Houston				
Los Angeles	11	$73,210	6	$23,020
Miami	5	$45,767	4	$27,356
Minneapolis	26	$145,115	21	$106,413
New York	18	$128,692	18	$62,338
Philadelphia	3	$3,956	3	$5,476
Phoenix				
Raleigh-Durham				
San Diego				
San Francisco	11	$89,331	23	$48,279
Seattle	25	$424,134	13	$73,192
Washington	13	$270,381	30	$990,500
Sub-Total	**213**	**$1,954,736**	**207**	**$1,975,938**

An assessment of the impact of these NAPP projects was viewed by the program to be too early to identify at this stage though efforts are ongoing to collect and review data toward outcomes.

[54] Data provided by GWX, December 2010.

Finding 22: The ability to engage in NAPP partnership projects is viewed as a positive value-added by both DFAIT and the OGD stakeholders, particularly in terms of the additional resources the partnership affords for these initiatives.

The NAPP Partnership model has demonstrated the ability of OGDs to pool resources to enhance leverage toward outcomes. Total NAPP Partnership contributions from FY 2008/9 to FY 2010/11 are as follows (as provided by GWX):

Other Government Department	Annual Partner Contribution	3 year Contributions to date (FY 2008/9-FY 2010/11)
AAFC	$1,000,000	$3,000,000
ACOA	$750,000	$2,250,000
CEDQ*,**	$750,000	$2,250,000
DFAIT	$4,000,000	$12,000,000
NRC	$500,000	$1,500,000
WD	$750,000	$2,250,000
Total	$7,750,000	$23,250,000

* provided $700,000 in 2008-09 and $800,000 in 2009-10

** on the assumption that $750,000 was transferred through Supps "B" (there was positive indication from SWP)

According to interviewees, the ability to leverage funding across organizations was important in terms of the ability to achieve results in specific U.S. markets while maximizing available funding. U.S. missions and OGD partners have been very effective in using small NAPP seed funding to leverage funds from other groups outside the partnership including the private sector.

The access to the partners and their networks was also repeatedly cited as a clear advantage of the approach. The broadening of the network has allowed a leveraging of contacts and approaches across agencies and a better coordination among the agencies within specific markets. There has also been better information sharing among the partners and DFAIT in areas such as sector practices, competitive intelligence and contacts.

The GCS NAPP funding has also allowed the testing of some innovative pilots that would have otherwise not been possible. An example is the use of NAPP funding by the mission in San Francisco to start a number of innovative processes. One example is the C-100 which brings together Canadians in the Silicon Valley to give back to Canada by mentoring Canadian ICT companies, participating and sponsoring events in the Valley. Canadian companies are also leveraging funding to support these efforts. NAPP seed money was used to establish a Canadian Technology Accelerator in an existing incubator in Silicon Valley where promising Canadian companies could visit for three months and make contacts with other firms and venture capitalists. Working in conjunction with NRC, 34 Canadian companies have now participated and the effort is scaling up even further.

Though many NAPP funded projects have advanced results in specific areas, there does not appear to be a strategic orientation of themes which is most relevant to the advocacy projects. Proposals are written by OGDs and DFAIT to receive NAPP funding for specific initiatives, though the quality and depth of these proposals vary. Stronger proposal guidelines with consideration for strategic themes linked to current priorities of the GoC in North America would help ensure alignment of objectives and outcomes of these funded projects.

Finding 23: GCS has contributed $20 million to DFAIT's reference levels, to support of the North American Platform Program. However, the precise division of GCS resources in support of the North American Advantage between the Geographic and International Platform Branch (ACM) is unclear.

The $20 million annual contribution of GCS to the North America Bureau to support the NAPP infrastructure remains in use as described in the original GCS documents. In addition to the GCS NAPP resources, there was an indication that GCS would support the North American Advantage through $4.4 million in support of North American investment activities, $4.6 million in support of GVC activities and $1 million in support of U.S. market access activities. GCS investments crossed Branch and Bureau lines and were not solely allocated to or managed by the North America Bureau. This factor may have limited the ability to focus the GCS resources on North American activities alone. Funds managed by GNM, GND, GGD and GWX have decreased by 61.9% in FY 2010/11 over FY 2007/8. This was largely due to the shift of resources to the International Platform Branch, though the precise division was difficult to track. Efforts to track these resources revealed that changes in priorities and areas of focus might have shifted some of the GCS resources from North America to other geographic and HQ areas. This was particularly clear in the case of GVCs, where an official amendment from TBS was sought to place more GVC officers abroad to support efforts with U.S. owned MNEs in key markets such as Brazil, China and Singapore. Given that GCS is an A-base contribution, according to TBS, shifts in resource utilization are permitted as long as the resources are contributing to the overarching GCS objectives.

In terms of the 92.5 FTEs to be covered by the GCS NAPP resources, attempts were made to identify GCS positions versus non-GCS positions. This process was, however, complicated due to two key factors 1) the history of ERI and its link to NAPP and, 2) the split of resources with the International Platform Branch (ACM). A list of FTEs in the US was attempted by GWX and subsequently developed by the Mission in Washington. It was beyond the scope of this evaluation, however, to conduct a more detailed audit of the GCS resource allocations, reallocations and possible budget cuts to the Branch.

Finding 24: The GCS indicated that other departments would be targeted to join the NAPP partnership. Though several OGDs were approached as part of this effort, no new members emerged and one former member (IC) withdrew. The current partnership model with set financial and time commitments has provided a level of financial stability and predictability to enable the Department to plan its Advocacy and IBD activities.

A key element of the ERI and the current NAPP was the partnership with OGDs for activities in the United States. The Funding Request section of the GCS NAPP component states that "DFAIT will provide $5.9 million from Reference Levels and commit to forming a new, expanded, partnership and securing related contributions for program funding/governance with the objective of furthering Canada's whole-of-government approach in the U.S." Beyond indicating possible OGDs to be approached to expand the former ERI partnership under NAPP, the TB Submission provides little guidance on the vision for a whole-of-government approach to be taken in the United States.

As the intention was for NAPP to replace the ERI, the original membership of that initiative formed the baseline membership of the NAPP. Evidence indicates that other departments, which were either part of the TB Economic Portfolio, or had a significant interest in the region, were targeted as well. However, most potential partners were not willing to commit the required/requested funding for the Partnership. Departments and agencies that were negotiating the formation of the NAPP partnership made a decision that fixed contributions and a five–year commitment were the terms of joining the partnership.

The table below illustrates how the partnership framework has changed since ERI to the present NAPP structure:

Original ERI Partners	GCS Targeted OGDs beyond ERI partnership	NAPP Present Day (June 2011)
Atlantic Canada Opportunities Agency (ACOA)	Natural Resources Canada (NRCan)	Western Economic Diversification Canada (WD)
Agriculture and Agri-Food Canada (AAFC)	Department of National Defence (DND)	National Research Council Canada (NRC)
Canada Economic Development for Quebec Regions (CED)	Canadian Heritage (PCH)	Atlantic Canada Opportunities Agency (ACOA)
Industry Canada (IC)	Public Safety and Emergency Preparedness Canada (PSEPC)	Agriculture & Agri-Food Canada (AAFC)
National Research Council Canada (NRC)	Environment Canada (EC)	Canada Economic Development for Quebec Regions (CEDQ)
Western Economic Diversification Canada (WD)		
6 OGD Partners (Under ERI)	**5 OGD Partners planned to be approached**	**5 OGD Partners**

At the time of the NAPP partnership formation, from August 2007 to 2008, when the NAPP Governance Framework Agreement was signed, four additional OGDs had been approached: NRCan, Environment Canada, Canadian Heritage, National Defence and Industry Canada (IC). As part of this engagement effort, letters of invitation to join the new Partnership were sent to Deputy Ministers of all target organizations jointly from USS and DMT in December 2007. NRCan, Canadian Heritage and Environment declined but efforts continued with IC and DND. IC and DND continued to participate in DG-level meetings at which the NAPP Partnership was being discussed and were invited to sign the Governance Framework Agreement; however they did not commit to be partners. There was no evidence of PSEPC being approached, and Industry Canada is no longer a member (justifications for the withdrawal of IC related to internal reorganization of that Department).

Participating OGDs have indicated that they have gained a deeper understanding of how DFAIT works to advance Canada’s economic agenda abroad and have expressed appreciation for the extended access offered by the partnership. The NAPP Temporary Duty assignments in the US have been used by a number of partners including AAFC, ACOA, and WD. The general response to these opportunities has been positive. Interviews with both missions and partner organizations pointed to a number of benefits from the assignments which aligned with broader government priorities. Examples include:

- Departments sending officers on temporary assignment saw the benefits once the person returned. They had a better understanding of the markets, the operations of Missions/Posts, and the potential for future activities in the Region. In some cases, the focus of the assignment was on market access issues and this provided greater insights in terms of how advocacy work needs to be approached and made more effective.

- DFAIT missions receiving the temporary duty officers from OGDs indicated that they had gained a better understanding of the operations of partner departments and were better able to identify methods for working more closely together on issues in the future.

Though both DFAIT and the current NAPP partners have identified key benefits from the partnership, more consideration on how to broaden the Partnership and make it more inclusive of OGDs with interests and activities in the United States may be needed. There is a vast number of OGDs and RDAs with policy and programming priorities relevant to the North American Advantage. Consideration may be needed to assess broader OGD/RDA interests as well as strategies for DFAIT to better manage a larger partnership in terms of governance, strategic initiative alignment, reporting, regular communications and membership conditions, including resource and time commitments.

During GCS evaluation interviews with OGDs, interest was expressed in the NAPP model of partnership and engagement not only with the U.S., but also with other global regions. OGDs feedback pointed to the need for a more flexible membership structure to enhance whole-of-government engagement.

Finding 25: DFAIT faced some initial challenges related to their Performance Measurement Strategy, which resulted in TBS freezing the contributions of OGDs to the Partnership. However, much effort was invested in the development of a new Performance Measurement Strategy that was submitted in March, 2010 and approved by TBS, resulting in the release of previously frozen funds.

During the course of the evaluation, the NAPP Secretariat advanced a new NAPP Performance Measurement Strategy in accordance with a TBS requirement to unfreeze partnership funds. This Performance Measurement Strategy set a foundation for the North America Branch to establish clearer baselines, indicators and measurement systems. At the time of writing of this evaluation report, the roll-out of this performance measurement strategy had begun and a decision was made that it would be further evaluated in the summative evaluation of the GCS (FY 2012/13) and the NAPP Partnership evaluation scheduled for FY 2011/12.

The new NAPP Performance Measurement Strategy outlines the methods for tracking NAPP. A review of some of the information being tracked indicated that challenges might be faced in the short-term due to the limited systems and analytical procedures to ensure that reliable and timely information is made available to senior management for real-time decision making. Some informants expressed concerns with the amount of indicators presented in the Performance Measurement Strategy which may impede their effective tracking given the limited resources allocated to the reporting function. Many informants at missions indicated that the reporting burden and numerous data templates requested from HQ, ROs and other Missions had an impact on the time available for proactive efforts.

In terms of available tracking systems, the degree to which TRIO is used varies across Posts in the U.S., making the comparisons on a Post-by-Post basis challenging. Noted difficulties with inconsistent reporting and data variations were attributed to a wide range of factors, such as data entry inconsistencies, staff turnover, lack of clear indicator definitions, and access to Signet. Additional challenges were related to the fact that the categories for recording results, such as number of leads or outcalls did not capture the dimensions of some of the new areas, such as GVCs. Few activities were coded directly to GVC work, even though they might have involved building relationships with firms to better assess the GVC opportunities of a company.

Efforts to improve TRIO indicators and entry systems are improving through the efforts of PDC and their consultations with departmental stakeholders. These improvements are likely to be positive for the future in terms of tracking performance. The ability to use historical data will be limited, however, in the short-term until standard baseline data collection is established with the intent of regular and time-series analysis on key indicators and thematic issues of priority.

B. Investment

Beyond the investment promotion activities addressed in NAPP, the GCS focused resources in support of the “Private Sector Investor Champion Initiative.” This initiative was described in support of the PAA sub-sub-activity “International Investment Programs.” Investment continues to be supported by the GoC as a means of encouraging economic prosperity, as demonstrated in the 2010 Speech from the Throne:

> *Our Government will open Canada’s doors further to venture capital and to foreign investment in key sectors, including the satellite and telecommunications industries, giving Canadian firms access to the funds and expertise they need. While safeguarding Canada’s national security, our Government will ensure that unnecessary regulation does not inhibit the growth of Canada’s uranium mining industry by unduly restricting foreign investment. It will also expand investment promotion in key markets.*

- 2010 Speech from the Throne, p. 8.

The Investment initiative aimed “to recruit and support successful business executives from Canada to deliver sector specific messages to corporate decision-makers abroad” and further to “undertake a number of complementary investment attraction efforts to help convert the increased interest of international investors, particularly those in North America, into realized investment in Canada.”[55] The main target groups identified in the GCS were international investors (focused on North America), Canadian businesses and Canadian municipalities.

Planned investment activities focused on the Private Sector Investor Champions Initiative, and in particular on:

- The orientation and equipping of investment champions prior to their assignments.
- The identification and scheduling of speaking opportunities and presentations at major international business events and at sector-specific events focussing on North American business opportunities.
- The evaluation of the presentations’ effectiveness in generating interest in Canadian investment locations.
- Communications with posts and regional offices to ensure the Champions are integrated into country and regional plans to attract and expand FDI in Canada.
- Performance measurement activities and reporting to refine the effectiveness of the Initiative.

Finding 26: Significant investment results have been achieved that can partially or entirely be attributed to GCS.

The following Investment related initiatives and results have been demonstrated during the period of GCS implementation and with the support of GCS resource contributions to the Investment Bureau:

- Establishment of the Private Sector Investor Champions Initiative.
- Development of investment attraction tools to improve the information available to TCs and Champions.
- Direct engagement of target investors in key markets.
- Enhanced investment attraction through incoming Investment Missions in partnership with S&T and Innovation and Regional Offices.
- Direct engagement of International Investors at Signature Events.

[55] GCS GCS planning document, 2006. Annex B – Investment, p. 45.

Finding 27: In recent years the Government of Canada has taken measures to introduce changes to Canada's FDI regulatory framework in an effort to make the investment climate more open, competitive and conducive to attracting foreign investment.

A number of key regulatory changes to the Investment Canada Act and regime were announced as part of Bill C-10 in March 2009, in support of the investment agenda, including the following:[56]

- Thresholds for review of direct acquisitions were raised – only largest investments will be reviewable (pending GIC approval).
- Limits on foreign ownership in Canadian airlines were raised from 25% to 49% (pending GIC approval).
- Lower thresholds for review of takeovers in sensitive sectors were eliminated, except for cultural industries.
- Review of the rules pertaining to foreign ownership of uranium under the Non-Resident Ownership Policy.
- Introduced greater certainty and predictability for investors by improving transparency of review process.
- Introduced a process to review all investments for national security reasons - all other G7 countries already had such a process in place.
- Restrictions on foreign ownership and operations in satellites in Canada were lifted in July 2010.
- Government released a Consultation Paper in June 2010, signalling a strong desire to move towards a less restrictive approach to foreign investment in the telecommunication sector. Government consultations are continuing.

[56] Data provided by the Investment Bureau (BID), September, 2010.

Finding 28: The Canadian investment climate, both inward and outward, has continued to improve over the past twenty years despite a slight slip in CDIA in 2009 and 2010 likely due to the impact of the recession. Since 2005, inward FDI into Canada increased by 36% by 2008, while CDIA increased similarly by 42% in the same period.

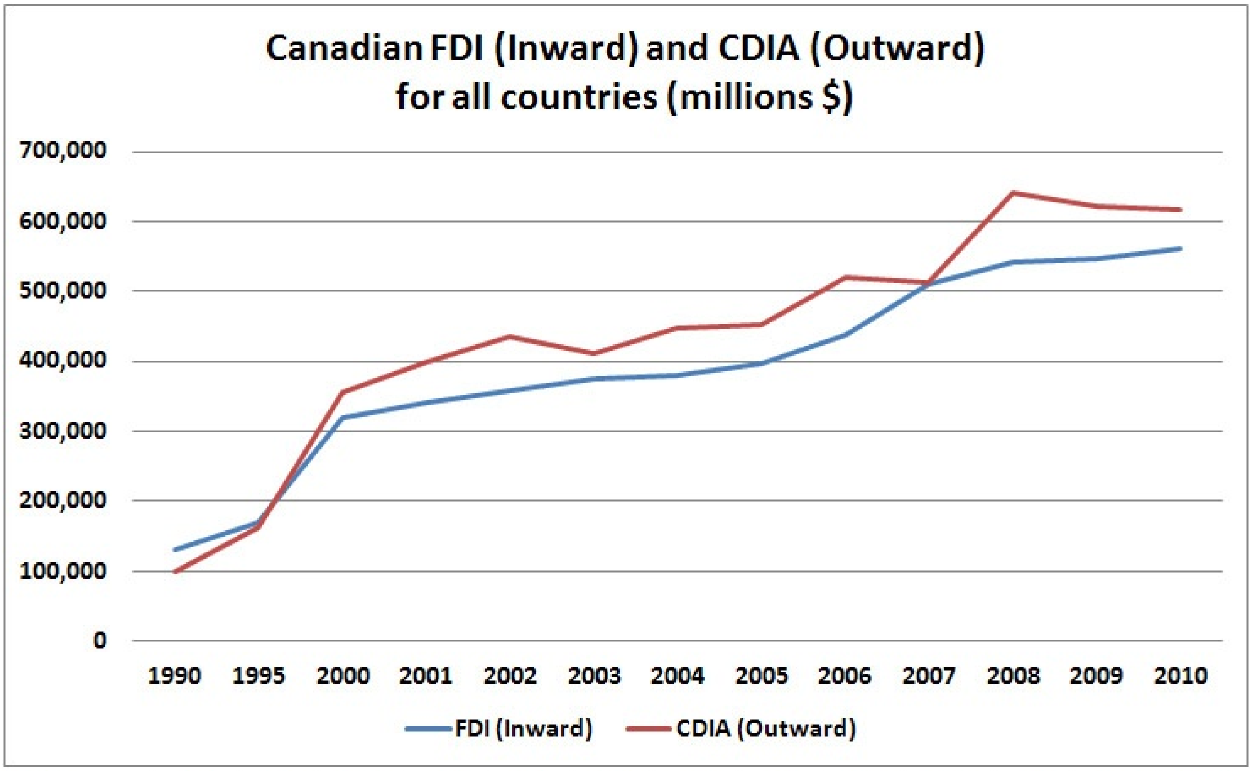
Canadian FDI has seen a steady increase over the past twenty years, with Canadian Direct Investment Abroad (CDIA) following a similar upward trend, often exceeding FDI rates. The following trends can be noted for Canadian global FDI and CDIA respectively:

Figure 26: Canadian Global FDI and CDIA Trends

	FDI	CDIA
	$130,902	$98,204
% Increase to 2008	413%	652%
1995 (Million)	$168,167	$161,237
% Increase to 2008	303%	398%
2000 (Million)	$319,116	$356,506
% Increase to 2008	172%	180%
2005 (Million)	$397,828	$452,195
% Increase to 2008	138%	142%
2008 (Million)	$540,830	$641,641
2009 (Million)	$549,400	$593,291
% Increase from 2008	1.6%	-7.6%

The chart below illustrates the long-term trends in FDI and CDIA since 1990. It is important to note that FY 2008/09 is viewed as an establishment year for the additional GCS resources dedicated to investment activities with FY 2009/10 being the first year of full activity implementation. At the time of the evaluation, there was not sufficient evidence of short-term trends; however, continued monitoring and analysis of coming years would help to determine whether the additional investments made by GCS have had an impact on the trends and whether a recovery is noted following the recession toward continued growth. Despite the global economic crisis in 2009, FDI into Canada saw moderate growth of 0.89% (3.5% in 2010) pointing to a level of comfort with the Canadian economy as a place to invest while CDIA experienced a -3.25% decline (-3.9%) in 2010.

Figure 27: Chart of Canadian FDI and CDIA – 1990-2010



$ millions	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
FDI (Inward)	130,932	168,167	319,116	340,429	356,819	373,685	379,450	397,828	437,171	510,139	542,732	547,578	561,616
CDIA (Outward)	98,402	161,237	356,506	399,253	435,494	412,217	448,546	452,195	518,839	513,140	642,026	621,181	616,689

Finding 29: The United States, the Netherlands, the United Kingdom, and Switzerland continue to be dominant investors in Canada, with Brazil and China demonstrating a sharp upward trend in the past five years.

The following table illustrates the top countries supporting FDI into Canada. FDI into Canada has quadrupled over the past 20 years though the United States, the United Kingdom, the Netherlands and Switzerland have held the top four positions throughout this period.

One key trend observed in the data relates to the growing investments being made by emerging markets, particularly over the past 20, 15, 10 and five years. To illustrate this point, Brazil has risen to the eighth largest investor in Canada in 2010 up from 19th position in 1990, 18th in 2000 and 10th in 2005. Brazil has advanced ahead of more traditional investors such as Germany and Australia. Though the data is not complete for the full time series, it is clear that China has also been successful in entering the

Canadian investment market rising from 21st position in 1995, 19th position in 2005, 8th position in 2009 and 7th position in 2010. Statistics Canada records do not contain FDI data for India prior to 1999, however, there appears to be a drastic FDI growth from India into Canada where India does not appear in the top 20 countries of Canada's FDI (inward) until 2008, where it lands in the 10th position (11th position in 2009 and 2010).

Figure 28: FDI Ranking 2010[57]

United States	1	India	11
Netherlands	2	UAE	12
United Kingdom	3	Belgium	13
Switzerland	4	South Korea	14
France	5	Sweden	15
Japan	6	Australia	16
China	7	Ireland	17
Brazil	8	Finland	18
Luxembourg	9	Italy	19
Germany	10	Spain	20

Finding 30: The United States, the United Kingdom, Barbados, the Cayman Islands and Ireland hold the top five investment destinations for Canadian companies (CDIA) in 2010.

The CDIA picture is similar to that of FDI with the United States and the UK being target destinations for outward FDI. However, Brazil (11th) and China (19th) are the only emerging markets to rank in the top 20 investment destinations for Canada. India is notably absent, far back at the 41st position.

57 Compiled with data from: http://www.international.gc.ca/economist-economiste/statistics-statistiques/investments-investissements.aspx?lang=eng (originally sourced from Statistics Canada 2010).

Figure 29: CDIA Ranking 2010[58]

United States	1	Brazil	11
United Kingdom	2	France	12
Barbados	3	Germany	13
Cayman Island	4	Japan	14
Ireland	5	Luxembourg	15
Australia	6	Switzerland	16
Bahamas	7	Hong Kong	17
Bermuda	8	Netherlands	18
Chile	9	China	19
Hungary	10	Mexico	20

Finding 31: GCS Resources have contributed to an average of over 50% of BID's A-based resources in support of Investment activities between FY 2008/09 – FY 2010/11.

The following table highlights BID's reference levels compared to GCS resource contributions. It is important to note that in FY 2008-09, GCS resources were impacted by Departmental reductions by a total of $583,000. The FY 2009/10 GCS contribution to BID has risen to 61.1% of total resources. This indicates the significant level of contribution from GCS to the fulfillment of BID's broader investment attraction mandate.

Figure 30: BID's Reference Levels Compared to GCS Resource Contributions

	2008-09 Allocated	2008-09 Actual (b)	2009-10 Allocated	2009-10 Actual	2010-11 (c)
BID Reference Levels	$8,136,600	$8,136,600	$7,361,800	$7,361,800	$8,290,300
GCS Investment Contribution to Reference Levels	$4,407,024	$3,824,023	$4,500,475	$4,500,474	$4,500,475
GCS % of Total	**54.2%**	**46.9%**	**61.1%**	**61.1%**	**54.3%**

(a) 2008/09 Actual spent includes $1.2M salary deficit. Departmental funding received BC Canada-House Beijing ($800K).
(b) 2008/09 Departmental deficit reduction exercise $583K - GCS component.
(c) 2010/11 Full spending is anticipated.

58 Compiled with data from: http://www.international.gc.ca/economist-economiste/statistics-statistiques/investments-investissements.aspx?lang=eng (originally sourced from Statistics Canada 2010).

Finding 32: In terms of Investment FTE contributions, GCS allocated 10 FTEs in FY 2008/9. BID reporting indicates that currently 8 FTEs have been staffed. A decision was made to staff at higher levels, but for fewer positions, in order to stay within the GCS salary envelope.

According to the GCS TB Submission, in FY 2005/06, 23 FTEs have been involved in Investment activities. This figure was to be increased by 10 FTEs in FY 2008/09 (8 FTEs for the Private Sector Investor Champions Initiative and 2 FTEs for Enhanced Investment Attraction). To date 8 FTEs have been added with GCS funds. It should also be noted that $583,000 was removed from GCS's investment contributions in FY 2009/10 as part of the budget reduction exercise of the Department.

The table below illustrates the number of FTE's originally planned for 2008/09 (total = 10) as part of GCS, as well as the actual distribution of FTEs (total = 8) across operational areas.

Figure 31: BID GCS and Non-GCS FTEs

	GCS Planned FTEs (as per GCS Document)	GCS FTEs	Non-GCS FTEs	TOTAL FTEs
1.0 Investment/Promotion Marketing				
FY 2008-09	10	4	14	18
FY 2009-10		4	14	18
FY 2010-11		4	14	18
2.0 Investor Services				
FY 2008-09		2	20	22
FY 2009-10		2	20	22
FY 2010-11		2	20	22
3.0 Investment Strategy & Analysis				
FY 2008-09		2	9	11
FY 2009-10		2	9	11
FY 2010-11		2	9	11
TOTAL * (a) (b) (c)**				
FY 2008-09	**10**	**8**	**43**	**51**
FY 2009-10		**8**	**43**	**51**
FY 2010-11		**8**	**43**	**51**

Finding 33: As part of the Private Sector Investor Champions Initiative, the Recruitment and Management of Private Sector Champions, 32 Speaker Champions and 14 networking Champions were recruited in FY 2009/10.

Key activities to support the management of the Champions Initiative included an establishment phase in FY 2008/09 (first year of program funding) focused on:

- Staffing
- Developing necessary management tools such as the champions database.
- Conducting outreach and awareness building to engage the domestic and international investment network.
- Consultations with industry associations, OGDs and posts to enhance credibility among stakeholders.

The Champions Initiative was initially focused on the U.S. and U.S.-focused GVCs, but later moved to support other GCS priorities and FDI priority growth sectors. The initiative aimed to engage in high profile speaking events ‘primarily in the U.S.’, but also in locations where Global Value Chains service the US market. The objective was to include all priority growth sectors and sub-sectors identified for proactive FDI attraction and promotion.

As of FY 2009/10, BID has recruited a cadre of influential private-sector executives from the Canadian industry in accordance with the planned GCS activities. A list of Champion events for FY 2009/10 revealed that 32 Speaker Champions and 14 Networking Champions were engaged.

Private Sector Investment Champions Program accomplishments:

- *Establishment of program*
- *Engagement of 77 senior executives from the private sector to showcase Canadian capabilities and strengths in priority sectors*
- *Participation in 39 industry specific and global signature events*
- *Development of Industry Experts Program to respond to questions about Canadian investment*

-BID Data Report. “GCS1.0 Results: Investment Attraction Initiative”, provided December 2010

According to GCS, Champions had to be paid nominal honoraria out of operating expenditures. One challenge noted through interviews with DFAIT staff was that Champions were taxed on these honoraria by being required to submit a T4 form. This implied additional work for the Champions and was viewed as a complicating factor to smooth implementation.

The GCS TB Submission further indicates that, at the time of writing (FY 2005/2006) there was a departmental “Sustainable Development Strategy (SDS)” committed to “deliver an investment marketing campaign targeted at, among others, environmental technologies.” The Investment Bureau committed to make the recruitment of influential private-sector executives from Canadian environmental technologies industries a priority. To date, the following activities have been undertaken toward this objective:

- DFAIT has engaged 6 Champions in the area in both renewable energies and environmental technologies.
- Renewable energy has been the focus of Champion events, e.g., a half- day session on renewable energies at the Shanghai Expo in the fall of 2010.

The Government of Canada had also engaged on multiple occasions the business community on advisory committees to Ministers and other high ranking government officials, with the Private Sector Investor Champions Initiative building on these relationships. The Deputy Minister of Trade committed to present the initiative to peers in other government Departments. From the documents reviewed and as noted by BID,[59] DFAIT’s SME Advisory Committee has also been informed and engaged on the Champions and other investment initiatives. Numerous presentations on the Champions Initiative have been made to OGDs.

Finding 34: Direct engagement of international Investors at Signature Events continues to be viewed as important to results attainment and thus, a core FDI attraction activity.

GCS documents indicated that a ‘Canada Platform’ would be established at major business events, such as the APEC CEO Summit, the Forbes CEO conferences, seminars of the Economist Intelligence Unit, as well as key industry sector events. The Canada Platform was to act as the operational headquarters for the deployment and engagement of several champions who would undertake sector specific presentations and who would meet with executives of targeted foreign firms (through networking events and follow-up meetings. The Canada Platform was also expected to establish links with provincial counterparts to ‘build a strong and visible Canada presence.’

In 2009-2010, 68 events were supported/coordinated covering a wide range of priority sectors and markets for foreign investment. Overall, these events were successful in outreaching to a target audience of one million comprised of investment decision-

[59] Compiled with data from: http://www.international.gc.ca/economist-economiste/statistics-statistiques/investments-investissements.aspx?lang=eng (originally sourced from Statistics Canada 2010).

makers and influencers. Over 500 potential investors were engaged. The emphasis was placed on U.S. events and the US as the largest and most important source of FDI into Canada.

Other planned activities focused on investment road shows as part of the run up to the Olympics, including a ‘major global investment event (conference) in Canada in 2009/10, as a means of complementing and maximizing benefits (leveraging initiatives). This event was accomplished by the Bureau through the Canada Global Leaders Day & VIP CEOs Program in Vancouver in February 2010. Additional activities and results of this element include the following examples:[60]

- **Private Sector Investment Champions Program:** DFAIT was involved in 22 different Champions events in FY 2009/10.
- **Industry Experts Program:** Industry experts attended 5 sector-specific events and made numerous outcalls in FY 2009/10.
- **2010 Olympic Games:**
  - 25 FDI attraction pre-Olympic countdown events in 15 key FDI markets
  - During Olympics events Included:
    - Business breakfast - February 13, 2010.
    - Business breakfast - February 20, 2010.
    - Global Business Leaders' Day (GBLD) - February 22, 2010.
    - Business breakfast - February 27, 2010.
  - Engagement of over 325 foreign and Canadian CEOs from multinational companies and key Canadian leaders in the private and government sectors during the Global Business Leaders Initiative (GBLI) at the Olympics.33 foreign business executives participated in the Olympics CEO Program component; out of those participants, 20 met one-on-one with MINT. As well, 20 other meetings with other government departments, senior government officials and other Canadian companies were arranged for these CEOs as part of the program.
- **Investment Signature Events:** In 2009-2010, with a budget of $686,000, the program directly supported a total of 16 activities, including the World Business Forum and Game Connection and Game Developers Conference.
  - Outreached to 1 million key target stakeholders of investment decision-makers and influencers.

60 BID Data Report” GCS1.0 Results: Investment Attraction Initiative”, provided December, 2010.

    - Directly engaged over 500 potential investors.

- **Investment Journalist Familiarization Program:** With a budget of $150,000, the Program delivered in partnership with the Embassy in Paris, familiarization tours for two Europeans journalist on Canada's sound banking system and one on Canada's Green Technologies. This generated several millions of dollars' worth of earned media. The program also provided support for a number of other successful journalist visits.

Finding 35: Direct engagement of target investors in key markets has been successful in the U.S. and has expanded globally, though original targets are in need of review in order to develop sound baselines and comparative benchmarks.

Beyond the international business conferences, Canada conducts FDI Attraction and Expansion events in other key markets often run by heads of mission targeting executives of high-growth firms. The Champions Initiative aims to facilitate access to key corporate decision makers in these locations and to overcome previous challenges related to access by public servants. Additionally, Champions have been engaged to use their informal network of business contacts around the world to help arrange meetings with target investment prospects. These meetings open the door for local embassy/consulate staff to follow-up to support the prospect by providing specific information related to their investment interests. Direct engagement initiatives were developed primarily in the U.S., though they have expanded with success to other global markets.

The target, set by GCS was to generate 500 investment prospects (defined as investors willing to actively explore Canadian locations for investment) over the first five years of the GCS implementation. This was to be achieved through the engagement of the private sector champions in 800 investment calls and events. In year four of GCS implementation, the evaluation found the following results:

Output Posts	Target	FY 2008/9	FY 2009/10	TOTAL	Variance
Prospects Generated by Champions (Key Markets (non-US)	500 over 5 years (100/year)	Establishment Year	97 in U.S.; 199 non-US	276 Globally	DFAIT has met its target in the U.S. and tripled the overall goal by expanding prospects to a global level.
U.S. Corporate Calls (21 US posts with an investment focus)	4 corporate calls/month/ 21 posts = 1008 (800 indicated in GCS planning document)	Establishment Year	324 in US; 634 non-US	958 Globally	DFAIT has conducted less than expected investment calls in the U.S. (only 41% of planned); however, by expanding globally has exceeded (>100%) the planned annual target. [This should be reviewed and explained to re-establish desired] benchmarks in the U.S.
U.S. Investment Promotion Events of 21 US posts	2 investment promotion events/year/post (=42)	Establishment Year		N/A	N/A
Private Sector Champions Engagement	120 calls and events in the US/year	Establishment Year	1. 95 Champion Calls 2. Industry experts attended 5 sector specific events where numerous outcalls were made	95 + 5 = at least 100	DFAIT has achieved at least 83% of its target in this area.

The GCS indicated that in order to ensure close collaboration with geographic branches, GCS envisaged the establishment of a coordination unit to monitor progress of Posts' FDI Attraction and Expansion Programs in utilizing the private sector champions. Although no specific unit was identifies to undertake such a function, coordination efforts are ongoing as part of the standard functions of each BID division.

Finding 36: Investment Attraction has been enhanced through incoming Investment Missions in partnership with S&T and Innovation and Regional Offices.

The investment attraction activity of incoming investment missions targeted 100 exploratory visits to Canada each year (with 60 visits managed by the Investment Bureau, and 40 visits managed by provinces with federal monitoring). Private sector champions were to meet with potential investors, provide advice and answer operational questions as part of the incoming mission. This component of the Champions Initiative was managed by the Investor Services Division in close cooperation with the Geographics, regional offices and other investment partners through monthly meetings.

The evaluation found that the division of responsibility between DFAIT and provinces, as well as the method to be utilised by the federal government to monitor the incoming investment missions managed by the provinces was unclear in the documentation. The monitoring, reporting and coordination responsibilities between HQ and Regional Offices in Canada for incoming investment missions also seemed in need of clarification.

Champions were to participate in ten sector-specific events each year in industry clusters across Canada to draw potential investors to further explore the advantages of Canadian locations. GCS funding aimed to support the organization of investment seminars, private sector presentations by champions and other keynote speakers. The following results have been achieved:[61]

- There were 276 prospects identified and referred to the provinces/territories in FY 2009/10; these were likely high quality prospects because they led to an 8% increase in investments facilitated by DFAIT in FY 2009/10.
- There was an 8% increase in Greenfield and expansion projects facilitated by DFAIT in FY 2009/10 from FY 2008/09, despite the global economic and global investment downturn.

Finding 37: Expected Results from the Private Sector Investment Champions Initiative are on track in terms of their contribution to the Department’s broader FDI Attraction and Expansion Program.

According to the GCS, a range of investment promotion tools and products were to be developed to serve the information needs of foreign investors/businesses and to communicate Canada's investment advantages and value propositions for key industry sectors. The promotional tools and products highlighted below have been widely

[61] BID Data Report” GCS1.0 Results: Investment Attraction Initiative”, provided December, 2010.

distributed through various channels, such as events, client meetings, the Invest in Canada website, and were viewed by posts as a value-added to their investment attraction efforts:

- A “cost-plus” cluster/location benchmarking tool developed by IBM. This tool aimed to form the strategic core of all message and product development and was viewed to be crucial to support effective delivery of messages by champions. Training was offered to investment officers worldwide. The Tool is used by officials in key markets, serves as a basis for value propositions, and is viewed as essential to supporting the work of Champions and influencing foreign investors’ decision-making process.
- Sector specific value propositions were used by champions as input to presentations and during one-on-one meetings with target firms to explore Canada’s competitive advantages in priority sectors. One generic and fourteen sector specific value propositions were developed, over 70,000 English and 10,000 French copies of the value propositions were printed and distributed. Value propositions were translated into 8 other languages.
- Visibility-raising campaign: A robust marketing and profiling campaign using integrated marketing communications tools and tactics was developed and implemented to proactively promote Canadian success stories – “championing the champions”. The goal was to effectively position Canada as a location of choice for investment and the partner of choice for innovation in North America.
- Evaluation mechanisms were developed for ongoing product and message research, testing, benchmarking and improvements.
- Training, consisting of an orientation and coaching program, was regularly conducted for champions to get familiarized with government economic policies and investment trends and to maximize their effectiveness in working with potential foreign investments.
- Federal/Provincial/Territorial (FPT) Workshops were conducted across Canada jointly by the Investment Partnerships Division to present the objectives of the Private Sector Champion Initiative as well as the marketing tools and offer advice and suggestions to provinces and territories on how to participate in the initiative. Eight introductory workshops were undertaken across Canada in the first year, with 8 follow-up meetings in the second year and 4 meetings to be taken in years 3 and 4, as required.

Overall, the Investment Bureau has initiated a wide range of activities through the development of investment attraction tools which have contributed to improving the information available to TCs, Champions and Investment Clients (Targets and Prospects).

GCS Expected Results for the Private Sector Investment Champion Initiative aimed to be supportive of the FDI Attraction and Expansion Program which would generate results over the first five years of GCS roll-out. Some of these targets have proven challenging to track and in some cases, such as with the value of investments, not possible to track at all, or to directly attribute to the activities of the Investment Bureau.

Interviews within the Department pointed to the perceived positive impact of the Investment Champions Program. However, there appears to be limited information sharing on these initiatives across the Department which could have been used to increase the impact of this investment.

Finding 38: The Investment Group has initiated a review toward improving the quality and effectiveness of data collection systems, indicators and reports for investment activities.

TRIO is the Departmental standard promoted for all data reporting; however, it is widely believed that it does not adequately capture project value data. The Strategic Investment Intelligence System (SIIS) is a separate project value data management tool that is widely utilized by investment officers. However, interviews indicated inconsistencies in the use and, in some cases, confusion over whether to utilize SIIS, TRIO or both to report on project value data at the mission- and regional office level. SIIS and TRIO are not integrated systems and this creates a layer of verification and cross tabulation to ensure data accuracy which adds to the reporting workload. Many interviewees noted that SIIS data was not adequately captured in other Departmental reporting, which has led in the past to the generation of separate progress reports with different data sets.

Though BID is advanced in some areas of data collection and verification, more efforts may be needed to track project value activities for future investments. The challenge of tracking, tying and attributing actual investments in Canada to specific investment activities is recognized within the Department and in investment literature. Investment decisions by businesses and investors depend on multiple factors and often take years to materialize. Given this reality, there are other measures that can assist in gauging the effectiveness of Canada's investment promotion activities including regular feedback and pulse checks from current and potential investors. More comparative work with leading global Investment Promotion Agencies (IPAs) would help to see how Canada's Investment activities compare in terms of scale, strategies, type, skilled labour and targets. Studies of this sort would help the Department to assess the effectiveness of various activities and to better understand what works best to attract high value investments to Canada. This would ultimately assist the Department in reallocating resources to activities that provide the highest return.

Significant comparative analysis efforts have recently been undertaken by BID to identify what other like-minded IPAs are doing to increase their results. Analysing these results with current efforts should help to indicate directions in which Canada can increase efforts towards enhanced competitiveness. BID could reconsider target setting for its officers abroad. This may be an effective tool to increase results; however, a thorough benchmarking year in Canada's target FDI markets would help ensure that targets are realistic, achievable and explainable based on investment trends by market. It is also essential that the Department tracks how resources are actually used at posts for every functional area, and these be reported at the end of the year. Currently posts report at the beginning of the year on their planned allocation of FTEs for trade, investment, innovation, etc., but do not currently have a way of reporting meaningfully on the actual FTEs used at the end of the year, using the CEP reporting process. This should be changed.

The information below illustrates the original Investment targets set in the GCS TB Submission. The precise tracking of these target indicators was not possible at the time of the evaluation. Clarification on output indicator definitions remains needed to measure the value and appropriateness of these indicators and targets toward the accurate assessment of investment activities and their contribution to broader economic results for Canada. If these are not representative indicators of the Bureau's investment activities, new indicators and methods of collection may need to be defined to enhance reporting clarity toward understanding outcomes and supporting analysis for decision-making.

Output:	**Target:**
Investment Prospects	100/year
Exploratory investment visits	60/year
Sector Specific Events in Canada for potential investors	10/year
Incremental foreign investments	30/year
Value of incremental project value	$1 billion/year

C. Global Value Chains

Global Value Chains were intended in the GCS to "cooperate with (the Department's) broader network around the world to retrieve intelligence and identify opportunities for Canadian firms throughout (these) value chains." The original focus of the GVC initiative was on the United States and Canada, but this was amended in FY 2008/09 to shift some resources to key missions abroad where the GVCs of U.S. MNEs are active (Shanghai, Ho Chi Minh and Sao Paulo).

Finding 39: Global Value Chains are viewed as a positive addition to DFAIT's international trade/commerce approach. However, GCS provided limited guidance in terms of concrete objectives and desired results of GVC resource investments.

There was a general consensus on the importance of the GVC concept given the increasing global dimensions of doing business. The importance of Global Value Chains (also referred to as Global Supply Chains) was highlighted in Advantage Canada: "We must continue to renew and maintain a long-term comparative advantage by specializing in higher-value-added parts of the global supply chain."[62]

The language in the GCS led to some confusion in that new resources in the U.S. would "be governed by the TCS mandate and service commitments." GVC officers would provide TCS core services to Canadian clients, but their emphasis would be on enabling Canadian firms to identify and explore opportunities in global value chains that span across markets and sectors. Interviews identified difficulties in determining the level of emphasis on GVC activities given their TCS day-to-day focus. This highlights the challenges of implementing a horizontal HQ mandate when the direct reporting relationship at post is the TC to the STC.

Finding 40: Global Value Chains (GVC) were originally focused on the U.S. However, in August 2008, the Strategic Initiatives Bureau sought and received TBS approval to modify the proposed changes to broaden the impact of the GVC initiative. In FY 2010/11, the Department identified a need to shift GVC management to the Sector Practices in order to better align efforts to Canadian capabilities/needs.

The GVC section of the TB Submission was insufficiently detailed to provide guidance for resource allocation purposes. The perception that all GVC funds were primarily allocated to the US was common among informants working in non-North American

62 Advantage Canada, 2006. http://www.fin.gc.ca/ec2006/pdf/plane.pdf. Retrieved 5 Sept. 2010.

markets, often remarking on the importance of Asian or European MNEs. This was indicative of a potential communications gap on GVCs at a global level.

In reality, few GVC positions were allocated to the U.S. Originally, six new positions were to be established in New York, Los Angeles, San Francisco, Dallas or Houston, Detroit and Chicago. Additionally, eight new positions were to be established in Canada (at HQ and in ROs). However, three new positions were allocated to the US (Chicago, New York and Los Angeles) and 3 other positions were established in non US markets (Shanghai, Ho Chi Minh and Sao Paulo). The need for a broader consideration of GVC opportunities was the basis for the reallocation of GVC positions, to better acquire intelligence on US MNEs in Asia and Latin America. Asia and South America were justified as representing important potential for Canadian firms to participate in U.S. -led supply chains, particularly in areas where demand for advance inputs is growing.

Finding 41: For the initial period of GCS implementation, no GVC specific job descriptions were provided for GVC incumbents, however in July 2010, an amendment was made to provide additional direction. Following the transfer of GVC positions to the Sector Practices, new job descriptions are in the process of being developed.

GVC positions abroad are managed by missions; responsibility of the GVC positions was fragmented due to the lack of clarity on dual reporting requirements. It was generally reported that TCs in GVC positions abroad have been fulfilling traditional responsibilities as required by the post with no clear direction on specific GVC efforts (some TCs reported spending only 5-10% of their time on GVC related activities).

GVC job descriptions were unchanged from 2004 to July 2010 when an amendment was provided by BPI to HMO suggesting an update. However, review of these job descriptions and the amendment did not provide sufficient detail of the types of responsibilities and accountabilities in terms of GCS and GVC efforts. In the summer of 2010, GVC positions were transferred from the Strategic Initiatives Division to the Sector Practices to better align resources to Canadian industry value chains. A revamp of the GVC component is currently underway as resources have shifted from BPI to BBD. GVC positions at post and in ROs have not changed. The GVC Transition message posted on the GVC wiki page is as follows:

> *The Global Commerce Strategy (GCS) Global Value Chain (GVC) Initiative transitioned to the Global Business Opportunities Bureau (BBD), effective April 1, 2010. This transition advances implementation of the Integrative Trade Model (ITM), while solidifying our priority sector-based approach to support our network abroad and across Canada, and Canadian clients in global markets. It is a timely realignment, now that the GVC initiative has become operational and targets priority sectors aligned*

> *with key sector practices: Automotive, Aerospace, CleanTech, ICT, Infrastructure and Life Sciences. Integrating the GVC initiative into the sector Practices will provide cohesion to the ongoing Trade Commissioner Service capacity building to identify opportunities for Canadian clients to access or develop value chains. This approach aims to ensure that Canadian industry interests, expectations, and capabilities are reflected in what we commit to doing internationally.*[63]

Finding 42: GVC tools and communication mechanisms have been developed and are improving despite several shifts in direction.

A GVC information portal was created and is housed on the Virtual Trade Commissioner website. The portal includes tools for clients, including online training modules on the structure of GVCs in particular industries. In addition to this portal an internal wiki resource was also developed for TCS staff around the world and includes significant information and corporate memory on the GVC initiative. The wiki highlights some of the tools developed to date that have contributed to GVC results attainment:

- Market Plans
- MNE Reports
- GVC Guide

The initial focus of the GVC work was on the development of research and studies on key companies in the US market. DFAIT Headquarters (HQ) determined the companies in the Fortune 500 that would be assessed. The idea was to map the entire value chain from human resources to distribution and marketing. The selection was based on DFAIT's priority sectors and Posts were assigned to do the mapping. This process faced a series of challenges and, as a consequence, met with mixed success. To date the following results have been achieved:

- 13 Priority Market Plans were created and posted online; however, they were developed using existing resources since no additional resources were provided through the TB Submission. The challenge with the restructuring of the GVC responsibilities within the Department will be to 1) determine whether the updating of the Market Plans should continue given that the information is starting to be out-dated and, 2) who should be given the functional responsibility to research and publish these Market Plans.

[63] DFAIT Intranet Wiki. http://wiki/index.php?title=GVCs.

- 45 MNE reports were developed in two phases by various FTEs in the United States primarily. There is a wide range of views on the utility of these reports and uncertainty on whether the approach should be continued.

  "BPI coordinated the third round of MSP production by updating 158 profiles aligned with priority sectors, at risk of archiving. This round was done in collaboration with Sector Practices to facilitate bridging the transition of this initiative on an ongoing basis". ("Global Commerce Strategy – Global Value Chain Initiatives – Transition to BBD," April 9, 2010)

The GCS planning document indicated that among other initiatives, consultants would conduct a study – in cooperation with Partner Departments and key stakeholders – to quantify the economic impacts of visa delays, refusals or problems at ports of entry on the Canadian economy, an issue of critical importance for Canadian companies to participate and compete successfully in global value chains.

Finding 43: The evaluation found that the guidance on GVC implementation in the GCS was limited and lacked in performance measures to support implementation. This has resulted in an ambiguity surrounding the GVC goals, objectives and implementation plans. A clear direction for GVCs that advances departmental integration and leveraging is needed.

The GCS documentation recognizes the importance of Global Value and Supply Chains to the emerging realities of international commerce. Global Value Chains and Global Supply Chains are often used interchangeably. However, Value Chains are viewed to be more broadly defined compared to Supply Chains, which are more focused on production and distribution. Though the importance of GVCs is well understood, less clarity exists around the way in which the Department could integrate this cross-cutting horizontal concept throughout its domestic and global network. The GCS did not provide clear guidance on the level of horizontal implications, nor on the strategy for roll-out and activity implementation. This has resulted in several shifts in direction of the GVC portfolio including moving beyond the United States to a more global focus and subsequently moving into Sector Practices to be closer to industry and clients.

The GCS TB Submission indicates TRIO as a key performance measurement tool to be used to capture interactions with clients while enabling performance measurement and improvement of service quality. Clear GVC indicators to highlight their value added were however not included. This may potentially result in failure to capture value added performance data to explain the impact of the introduction of the GVC approach and the new GVC resources to the TCS network.

Continuous online client surveys, client testimonials and international benchmarking were indicated as the key means of measuring GVC performance. However, no specific mention of how these broad mechanisms would be used to assess GVC performance was made.

The Importance of Trade Liberalization for Canada's Investment Performance

The fragmentation of the global value chain means that firms increasingly locate production of different components of a product across several countries, based on those countries' comparative advantage. When firms make these decisions on where to invest, they must be assured that the goods and services produced in each part of the global chain can be combined seamlessly and sold to markets around the world. To be a part of this chain, countries must not only be open to foreign investment, but also ensure that the goods and services produced get easy access to other markets. Improved access to foreign markets encourages firms, through strategic investments, to locate the skill-intensive activities of their global chains in Canada. In that context, the fact that our NAFTA partners have developed broad networks of trade agreements, while Canada has not, has potential negative implications for Canada's investment prospects. It is in Canada's best interest to engage in trade agreements to utilize a full suite of trade and investment policy instruments and improve access to foreign markets.

-Advantage Canada, 2006. p. 86

Finding 44: Questions were raised about the utility of the GVC (MNE) reports produced and the related research/leads generated. Additionally, there appears to be insufficient analysis of these reports on how to leverage a GVC approach in the service of clients and for the achievement of optimal results across the TCS network.

The type of information required about the Multi-national Enterprises (MNEs) was extensive and difficult to obtain. In many cases, the companies appeared impenetrable to outsiders. Newly hired GVC staff did not have the contacts or networks to pursue the information on anything more than a superficial basis. Limited funding was available to hire consultants to dig out the information. It became clear that gathering the information as originally envisaged would be a long term process and required direct on-going relationships with firms. The existing sector staff with expertise in the respective sectors were in a better position to provide support to the studies and analysis since they had existing contacts and networks. It was also clear that in many cases, the opportunities for Canadians were focused in specific areas as second- and third-tier subcontractors. This meant that the opportunities might not actually be with the MNE per se but with some of their suppliers. Not enough focus was placed on what Canadian companies needed to know. Looking at the whole chain provided fewer insights than a more strategic selection of entry points based on Canadian capabilities.

While the general concept of GVC was good, practical approaches were needed to make it work on the ground. Some Posts were using their staff effectively but more guidance was needed from HQ on the objectives of the GVC component of GCS.

The SME Advisory Board recommended building on DFAIT's Global Value Chain Guide, stating that it was a "highly effective tool." The Board also supported the idea of Canada-wide promotional seminars and posting the GVC Guide on any future single web portal. (SME Advisory Board Meeting May 12-13, 2010)

Finding 45: There are opportunities for improvement in terms of clarifying how best to organize/manage GVCs for optimal results across the TCS network.

Given the growing importance of GVCs to Canadian Clients, a more thorough directional action plan should be developed, particularly after the effort was shifted to the Sectors Group.

In the Market Plans PMF 2009-2010, the listed GCS Output Indicators for GVCs are assisting companies in accessing GVC opportunities in priority sectors/locations, develop knowledge base and disperse intelligence via online information portals, facilitate CDIA and improved client service delivery. The GCS Outcome Indicator is the "Increase in the number of Canadian firms accessing GVC opportunities."

In the report "A Commerce Strategy for Canada," GVCs are mentioned as a way to improve Canadian commercial competitiveness. However, no details are given on how GVC would be implemented. Furthermore, the SME Board notes that "the Board members appreciate the focus the Department is putting on GVCs but wonder why is it being conceived and funded as a separate initiative when it should be part of the TCS corporate culture." (SME Advisory Board Meeting June 27-28, 2007.)

The evaluation recognizes that new efforts are underway to incorporate GVCs as part of the sector practices; however, there is still a need to clarify how GVCs should be built into the corporate culture.

Finding 46: Results-driven efforts have been made by the small CDIA team to increase visibility, awareness and understanding of the importance of CDIA as contributing to the Canadian economy. These efforts have included several successful interdepartmental sessions aimed at increasing strategic collaboration across departments. More recently, the team has developed an ambitious programme aimed at funding CDIA-specific, post-initiated projects in recognition of the fact that Canada's missions abroad and the Regional Offices are the primary client service delivery mechanisms to TCS clients which currently have, or are contemplating the establishment of business operations abroad.

The CDIA team has organized four interdepartmental meetings on CDIA with key CDIA stakeholders. These meetings have raised the profile of CDIA within the Department and demonstrated DFAITs efforts to address this key area of interest to Clients in a collaborative and whole-of-government manner.

CDIA efforts have focused on the following:

- Developed a government-wide approach to facilitating CDIA, including holding six intergovernmental meetings as of December 2010;
- Developed a mechanism to analyze market failures and service gaps to provide solutions;
- Created policies and programs to facilitate CDIA;
- Organized and participated in CDIA-specific briefings, webinars and conference calls for outgoing heads of mission and trade commissioners, HQ-based geographic and sector practice divisions, regional offices, as well as for partner departments, provinces and territories, and municipalities;
- Expanded the network of federal, provincial/territorial and private sector contacts active in CDIA to ensure effective and efficient communications and information sharing; and to ensure corporate social responsibility (CSR) guidelines are communicated to Canadian investors abroad through delivery at posts;
- Re-oriented from primarily HQ-driven strategic studies to more active operational and heightened funding engagement with the TCS network (Posts abroad and/and ROs), and more systematic consultation with partners at headquarters - specifically, with the geographic, sector practices and regional offices divisions, as well as with the Corporate Social Responsibility (CSR) and Client Service Fund (CSF) units within the Trade Commissioner Support Services division (BTS);

- Allocated the majority of CDIA funding to post-initiated projects aimed at ensuring the increased integration of Canadian SMEs into global value chains and at winning greater foreign market access and market share through the establishment of business operations abroad;
- Produced a CDIA learning module to provide DFAIT officers, whether at Post, HQ or in Regional Offices, with guidelines and examples of best practices on appropriate CDIA client service delivery, the ability to identify and work with CDIA partners both in Canada and abroad, and the basic knowledge to understand the economic benefits to Canada of outward foreign direct investment.

Despite the challenging economic environment, during the second half of the year Canadian Direct Investment Abroad (CDIA) outflows nearly recovered to their pre-crisis levels, reflecting Canada's relatively strong economic performance during the crisis. Although the stock of CDIA fell in 2009, this was entirely due to a revaluation adjustment as a result of a higher Canadian dollar. Canada's direct investment in South and Central America declined 6.3 percent ($1.9 billion) in 2009 to $28.3 billion. The largest destination remains Brazil where the stock was up 16.0 percent to $11.4 billion, followed by Chile where CDIA declined 13.6 percent to $8.3 billion. As with inward FDI, CDIA in Brazil is greater than in the three other BRIC countries combined. Asia and Oceania was the only region where the value of CDIA stock grew in 2009, edging up 2.2 percent to $39.1 billion.

-Canada's State of Trade: Trade and Investment Update – 2010, p. 95

CDIA has been recognized for several years by EDC and as such there are opportunities for increased collaboration to better leverage resources and share best practices in the field.

Finding 47: Corporate Social Responsibility (CSR) is only mentioned under CDIA in GCS and has no allocated funding. CSR is a high priority issue for the GoC which the Department can use through its trade promotion activities globally.

CSR has no dedicated funds under GCS and has experienced a lack of stable staffing in recent years. However, CSR is seen as a growth industry and a high profile issue getting a lot of attention in the Media, Parliament and with the public. The attention paid to this issue can be used to Canada's economic advantage; CSR helps with branding Canada overseas and increases our competitive advantage. Through CSR, Canada is branding itself as the "partner of choice," hoping countries will see the advantage in choosing a Canadian company in helping the future development of their countries as opposed to other competitors.

The private members bill has brought a lot of attention to the issue of CSR. Its impact was felt around the world as it ignited a debate about Canadian mining activities outside of the country. Consequently, businesses are now keen to demonstrate to investors and to the public that CSR is an important priority to them. (National Post, 2010-05-25, p. FP 2) Particular attention is being paid to Africa and Latin America and the mining sector: more than 75% of the world's exploration and mining companies are headquartered in Canada and they have invested $41 billion in Latin America (including Mexico) and almost $15 billion in Africa. CSR being such a high profile issue, "many companies are looking to the Canadian government for guidance and support in managing the risks of operating in complex and challenging environments". (Building the Canadian Advantage, March 2009)

Despite the lack of funds, a CSR Counsellor and a CSR Center for Excellence have been created. According to *Building the Canadian Advantage*, the CSR Counsellor reviews corporate social responsibility practices of Canadian extractive sector companies operating outside Canada and advises stakeholders on the implementation of CSR performance guidelines. Reviews are undertaken only with the consent of the involved parties. The CRS Center of Excellence is located within the Canadian Institute of Mining, Metallurgy and Petroleum. Additionally, "DFAIT has created a $170,000 CSR fund to assist Canadian offices abroad and in Canada to engage in CSR-related activities" (Building the Canadian Advantage, March 2009).

D. Expanding Canada's Commercial Network Abroad

The purpose of Expanding Canada's Commercial Network Abroad was to better serve Canadian firms in highly-competitive international commercial centres. Though the emphasis is mainly on Asia and Latin America, the initiative includes markets where significant and growing Canadian business interests and prospects exist.

The initiative was linked to DFAIT's Performance Activity Architecture (PAA) as supporting the:

- Integrated Domestic and Worldwide Commerce Network
- Global Market Initiatives and e-Services
- International S&T Programs
- International Investment Programs

Planned Activities for this initiative focused on the opening of new commercial offices and assigning new FTEs in Asia and the Americas, including: India, China, Mongolia, Brazil, Panama, Chile, and Colombia.

Finding 48: All new offices have been opened according to plan and, most FTEs have been assigned as originally indicated.

The following tables highlight the countries and resources originally allocated and the implementation progress to date. A table and a brief description of progress follow for each country.

CHINA

There were a total of six new offices and 21 FTEs allocated to China under the GCS. To date, all six offices have been established and 20/21 FTEs have been assigned. This allocation was initially complicated by a partnership with CCC for opening the six new offices and for managing administratively 12 FTEs (1 LE-09 and 1 LE-05) in each new office. The Geographics managed the financial partnership with CCC and the associated costs of these new resources. The table below illustrates the new office and FTE allocations:

Figure 32: China New Office and FTE Allocations and Actuals[64]

Global Commerce Strategy						
Region: Asia - CHINA (GPM)	Planned New FTEs and Offices		2008/2009	2009/2010	2010/2011	Total
	Planned FTEs	New Offices	Actual	Actual	Actual	Actual
Chengdu	1 LEP, 1 LES (2007/2008)	1		LE-09	LE-05	2
Nanjing	1 LEP, 1 LES (2007/2008)	1		LE-09		1
Shengyang	1 LEP, 1 LES (2007/2008)	1		LE-09	LE-05	2
Shenzhen	1 LEP, 1 LES (2007/2008)	1		LE-09	LE-05	2
Wuhan	1 LEP, 1 LES (2008/2009)	1		LE-09	LE-05	2
Quingdao	1 LEP, 1 LES (2008/2009)	1		LE-09	LE-05	2
Beijing	2 LES (2008/2009); 1 CBS (July 2010)		LE-08			1
Shanghai	1 LEP, 1 LES (2008/2009)		LE-08, LE-05			2
Guangzhou	1 LES (April 2008)		LE-05, LE-05			2
Chongqing	1 LEP, 2 LES (April 2009)		FS-02, LE-08, LE-05			3
Shanghai	GVC Position			FS-03		1
CHINA TOTALS	21 FTEs	6	9	6+1	5	20 FTEs, 6 CCC Offices + 1 GVC position

INDIA

There were a total of three new offices and 10 new FTEs planned for India. All three new offices were opened according to plan; however, there appears to be an additional position in Bangalore (LE-07) which was not indicated in the GCS planning document. This resulted in 11 positions being added to India compared to the 10 originally planned.

64 Data provided by GLA and the China Mission, September, 2010.

Figure 33: India New Office and FTE Allocations and Actuals[65]

Global Commerce Strategy						
Region: Asia - INDIA (GPM)	Planned New FTEs and Offices		2008/2009	2009/2010	2010/2011	Total
	Planned FTEs	New Offices	Actual	Actual	Actual	Actual
Hyderabad	1 LEP, 1 LES (2007/2008)	1		LE-09, LE-05		2
Kolkotta	1 LEP, 1 LES (2007/2008)	1		LE-09, LE-05		2
Ahmedabad	1 LEP, 1 LES (2007/2008)	1		LE-09, LE-05		2
New Delhi	1 LES (April 2007)		LE-05			1
Mumbai	1 LEP (2007), 1 CBS, 1 LES (2008/2009)		FS-03, LE-09, LE-05			3
Bangalore			LE-07			2
INDIA TOTALS	10 FTEs	3	5	6		4 New Offices, 11 FTEs

MONGOLIA

Given the stretched DFAIT resources in China, a new office was opened in Ulaanbaatar with three new FTEs. All three FTEs were in place as of FY 2008/2009. The new office aims to better position Canadian companies, support CSR, and to advance the investment agenda (with Canada as Mongolia's second largest investor). The following table illustrates the planned versus actual positions in Mongolia.

Figure 34: Mongolia- New Office and FTE Allocations and Actuals[66]

Global Commerce Strategy						
Region: Asia - MONGOLIA (GPM)	Planned New FTEs and Offices		2008/2009	2009/2010	2010/2011	Total
	Planned FTEs	New Offices	Actual	Actual	Actual	Actual
Ulan Bataar	1 CBS, 1 LEP, 1 LES (October 2008)	1	FS-03, LE-09, LE-05			3
MONGOLIA TOTALS	3 FTEs	1	3			1 New Office, 3 FTEs

BRAZIL

Brazil was allocated one new office and eight FTEs under GCS. Additionally, one GVC position was added to Sao Paulo as part of the GVC amendment. The evaluation found that some shifts have been made in terms of resource allocations. The planned office was to be placed in Porto Alegre; however, a justification was made for a second satellite/micro office. In order to distribute available resources, the CBS position, originally indicated for Porto Alegre, was transformed into two LES positions to be assigned to the new Recife satellite/micro office. This ensured a better outreach and coverage of Brazil's diverse market and physically vast country.

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65 Data provided by GLA, September, 2010.

66 Data provided by GLA, September, 2010.

Though two LES positions were created in Rio de Janeiro, the CBS position was not filled and the rationale did not become clear during the evaluation process. A new LES position was planned for Brasilia; however during the evaluation field visit to Brasilia, Mission staff indicated, they were not aware of this position. Since that time the HOM and the Geographic desk have inquired and officially requested the position through GCS, ultimately the evaluation noted a request for the same position through the SR-400 process. The following table illustrates the planned versus actual positions in Brazil.

Figure 35: Brazil New Office and FTE Allocations and Actuals[67]

Global Commerce Strategy						
Region: Latin America - BRAZIL (GLM)	Planned New FTEs and Offices		2008/2009	2009/2010	2010/2011	Total
	Planned FTEs	New Offices	Actual	Actual	Actual	Actual
Porto Alegre	1 CBS, 1 LEP, 1 LES (July 2008)	1		LE-0, LE-05 + New Office		2
Rio de Janeiro	1 LEP, 1 LES (April 2009); 1 CBS (July 2009)		LE-08, LE-05			2
Sao Paulo	1 CBS (July 2010)		FS-03			1
Sao Paulo	1 GVC LE-08 (Based on TB Amendment)		LE-09			1
Brasilia	1 LES (April 2010)					
Recife		New Office Added	LE-09, LE-05 + 1 New Office			2
Brazil General Comments:	Informant interviews suggest that a decision was made by HQ to split the larger Porto Alegre offices into two micro offices (adding one to Recife) and to split the 1 CBS position into 2 LE positions for the Recife.					
BRAZIL TOTALS	8 FTEs + 1 GVC	1	5 + 1 New Office (+1 GVC position)	2 + 1 New Office		7 FTEs + 2 Offices + 1 GVC position

CHILE

A position, previously slated for deletion in Santiago, Chile was reinstated with GCS funding. The rationale for this position was provided in the GCS Submission and was based on the growing interest in Chile following the signing of the Canada-Chile Free Trade Agreement (FTA). The CBS position was reinstated, as planned, in FY 2009/10.

67 Data provided by GLA, September, 2010.

Figure 36: Chile New Office and FTE Allocations and Actuals[68]

Global Commerce Strategy						
Region: Latin America - CHILE (GLM)	Planned New FTEs and Offices		2008/2009	2009/2010	2010/2011	Total
	Planned FTEs	New Offices	Actual	Actual	Actual	Actual
Santigao	1 CBS (July 2009)			1 CBS Re-instated (previously scheduled for deletion)		
CHILE TOTALS	1 FTE			1		1 FTE

PANAMA

Two new position were created in Panama and designed to focus on identifying opportunities for Canadian firms related to the expansion of the Panama Canal. With the conclusion of the Panama FTA in 2010, it is expected that commercial interests will increase even further, adding to the workload of the mission.

Figure 37: Panama New Office and FTE Allocations and Actuals[69]

Global Commerce Strategy						
Region: Latin America - PANAMA (GLM)	Planned New FTEs and Offices		2008/2009	2009/2010	2010/2011	Total
	Planned FTEs	New Offices	Actual	Actual	Actual	Actual
Panama City	1 CBS, 1 LES (July 2008)		FS-03, LE-05			2
PANAMA TOTALS			2 FTEs			2 FTEs

COLOMBIA

With the conclusion of the Canada-Columbia FTA in 2008, commercial opportunities and interests are expected to rise in coming years. One new LES position was planned for Bogota in support of the growing opportunities in Colombia. However, due to space limitations at the Chancery, the position was not created. Headquarters indicated that once space was made available the position creation could proceed but would require re-examination and new approval. Colombia's 2010/11 Business Plan indicates that a request was made to CORA for two locally engaged positions; however, the decision was put on hold by CORA due to the lack of physical space within the Bogota mission. It was noted that a new space was recently acquired by the Mission, and was in the process of being fitted for use.

68 Data provided by GLA, September, 2010.

69 Data provided by GLA, September, 2010.

Figure 38: Colombia New Office and FTE Allocations and Actuals[70]

Global Commerce Strategy						
Region: Latin America - COLUMBIA (GLM)	Planned New FTEs and Offices		2008/2009	2009/2010	2010/2011	Total
	Planned FTEs	New Offices	Actual	Actual	Actual	Actual
Bogota	1 LEP (April 2009)					
Colombia General Comments:	Position not created due to space limitations.					
COLOMBIA TOTALS	1 FTE					

Finding 49: Progress has been made in China since the recommendations of the 2006 Evaluation of the IBD Program; however, continuous monitoring of progress and results will help to improve competitiveness and impact.

The approach to China has evolved significantly since the last International Business Development (IBD) Evaluation of China, Hong Kong and Taiwan in 2006. At the time, “the evaluation found little evidence of a comprehensive and strategic approach to China that recognizes new requirements for enterprises to work globally and yet be able to reap the highest economic returns for Canadians.” A more comprehensive strategy has since been developed and the China Program is monitoring progress through five key performance indicators.

China has seen extensive high level visits over the past two years in addition to a significant resource increase, which entails a significant work load in the establishment and recruitment phases. These external factors, combined with the highly complex business environment and extensive mission network, have resulted in a fast paced setting.

Another key element of the 2006 Evaluation of IBD China was the concern over Canada’s competitiveness. “In comparison to the presence sustained by Canada's major competitors, Canada is under-resourced in China. Other nations are significantly building up their programs and capacity and expanding their reach into sub regional markets.” Canada has taken concrete steps through the GCS to increase the resource capacity in the field.

70 Data provided by GLA, September, 2010.

Finding 50: With the desire to rapidly increase capacity in priority markets, full planning of FTE functions and administrative details related to mission capacity and new office models were not adequately planned prior to implementation. However, many of these initial roll-out challenges have been resolved and improvements are being observed.

Overall, the evaluation could not identify clear justifications or plans for the allocation of GCS offices and position in terms of their locations and functions. The model chosen for new offices was not adequately explained. The definition that appears to have been adopted is one of “satellite or micro offices located primarily in already established business centers,” as in China and Brazil. There was an assumption that if results were not viewed as successful as expected in a particular location, the offices could/would be closed and relocated to another area at minimal costs.

Interviewees at missions expressed some frustration with the lack of resources beyond staff salaries (travel, promotional activities, marketing). A more comprehensive review to determine whether new officers (created under GCS) have the resources they need to effectively advance objectives and achieve results may be required and related shifts of resources considered.

Several factors related to the roll-out of the GCS commitments in China were highlighted by the evaluation as points of concern:

- The rationale behind choosing CCC as a partner for the expansion of the footprint in China was not well justified. CCC, prior to the China GCS experience had no experience with opening of offices abroad. It was unclear whether a thorough study on the feasibility of the decision had been conducted. The roles of CCC and DFAIT in terms of the management of the GCS/CCC offices in the long-term are not clear. A uniform decision did not appear to have been made as to how these offices should be labelled and communicated officially (DFAIT Trade Offices with a Canadian diplomatic banner or CCC Offices).
- The decision to concurrently open all six offices through a multitude of intermediaries caused significant challenges in terms of administration and management with confused reporting relationships.
- CCC identified broad administrative inefficiencies in the model currently adopted for CCC office establishment and administration. It was indicated that in the renewal of the MOU, additional costs would likely need to be included. Concurrently, DFAIT has taken steps to assume some administrative tasks which have not been optimally delivered by CCC and its partners. In 2010, these administrative challenges resulted in the resignation of one experienced LES hired for the GCS/CCC offices.

Finding 51: **Overall, the expected results of Canada's footprint expansion in the emerging markets of Asia and Latin America are on track and viewed to be relevant. However, the definition of desired results remains limited in terms of concrete and measurable targets.**

The Government of Canada indicated that by adding new offices and staff in Asia and the Americas, the following results would be achieved:

- More Canadian firms would be positioned to seize opportunities abroad: This would be measured by the volume of business opportunities identified and disseminated to clients; an increase in the number of new Canadian firms active/interested in these markets; and an increase in the number of services provided to clients.
- More foreign firms exploring investment opportunities in Canada: This will be demonstrated by the increase in the number of investment leads identified and transferred to Canadian partner-clients.
- Improved delivery of client service: Demonstrated by the increase in the percentage of and degree to which, clients and partner-clients are satisfied with the timeliness and quality of services.

As in other areas of GCS, existing TCS reporting systems (such as TRIO) were cited as tools for measuring the performance of Expanding Canada's Commercial Network Abroad.

Finding 52: **GCS has significantly contributed to the reference levels of the Geographic Bureaus (GLD and GPD); however the organizational shift to the International Platform Branch in FY 2008/09, as well as departmental resource cuts created challenges for tracking GCS financial resources. Despite these challenges, without GCS resources, the ability to advance objectives in emerging markets would have been strongly impeded.**

The tables below identify the extent of GCS contributions to Bureau-level Reference Levels. With the introduction of the International Platform Branch in 2008/9, the division of costs between Geographics and the Platform became complicated. Geographics remain responsible for salaries, while the Platform remains responsible for a pool-costed system of FSDs, Accommodation, Offices, IT, etc. Provided the fact that GCS figures have not been updated to highlight this change to DFAIT's resource management, GCS statistics in the tables below are not reflective of this change and should be considered with this in mind. Further shifts in resources due to internal reorganization, made it is difficult to compare and identify the true impact of GCS resources relative to a wide range of DFAIT budget reduction exercises over the course of GCS implementation.

Figure 39 illustrates the GCS contribution to activities and resources in Asia as percent of the total funding. Funds managed by GPD and GSD have decreased by 61.1% in FY 2010/11 over FY 2007/08. This is likely due to the shift of resources to the International Platform Branch. CCC funding, however was managed by the Geographic, not the International Platform Branch. In FY 2007/08, the GCS contributions were 7% of the resource base, while in FY 2010/11 they comprised 29.5% of the total (keeping in mind the budget transfer to ACM).

Figure 39: GCS % contribution to Asia Commercial Bureau Reference Levels

	2007/08 Allocated	2008/09 Allocated	2009/10 Allocated	2010/11 Allocated
GPD+GSD Reference Level	$63,575,800	$59,615,300	$29,136,800	$24,748,900
GCS (Asia) Contribution to Reference Level	$4,523,252	$7,250,227	$6,764,640	$7,312,884
GCS % of Total	**7%**	**12.2%**	**23.2%**	**29.5%**

Figure 40 illustrates the GCS % contribution to activities and resources in Latin America. Funds managed by the America's Bureau (former GLM and GCD) have decreased by 43.1% in FY 2010/11 over FY 2007/08. This is likely due to the shift of resources to the International Platform Branch. FY 2008/09 saw GCS contributions to their resource base to be 6%, while in FY 2010/11 they comprised 11.3% of the same (keeping in mind the budget transfer to ACM).

Figure 40: GCS % contribution to Latin American Commercial Bureau Reference Levels

	2007/08 Allocated	2008/09 Allocated	2009/10 Allocated	2010/11 Allocated
GLM+GCD Reference Level	$79,293,300	$58,763,900	$42,358,400	$45,152,000
GCS (Latin Amernica) Contribution to Reference Level	$0	$3,511,481	$5,047,846	$5,085,150
GCS % of Total	**0**	**6.0%**	**11.9%**	**11.3%**

E. Regional Offices

The main objective for increasing the capacity of the Regional Office Network was to provide enhanced program delivery in support of Canadian clients in an increasingly competitive global market place. GCS envisioned more Canadian firms getting engaged internationally, not just by exporting to a retailer or wholesaler, but also by plugging into global value chains, commercializing technology, attracting investment and knowledge back to Canada, or investing abroad to expand international operations.

Finding 53: GCS invested in 28 new FTEs and five new satellite offices to the regional office network. This expansion of the Network of Regional Offices allowed the Department to increase service accessibility to business clients.

At the beginning of the GCS implementation, there were reportedly 109 FTEs in ROs, of which seven were supported by OGDs. The GCS committed a total of 30 FTEs and new RO satellite offices. The expectation during the implementation of the GCS was to increase the capacity of the ROs to serve more clients, however, as Industry Canada's sector expertise and support diminished over the past few years, the DFAIT ROs had to take on more this work. DFAIT's domestic network capacity was increased further through the addition of 22 FTEs under a Government decision related to the domestic dimension of strengthening Canada's Representation Abroad.

Finding 54: A key activity of the Regional Offices is Client Acquisition and Retention; however, interviews revealed a perceived lack of clarity of the responsibilities between ROs and posts. This challenge was also highlighted in the 2009 TCS Client Survey.

The 2009 TCS Client Survey notes that in terms of accessing TCS services, missions abroad represent the most important source. However, with regard to clients new to the TCS, a 2010/11 Survey indicated that the ROs have been the first point of contact for 43% of these new clients. While the ROs are best placed to proactively reach out to new clients in Canada, they are not the only vehicle through which the TCS can attract clients. TCs at missions, as well as structured and virtual practice officers also play a role in attracting new clients to the TCS.

Evaluation interviews revealed a perceived sense that there was no firm or well understood Client Acquisition Strategy or process. TCS at missions reported that they often engaged clients on their own. TCS at ROs recognized the need for improvements to be made. Staff at headquarters indicated a need for a clear process and an additional emphasis on client retention.

Finding 55: Time series data on the progress toward expected results of the Regional Offices was incomplete but appears to be on track based on the information reviewed.

Expected results, as per GCS are outlined in the table below. The Dashboard was used to pull relevant information on RO progress along key indicators and on new client acquisition. Data on new client acquisition was not available (via the Dashboard) for any region, including ROs before 2010 but the information does give a concrete example of recent achievement.

Figure 41: Expected Results

FY 2007/8 Targets	Each Subsequent Year
225 more Canadian firms taking advantage of global opportunities	650 more firms engaged internationally
900 specific trade leads assessed	1,700 assessments of specific trade opportunities
50 new partnered activities generated	250 investment aftercare and S&T corporate calls
	500 investment and S&T leads serviced
	10 more investment and S&T incoming missions

Key performance measures include:

- The number of new clients to work with ROs and Canada's network abroad.
- The effectiveness of leveraging efforts through the use of RTNs to provide optimal value-added services.
- For investment and S&T, workload indicators are based on the number of RO investment related events, the number of new investment leads/prospects serviced, the number of corporate outcalls, and the number of investment incoming missions.

Finding 56: In general, there is a mixed level of RO-Post and RO-Sector engagement due to confusion related to roles and division of responsibilities. With the ongoing enhancement of RO capacity, a clearer definition accompanied by a broader communications and training plan would enhance this relationship.

Interviews with RO staff, created the impression that the heart of the TCs' work in ROs lay in their work with TCs at post. However, the level of engagement and quality of the working relationship between ROs and post seemed to vary. The lack of clarity and communication on the roles and responsibilities of the ROs was also raised, along with the need for more inclusiveness on part of the Posts to improve alignment of priorities. on part of the Posts to improve alignment of priorities.

A similar concern was echoed in the 2008 RO Evaluation: "RO staff believe that a number of HQ staff, as well as staff from missions/posts, do not consistently involve or notify ROs of meetings within their regions. Additionally, some staff at HQ and missions/posts bypass ROs and fail to inform ROs of their contacts with businesses in their communities." The RO evaluation also found that:

> "*… although the mandate and objectives for the Regional Offices (ROs) within DFAIT are well documented and well understood by senior DFAIT staff, over half of the RO staff, as well as staff at the DFAIT missions, do not believe that their role is well enough defined vis-à-vis the missions and other members of the regional trade network. As well, the evaluation found that there is a need to increase awareness of the DFAIT ROs throughout DFAIT and with other regional partners.*" (RO Evaluation)

The RO Evaluation further found that communications and coordination between Posts and ROs was improving and this was also the general impression from the GCS interviews. The creation of the Canada Bureau highlighted the importance of having a clear mandate in order to minimize the number of general requests received by the ROs. A communication plan to manage expectations from HQ is being developed and a governance structure highlighting accountabilities, roles and responsibilities is currently being discussed.

There is also a wide range of views regarding the impact of GCS on Regional Offices and further on the RO relations with the TCS missions abroad. Some view the GCS impact as being minimized due to the Department's situation, while others believe that GCS has helped them manage the increase in demand as companies are seeking to go overseas. The ROs located in larger business centers, such as Toronto, Montreal, Vancouver and Calgary appear to be better equipped to organize priorities and meet the competing demands of HQ, missions and clients, while smaller ROs continue to be challenged with lack of resources and focus.

Client Acquisition will likely be improved if roles are clarified and messages communicated to the client (new Client) base. This is evidenced by the SME Advisory Board feedback, indicating that: Local businesses are not necessarily aware of Regional Offices (ROs) despite being ‘big fish’ in a ‘small pond.’ DFAIT needs to market better and ROs must become more proactive. (SME Advisory Board, January 12, 2007).

The ROs are now operating on a sectoral basis, which increases the importance of clarifying the roles of Sectors and ROs to avoid duplication of work. According to some ROs, the concept of the Sector Practices is good; however it remains unclear whether it has been successful or not and whether there is a real alignment of expectations. Others saw the need for HQ to clarify the function of the Sector Practices and how the domestic network could work together in a more integrated manner to enhance service to clients.

Finding 57: The relationship between ROs and the Regional Development Agencies are at varying levels of collaboration, but are overall good.

ROs use regional trade networks and the Regional Development Agencies (RDAs) to collaborate, leverage money and share the workload which helps to better assist clients. The challenge with the RDA system is that not all RDAs operate the same way in their work with ROs. Some issues that emerged from discussions with RDAs include the following:

- CEDQ is in regular contact and collaboration with Montreal and views the relationship as positive and productive. They have further signed an MOU to enhance collaboration and reduce duplication.
- RDAs frequently utilize ROs for mission contacts and the relationship is based on information sharing. There have been cases of duplication of services provided to clients and most RDAs agree that a more comprehensive partnership would increase the overall effectiveness and reduce the cases of duplication. Companies reportedly visit the province with ROs frequently being unaware of these visits.
- Provincial governments, as well as the federal RDAs , such as the Atlantic Canada Opportunities Agency (ACOA) and Western Economic Diversification Canada (WD) have more resources for export development and investment attraction than DFAIT. They also have broader mandates than the ROs in the provision of services in other areas of economic development.

F. Innovation

The Innovation element of GCS targets the increased commercialization as a means to improve market access of Canadian S&T knowledge producers to world-class technology, and to assist innovative Canadian companies to grow internationally, in North America and in emerging markets.

Innovation promotion is a key priority for the federal government under Advantage Canada, while the International Science and Technology (S&T) collaboration is a key component of DFAIT's role in supporting the government's innovation policy objectives, as articulated in the federal S&T Strategy (2007) and the Global Commerce Strategy (2006). DFAIT's activity on this file includes the development of a policy case to further advocate for international S&T collaboration. Budget 2010 renewed DFAIT's International Science and Technology Partnership Program (ISTPP) and provided funding for continuation of the bilateral Research and Development (R&D) cooperation and partnerships with Brazil, China, India and Israel. These partnerships will provide Canadian research institutions and firms with increased access to international networks, risk financing, technology, know-how, highly qualified personnel and market opportunities.

GCS funding was also to be used to enhance S&T partnerships, services and programs to connect Canadian innovators (Private sector, academia, government) to the global supply of ideas, talents and technologies in support of the Government of Canada's international innovation objectives, as articulated in 1) Advantage Canada, 2) the government's S&T framework 'Mobilizing Science and Technology to Canada's Advantage (MSTCA),' and 3) the GCS.

Finding 58: GCS has delivered solid results along the tri-partite S&T partnership model, particularly with Brazil, India, China and Israel. Mobilization of Innovation teams in Regional Offices demonstrated an integrative partnership toward improving local S&T capacity.

Efforts have been made toward realigning Canada's pre-2005 bilateral S&T agreements in order to fully engage the private sector in setting international priorities for new collaborative research and commercialization agendas. Targeted international mechanisms, like the Canada-India S&T Agreement (2005), Canada-Brazil S&T Agreement in 2010 (also in support of the America's Strategy) and, the Canada-California Strategic Innovation Partnership (2006) have been established. Additionally, Canada and China signed a bilateral science and technology (S&T) agreement in January 2007 which was reinforced in the April 2009 Memorandum of Cooperation through ICTP Canada and key partners.

Furthermore, a high number of Innovation missions at senior levels (Minister, DM, ADM), as well as more focused delegations were organized during the course of GCS implementation, particularly through the America's Strategy, India and China in support of international S&T partnerships.

GCS indicated that S&T would be implemented in cooperation with the GVC initiative and the ITM initiative (Integrative Trade Model) to advance its objectives. The evaluation review found that this integration of S&T is growing at HQ, missions and regional offices. It also found that due the integration and the fine lines between areas, such as innovation and investment, reporting through existing systems is often challenging in terms of recording complex results.

According to the GCS, the S&T, the Innovation group and the Regional Offices had to work together to enhance capacity in service delivery to clients as well as to increase the tripartite partnerships throughout the domestic network. This effort has been largely successful with the addition of S&T and Innovation officers in each domestic region.

Finding 59: DFAIT's Innovation Team was able to develop, deliver and deploy better information and reporting tools to facilitate access to information on Canadian S&T capacity.

The Innovation group has worked to improve and deliver a new tool box of resources to help ROs and Posts to deliver stronger S&T and Innovation results by having the information they need to understand and communicate Canadian capacity. Efforts have also been made to incorporate S&T and innovation performance criteria into existing departmental reporting systems, such as TRIO.

The Innovation Atlas database was launched to assist S&T officers in the development of international partnerships by identifying and tracking Canadian innovation capabilities, and promoting these abroad to foster international partnerships. The Innovation Atlas was rolled out in 2010 to assist S&T officers, Innovation cluster maps were developed for Brazil and updated for Canada, China and India. WIKI and Connections were developed as communication tools for S&T officers to better work with clients. The Innovation S&T Connections network has over 350 members.

Finding 60: The Going Global Innovation (GGI) program, targeted for S&T enhancement in the GCS, was rolled-up into the Global Commerce Support Program (GCSP).

The Innovation component of GCS indicated that the Innovation group would revise and enhance the Going Global Program to facilitate international research partnering to target commercialization performance. $210,000 was allocated to top up the existing contribution fund. A separate submission was managed as part of the revised GCSP.

GGI was rolled into the Global Commerce Support Program (GCSP) in 2008-09 as a key deliverable under the Global Commerce Strategy and funding was doubled to meet increased demand and to accommodate a shift in focus to private sector researchers. This has resulted in a significant increase in the number of applications received and approved. Over 64 percent of the projects were from the private sector; 87% of projects were in the three priority sectors of Clean Technology and Energy, Information and Communications Technologies, and Life Sciences and Health; 70% of project partnerships were with priority markets. GGI has begun developing an online application form to streamline the application process and assist in client acquisition.

Finding 61: The Innovation component of GCS has supported the advancement of innovation leadership through its capacity building efforts within the TCS network.

Upgrading competencies and realigning priorities at posts and regional offices has helped to clarify the response to client demands, enhance sectoral and cluster capacity and benchmark best practices of competitors. Results of these enhancements aim to improve international S&T commercialization by Canadian companies. The following activities have taken place in support of S&T capacity building throughout the TCS network:

- Work has been advanced with Sector Practice Leads and Virtual Practice Leads through BBI, BBR, BBT and Global Value Chain teams to ensure innovation elements were reflected in sector practice strategies. BBT officers were assigned to represent innovation business lines, and to provide input and coordination with other innovation elements and activities.
- S&T efforts have drawn on C-100 as part of a broader movement to spur Canada's innovation sector. The C-100 is an organization representing accomplished Canadian entrepreneurs in the Silicon Valley. It was officially unveiled by MINT to the Canadian business community and policy makers at an inaugural event in Ottawa on May 25, 2010. Members of the Canadian government, Canadian entrepreneurs, Canadian-American innovators, venture capitalists, and leading thinkers attended the event, which was part of a broader movement to spur Canada's innovation sector.
- An Innovation Town Hall (May 2009) was held at the margins of the Ontario Centres of Excellence Discovery Days. 35 S&T officers from priority innovation posts participated - receiving training and professional development and sharing best practices.
- An Innovation Workshop 2009 (Dec 2010) was held to coincide with Innovation Week 2010 in Ottawa. 25-30 S&T officers from key innovation posts and ROs participated.

- A Senior Trade Commissioner is imbedded with the Canadian Venture Capital Association (CVCA) to work closely with Canadian venture capitalists in strengthening Canadian funds through exploring international co-funding opportunities.

Cooperation and capacity building initiatives with Regional Offices have included:

- The roll-out of Innovation Atlas (2009-2010) to posts and ROs as a networking tool and data base for innovation, R&D leaders in Canada, including WEBINARS and on-line training (ongoing).
- Participation in an 'Innovation Workshop' (Nov 2009) with Eastern Canada Regional offices, with focus on tools and working with innovation clients for delivery of Going Global Innovation (GGI).
- Outreach to ROs in British Columbia (Nov 2008 and November 2010) to review innovation S&T officers' roles and responsibilities, review tools, including Innovation Atlas, and how to work with innovation clients for delivery of Going Global Innovation (GGI).
- Professional development courses were developed in concert with BTR and GNC on commercialization, intellectual property, and venture capital and delivered to S&T officers at ROs, posts and HQ.

Finding 62: DFAIT's Innovation Team has advanced work on benchmarking international best practices in terms of how Canada's competitors are upgrading their innovative capacities. These efforts aim to maintain leading edge services for Canadian S&T partners and clients.

The Innovation component of GCS committed to advancing benchmarking of international best practices of competitors in order to monitor and improve TCS capacity and competitiveness towards improved client success. In this highly competitive arena, there is a need to constantly examine and modify the approach being taken by developing and monitoring set benchmarks. Examples of benchmarking efforts to date include:[71]

- A number of conferences were held which looked at comparisons of innovation chains. For an example, Science, Technology and Innovation in the Global Environment: Emerging Trends and Policy Challenges - speech by Clerk of the Privy Council to Canada-OECD Innovation Roundtable (March 2008).[72]

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[71] Events provided by BBT, December, 2010.

[72] http://www.pco.gc.ca/index.asp?lang=eng&Page=clerk-greffier&Sub=archives&Doc=20080317-eng.htm)

- International best practices and comparative innovations chains presented under Global Innovation Strategy, and further developed to support the business case to extend ISTPP (ISTPP was renewed under Budget 2010).

Efforts have been made to increase the effectiveness of tri-partite stakeholder engagement to strengthen a global innovation network. Several MOUs with partners have been signed since GCS implementation. There was a desire from those interviewed at post and at HQ to enhance efforts and resources invested in S&T and Innovation, including maximizing the leverage of Edu-Canada as a tool for promotion.

With this review of Canadian Innovation, a closer examination of existing policies and resources toward Innovation may be required in combination with a thorough review of competitor investments in this area. Canada and DFAIT will need to determine desired innovation targets and align resources and activities toward achieving results in this area.

Finding 63: FTEs in support of the Innovation component of GCS have been assigned and are delivering on priorities as planned.

2010-11 CEPs identified a total of 88 FTEs related to delivery on Innovation, S&T at missions abroad, and an additional 10 FTE with the ROs across Canada. Over 400 innovation S&T related activities were identified under business plans (CEP) from all posts. BBT reviewed innovation elements of CEPs from priority posts for innovation and from ROs, and provided feedback and guidance. Specific examples of S&T positions supported by the GCS include:

- Virtual Practice lead - Senior S&T Officer imbedded with NRC-IRAP (November 2010) to spearhead initiative to ensure collaboration opportunities for Canadian innovative SMEs through Europe Enterprise Network (EEN).
- A Senior Trade Commissioner imbedded with Canadian Venture Capital Association (CVCA) to work closely with Canadian venture capitalists in strengthening Canadian funds through exploring international co-funding opportunities.

Finding 64: Though innovation result targets were proposed in the GCS, no specific timeframes were assigned. The Innovation component has achieved results in support of the S&T and Innovation objectives. Reporting on planned indicators remains a challenge.

The 2009 TCS client survey showed that innovation, science and technology are of growing interest to the TCS client community. Four innovation related categories: seeking R&D and technology partnerships, licensing or sourcing technologies and seeking VC financing - represent 32% of the responses from clients. SMEs are more interested in pursuing R&D partnerships and licensing opportunities in target markets in comparison with larger firms and organizations. Science and technology is seen as a distinct competitive advantage by those surveyed. Almost a quarter of clients surveyed indicated that an international business agreement facilitated by the TCS resulted in a transfer of technology. However in almost 80% of those cases, the transfer of technology was to a foreign partner. This presents an interesting challenge to the TCS given the debate on the value of the proactive pursuit of technology out-licensing opportunities versus technology inflow.

The following results were indicated for S&T in the GCS TB Submission:

- Enhanced adoption and transfers of international technology through:
  - 5,000 technology sourcing request matches with Canadian clients
  - 2,000 international research collaborations
  - 5,000 foreign innovators or technologies partnered with Canadian capabilities
  - 1,000 market intelligence or technology reports delivered to domestic clients/partners.
- Increased commercialization through:
  - 2,000 follow-up calls by post on commercialization opportunities; 4,000 follow-up calls by Ros;
  - 180 targeted technology/trade/VTC missions; bench marking global best practices.
  - Increased market share, and growth in exports of high and med-high technology intensive goods, services and processes from 5% to 8% annually (move out from the bottom third in OECD rankings)
- Long-term success will be measured by a positive shift in Canada's commercialization results relative to OECD competitors.

Now that the integration of Innovation under DFAIT's ITM is well underway, the numbers which were projected in the original TB submission should be reviewed in the context of more practical tracking systems.

BBT has worked closely with the Strategic Planning Division to ensure that innovation and S&T are part of the IBD/CEP template for the 2009-10 planning cycle. Advancements have been made through close collaboration with the Strategic Planning Division and Performance Management Working Group to better integrate performance indicators for the TCS innovation activities. These are the result of consultations with focus groups and were reviewed by S&T Officers during a 2010 Innovation Workshop. They are to be validated in early 2011. BBT is also working closely with BTE to include

Innovation, S&T under TRIO as a business line / services provided for innovation clients. Other tracking data is available through reporting on ISTPP-funded projects and GGI-funded projects.

Finding 65: Innovation and S&T are viewed by the GoC as drivers of economic growth; however, GDP spending on R&D has declined slightly over the past few years.

The 2010 Speech from the Throne identifies the importance of S&T and Innovation to Canada's economic prosperity as follows:

> *To fuel the ingenuity of Canada's best and brightest and bring innovative products to market, our Government will build on the unprecedented investments in Canada's Economic Action Plan by bolstering its Science and Technology Strategy. It will launch a digital economy strategy to drive the adoption of new technology across the economy. To encourage new ideas and protect the rights of Canadians whose research, development and artistic creativity contribute to Canada's prosperity, our Government will also strengthen laws governing intellectual property and copyright.*
>
> **-2010 Speech from the Throne, p. 6.**

Despite the goals set in the GCS and in the Speech from the Throne, Canada's R&D as a % of GDP still remains low compared to the OECD average of 2.34% in 2008[73] and with Canada's own time series levels representing 1.92% of GDP in 2009 (1.80% in 2010) compared to 2.04 % of GDP in 2004 (pre GCS). According to 2010-2011 *Global Competitiveness Report* of the World Economic Forum,[74] "Canada has dropped one place this year to 10th, with a stable performance and rounding out the top 10. Further comparative studies on the activities being conducted by like-minded countries in this area may be helpful.

[73] http://www.oecd-ilibrary.org/science-and-technology/gross-domestic-expenditure-on-r-d-2011_rdxp-table-2011-1-en

[74] http://www.weforum.org/reports

Figure 42: Domestic spending on R&D % of GDP[75]

	Domestic spending on R&D ($ millions)	GDP	Domestic spending on R&D/GDP (%)
2000	20,556	1,076,577	1.91%
2001	23,133	1,108,048	2.09%
2002	23,536	1,152,905	2.04%
2003	24,691	1,213,175	2.04%
2004	26,679	1,290,906	2.07%
2005	28,023	1,373,845	2.04%
2006	29,080	1,450,405	2.00%
2007	29,919	1,529,589	1.96%
2008	29,894	1,603,418	1.86%
2009	29,394	1,528,985	1.92%
2010	29,222	1,624,608	1.80%

Furthermore, the 2010-11 Global Competitiveness Report of the World Economic Forum reveals the following statistics relating to Canada's ranking in terms of Innovation:[76]

	Global Ranking:
Availability of Scientists and Engineers:	6
University-industry collaboration on R&D:	7
Quality of scientific research institutions:	8
Utility Patents per million of population:	10 (n=108.8)
Capacity for Innovation:	19
Company spending on R&D:	20
Government procurement of advanced technology products:	26

75 http://www40.statcan.gc.ca/l01/cst01/SCTE03-eng.htm. Retrieved 1 Nov. 2010.

76 The Global Competitiveness Report 2010-2011. http://www.weforum.org/documents/GCR10/index.html. Retrieved, Nov 1. 2011 and. 2010.

These mixed rankings demonstrate some of the key strengths of Canada's innovation sector, for example the strength of university-industry partnerships and the availability of scientists and engineers; however, there are areas in which improvements to the capacity of Innovation could be made.

Enhanced efforts towards the commercialization of R&D need to be strategically addressed. Evaluation interviews revealed diverse views as to who should be responsible for these efforts (DFAIT or OGDs). An action plan for a coordinated approach to support Innovation and S&T among OGDs, provinces and academic centers would be beneficial (e.g., NRC IRAP/CCC/BDC).

The Conference Board of Canada's report on "How Canada Performs: A Report Card on Canada", indicates that Canada received a 'D' rating in Innovation in 2008 and 2009/10 (forecasted). The following key points were raised.[77]

- Canada receives a "D" grade and ranks 14th out of 17 countries. The Canadian economy remains a below-average performer on its capacity to innovate.
- Relative to its peers, Canada has improved only on the export market share of its aerospace industry and the number of scientific articles published. On the new indicator that measures trademarks by population, Canada ranks second to last and scores another "D."
- Countries with the highest overall scores not only spend more on science and technology but also have policies that drive innovation supply and demand.

Despite these broad challenges for Canadian Innovation, in January 2010, the DFAIT facilitated network, CCSIP (Canada-California Strategic Innovation Partnership), announced the selection of 15 bilateral projects emerging from its first Call for Proposals (CFP). These projects are supported by over $1 million in new research funding, and combine expertise, research resources and investment from both constituencies. These initiatives aim to develop novel models of R&D collaboration that address global challenges such as climate change, infectious diseases such as H1N1 influenza and the demand for sustainable energy.

[77] The Conference Board of Canada. http://www.conferenceboard.ca/HCP/Details/Innovation.aspx Retrieved, Dec 1, 2010.

G. Market Access

Within DFAIT the activities covered under the Market Access component of GCS are the primary responsibility of the Trade Policy and Negotiations Branch (TFM), as well as the Trade Law Bureau (JLT) for legal-related aspects.

Prior to the implementation of the GCS, the Trade Policy and Negotiations Branch had 270 FTEs of which 68.5 FTEs were devoted to activities that would be impacted by the incremental resources of the GCS. The Trade Law Bureau (JLT) had 49 FTEs divided between various legal trade responsibilities of which 12 FTEs were devoted to activities of North America Sectoral initiatives, FTA negotiations, FIPA negotiations and regulatory negotiations. The Market Access activities outlined in the Submission contribute to DFAIT's Program Activity Architecture (PAA) through Trade/Commerce Policy and Program Development and Trade Negotiations and Dispute Settlement.

Finding 66: A sectoral approach was adopted for North American Market Access to allow DFAIT to address cross-cutting issues and a focus on trade impediments to industry in North America.

According to the GCS, starting in 2008, DFAIT has to improve regulatory cooperation and common approaches in general. At the time of the Submission, new resources were needed to carry out incremental program activity as envisaged in relation to North America's initiatives, regional/bilateral trade and investment agreements and strategic trade litigation. There is frequent internal re-allocation to meet pressures which has had an impact on existing divisions, required to continue to support the traditional amount of work while helping the Branch to meet short term priorities. This element is closely linked to DFAIT's efforts through NAPP advocacy to keep trade barriers to a minimum. The biggest Market Access issues managed during the GCS implementation to date include:

- Buy American
- Country of Origin Labeling (COOL)
- Softwood Lumber

As with other parts of the department, the market access group was affected by the 2008 recession. The Buy American policies in the United States required a readjustment of the focus and priorities of many within the group. SME Advisory Board members urged DFAIT to be vigilant in getting Canada excluded from Buy America policies. In an October 2009 meeting, the Minister of International Trade announced that Canada and the U.S. had reached an agreement, which would allow Canadian companies to participate in U.S. infrastructure projects financed under the American Recovery and Reinvestment Act (Recovery Act) (SME Advisory Board Achievements

2009). Accomplished in four months, reactions to the agreement from Canadian stakeholders were mostly positive: "Responses to the tentative [Buy American] agreement from Canada's major business organizations were largely positive."[78] Beyond damage control, the Buy American agreement furthered GCS goals of trade liberalization: "The [Buy American] agreement commits the two countries to launch, within a year, further negotiations toward a broader procurement agreement and it establishes a "fast track" process to address any further issues arising from U.S. procurement restrictions."[79]

Finding 67: The FTA and FIPA Market Access Agenda has been significantly advanced, more than doubling FTAs signed or in force since the launch of the GCS (from four prior to FY 2007/8, to nine as of FY 2009/10).

A stated goal of the GCS is to address the concern that Canada has been losing ground to our competitors in the area of market access, particularly to the United States. This issue has been addressed with the initiation and conclusion of several trade and investment agreement negotiations: "The flurry of newly ratified and potential bilateral trade deals involving the United States has raised fears that Canada's importance in the U.S. market could dwindle, and the federal government has responded by initiating talks or finalizing trade agreements with Colombia, Peru, Korea, and the European Union."[80]

In addition to initiated or concluded agreement negotiations, exploratory discussions and several ongoing negotiations have been maintained by the Market Access group.

Despite resource cuts and an intense Market Access Agenda, the Trade Policy Branch has exceeded expectations in the delivery of results. All planned negotiations in the GCS five-year outlook have been initiated with five FTAs concluded to date since the launch of the GCS which equals nine signed in total. Figure 43 below illustrates the FTAs currently signed by Canada and their status while Figure 44 illustrates the status of ongoing FTA negotiations (as of November 2010).

[78] BREVETTI, Rossella and Peter Menyasz. "U.S., Canada Reach Tentative Agreement on Buy American Procurement, Officials Say", *International Trade Daily*, Feb. 8, 2010.

[79] BREVETTI, Rossella and Peter Menyasz. "U.S., Canada Reach Tentative Agreement on Buy American Procurement, Officials Say", *International Trade Daily*, Feb. 8, 2010.

[80] MENYASZ, Peter. "Canada Should Reconsider on FTAs, Focus on Doha Round Instead", *International Trade Daily*, Oct. 28, 2008.

Figure 43: FTAs Signed to Date[81]

FTAs Signed	Year Signed/In Force	Current Status
NAFTA	1994	
Panama	2010	In Parliamentary Process
Jordan	2009	Tabled March 2010
Colombia	2008	Awaiting Approval
Peru	2009	
EFTA	2009	
Costa Rica	2002	
Chile	1997	
Israel	1997	

[81] Ministerial Briefing (Feb. 2010) and http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/index.aspx

Figure 44: FTAs Currently Ongoing[82]

FTAs in Negotiation	Negotiations Launched	Current Status
CARICOM	2007	Second Round: March 2010
Dominican Republic	2007	Delayed due to EPA with the EU
CA4	2001	Round 12: March 2010
South Korea	2005	Round 13: March 2008
Morocco		Exploratory discussions
Ukraine	2010	First Round: May 2010
TPP		
India		Joint study group with May 2010 deadline
Japan		Exploratory phase
Brazil/Mercosur		Interest unclear
Turkey		Exploratory discussions February 2010
CETA	2009	4th & 5th Rounds: July and October 2010. 6th & 7th Rounds planned for January and April 2011
Singapore	2001	Round 8: August 2007

Prior to 2006, Canada had only four FTAs. Since the initiation of the pro-active Market Access agenda of the GCS, five new FTAs have been signed (or are in-force) representing an increase of 125% over pre-GCS figures. Figure 45 below illustrates the FTAs in force pre and post GCS roll-out.

82 Ministerial Briefing (Feb. 2010) and http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/index.aspx

Figure 45: FTAs Signed or In-Force[83]

	Country
Pre-GCS (Pre-2006)	
NAFTA	1994
Chile	1997
Israel	1997
Costa Rica	2002
Pre-GCS Total	**4**
Post-GCS (2006)	
Colombia	2008
Jordan	2009
Peru	2009
EFTA	2009
Panama	2010
Post GCS Total	**5**
Total FTAs to Date	**9**

In terms of Foreign Investment Protection Agreements (FIPAs), DFAIT is very close to its goal of doubling FIPAs to cover over 80% of Canadian investment in the developing world.[84] Figure 46 below illustrates the FIPAs signed or in force as of November 2010.

[83] http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/index.aspx?lang=en#free. Retrieved 9 Nov, 2010.

[84] Target taken from GCS' conceptual document. Includes investment chapters of FTAs, which are equivalent to FIPAs.

Figure 46: FIPA Progress Against the GCS Conceptual Document (as of November 2010)

End of First Year FY 2007/08	Desired Status	Status Achieved (as of Nov. 2010)	Desired Status as of End of Third Year FY 2009/10	Status Achieved (as of Nov. 2010)	Desired Status as of End of Fifth Year FY 2011/12	Status Achieved (as of Nov. 2010)
India	Complete	Initiated	Conclude at least 10 new FIPAs	**Concluded:** Peru, Colombia, Jordan, Kuwait, Panama, Madagascar, Bahrain, **Concluded (renegotiated):** Hungary, Czech Republic, Latvia, Slovakia, Romania) **Total: 12**	Double # of current (22) FIPAs to cover 80% of Canadian investment in the developing world.	**Concluded:** Peru, Colombia, Jordan, Kuwait, Panama, Madagascar, Bahrain, **Concluded (renegotiated):** Hungary, Czech Republic, Latvia, Slovakia, Romania) **Total: 12**
China	Complete	Initiated	South East Asia (e.g., Hong Kong and Malaysia)	Exploratory Talks underway with Malaysia		**Initiated/ Continued FIPAs:** CARICOM (15), CA4. Poland, China, India, Vietnam, Indonesia, Mongolia, Tunisia, Tanzania, EU, Ukraine **Total: 12**
Kuwait	Start Negotiations	Concluded	North Africa (e.g., Algeria and Libya)	Exploratory Talks underway with Algeria and Libya		**Exploratory Discussion Underway:** Morocco, Cuba, Russia, Turkey, Rwanda, Mali, Cameroon, Ghana, Kazakhstan, Malaysia, Algeria, UAE, Saudi Arabia, Libya
Jordan	Start Negotiations	Concluded	Central Asia (e.g., Kazakhstan)	Exploratory Talks underway with Kazakhstan		
Vietnam	Start Negotiations	Initiated	Sub-Saharan Africa	Exploratory Talks underway		**Expected Exploratory Discussions:** Macedonia, Albania, Pakistan
Indonesia	Start Negotiations	Initiated	Russia	Exploratory Talks underway (Update Agreement)		

Finding 68: The Market Access group has experienced resource cuts despite GCS resources provided. The workload has significantly increased but with limited net resource increases.

There is an overwhelming consensus among interviewees that the Market Access group has had to use more resources for GCS initiatives then what was received. In many cases, GCS resources were not seen as being incremental due to cuts. Its effect on staffing levels was particularly felt. The employment freeze left many positions open, while in other cases positions were kept open to offset other expenses. Many managers expressed difficulties in retaining employees; due to resource stressed conditions many have left to other divisions or branches within the Department or to other departments all together.

There has been a significant pressure to get things done as quickly as possible, given the large number of active FTA negotiations. In an attempt to save time and money, opportunities can be neglected. For example, in an effort to keep costs down, simpler agreements have been pursued in lieu of more extensive ones with smaller economies, with efforts made to focus on provisions to maximize Canadian commercial interest in these markets (and where existing coverage under the WTO or other trade agreements is absent). Consequently, the final product has not always satisfied stakeholder expectations and needs. Some interviewees expressed concerns about the effects of the resource constraints on Canada's capability to keep up with its competition.

What has allowed the Market Access group to better cope with the increased workload and simultaneous resource cuts were slower-paced negotiations, as these negotiations did not require as many resources. However, numerous informants voiced concerns on their ability to cope if these negotiations were to become fully active all at once. Focus on bilateral and regional negotiations has also shifted the balance of work of the Branch, with these initiatives being more time consuming to negotiate than the broad multilateral ones through the WTO and other multilateral fora (which cover many more countries at once in the same negotiation). Moreover, a substantial portion of the Branch is involved in the ongoing maintenance or related work under existing agreements, organizations and bilateral relationships, and other trade policy activities.

Before the GCS implementation, it was estimated that the government could carry out between three and five major trade policy initiatives simultaneously depending on their complexity and scope. Additional incremental resources were needed to meet the requirements of the proposed program of incremental activity.

Finding 69: The Trade Policy and Negotiations Branch is in tune with Canadian businesses working to take client needs for market access into consideration as part of activity direction and priority setting. Many stakeholders are involved in client relationship management and needs assessments.

An example of how the Trade Policy Branch solicits input from Canadian businesses includes the Canada-India CEPA process. This process was driven through a combination of business community interests and clear political priority on the broader Canada-India relationship. The recommendations that resulted from this process became an incentive for increased engagement.[85]

The general process on industry consultations varies from agreement to agreement. The views of industry are only one factor on where to launch. For all negotiations, views of Canadian industry (and others) are collected through the DFAIT website and also through the Canada Gazette process. This information is treated by Canada as confidential unlike Australia which publishes such information.[86] Only a limited number of submissions are received through these processes for a number or reasons. Few SMEs have time to monitor the Canada Gazette and DFAIT site in order to set time aside to draft a submission of support/opposition, this results in submissions tending to be from larger industry associations and companies.

Beyond these systematic processes, industry associations and specific companies are in regular contact with senior managers and politicians to express their views. Priorities are put on initiatives to protect or enhance market access with the U.S. (such as Buy American) and on expanding ties with large or emerging markets such as EU and India, as well as on WTO talks if/when Doha resumes. FTAs/FIPAs can also be targeted when there is an opportunity that will not be resource intensive or when Canada has broader foreign policy objectives of deepening ties (e.g., Jordan).

Additionally, representatives from specific industry groups are consulted frequently by individual negotiating groups at the officials' level during negotiations. This is largely on an ad hoc, de-centralized and issue-specific basis (e.g., a rules of origin negotiator will call up a steel, chemicals, autos/parts, forest products etc. association to get technical information and their views on a potential negotiation position for a rule of origin in their sector). These consultations tend to focus on specific elements of a negotiation.

[85] http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/india-inde.aspx

[86] http://www.international.gc.ca/trade-agreements-accords-commerciaux/what-quoi.aspx?lang=eng

Finding 70: When FTAs/FIPAs come into force, there is no clear process for promotion or engaging clients and in-country partners through ROs or posts. More dialogue is required between posts, trade policy and the geographics on engagement plans-post FTA (trade-political).

After the signing of an FTA, missions abroad have to cope with additional interest from companies. The role of government is to create the best conditions for investment, but how these conditions are used will have an impact on the economic success the agreement achieves.

Despite the lack of a clear process, efforts are being made to promote new FTAs. For example, following the signing of the Jordan FTA, the mission in Amman in cooperation with the Jordanian Canadian Business Association and Business Development Canada, hosted a seminar on the benefits of the FTA for the forest and building material sector. It was attended by a select group of over 70 representatives of the sector. This event is part of a Jordan FTA implementation strategy developed to ensure that the FTA generates a substantial increase in commercial exchanges.[87]

Though it is a recognized challenge to study the impact of FIPAs and FTAs, it is valuable work that provides insight for decision making in terms of future market access and engagement efforts.

Finding 71: Market Access facilitates long-term opportunities and results for Canadian clients and supports enhanced bilateral/multilateral relations. However, no consistent tracking mechanisms have been established to follow trends and measure impact of market access agreements/activities.

The difficulty of evaluating a trade agreement was often mentioned by informants. Many explained that while quantitative measures can generate numbers, it is not guaranteed that these numbers are meaningful in evaluating the efficiency or effectiveness of an agreement. Trade Policy documents highlighted that 'the task of isolating the precise causal effects of a trade agreement is difficult. Other factors external to the trade agreements can influence performance (e.g., supply and demand, partner markets and third parties, exchange rate values, energy/shipping prices, agreements with third-party countries, etc.)'. While they try to provide legal certainties, they do not always change the environment that companies operate in. There is also the issue of time; the agreements implemented since the GCS have not been in force for a long time, meaning empirical evidence is limited.

[87] Report by Hala Helou, "FTA Implementation Strategy Canada-Jordan", Wiki

DFAIT/GoC has limited influence over many Trade Policy/Market Access initiatives. Given their politically dependent nature, second/third party actors have significant weight over the process and the duration of expected results (e.g., issue debates/impasse, ratification).

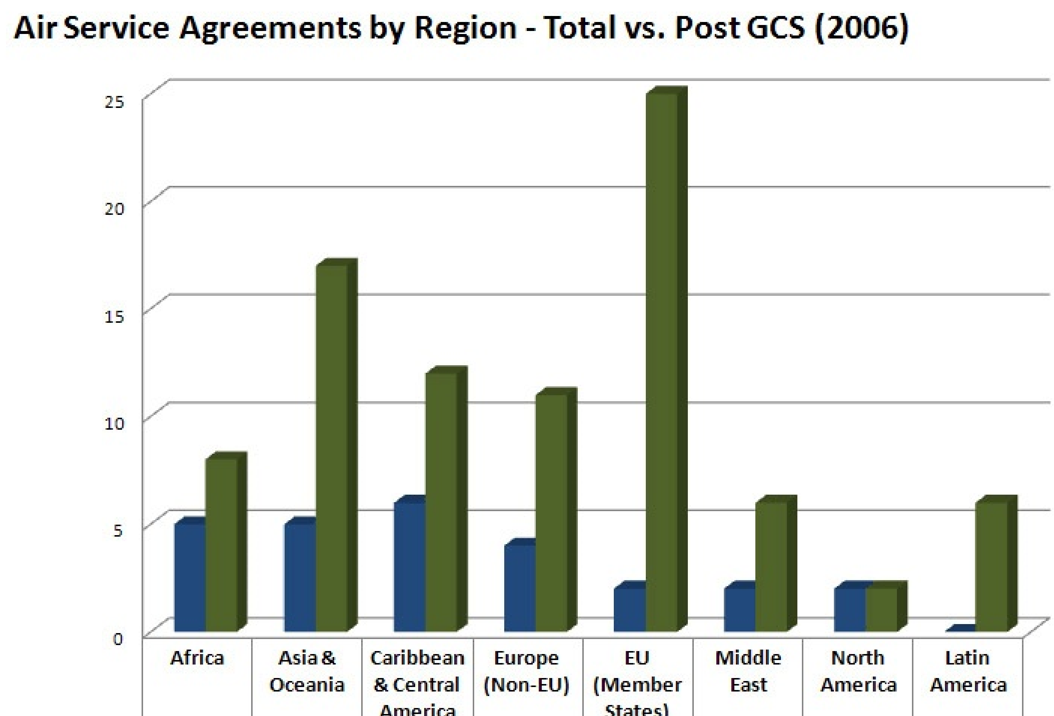
Agreements that cannot be concluded are usually held up due to political sensitivities within Canada or the negotiating partner country. For example, the ratification of the Colombia FTA was stalled in the Canadian Parliament because of human rights issues, and consequently delaying the ratification of the Jordan FTA. Informants also mentioned the impact of the American presidential election in 2008 as a barrier to progress in talks with our neighbours to the South. In the GCS Evaluation Survey “the readiness at the political level to make difficult decisions regarding sensitive trade policy issues” was cited as an obstacle to accomplishing GCS goals.[88]

Finding 72: Air Agreements support market access objectives of the GCS by facilitating trade liberalization and as a tool to improve bilateral relations in support of international trade/commerce. Since the launch of GCS, the small Office of the Chief Air Negotiator has achieved impressive results signing 26 new Air Agreements out of a current total of 92, thus increasing the previous number by 39%.

One of the stated principal goals of negotiating air agreements is to support and facilitate Canada's international trade objectives. Air agreements support market access activities, covered under the GCS evaluation, and more broadly, the liberalization of trade. Since 2006, 26 new air agreements were signed or existing air agreements updated.

[88] 2010 GCS Evaluation Survey, p. 20.

Figure 47: Air Service Agreements by Region – Total vs. GCS (2006)[89]



	Africa	Asia & Oceania	Caribbean & Central America	Europe (Non-EU)	EU (Member States)	Middle East	North America	Latin America
Post GCS (2006)	5	5	6	4	2	2	2	0
In Total (as of Nov. 2010)	8	17	12	11	25	6	2	6

Finding 73: Although additional resources were provided to JLT to support trade litigation, they do not appear to be sufficient to manage the increased demand of the GCS trade policy agenda.

GCS recognizes that through a more strategic approach to trade litigation, Canada will be better prepared to initiate disputes in priority areas where negotiations are unsuccessful in removing significant barriers, as well as to manage any increases in disputes against Canada. The volume of market access activities has put pressure on trade litigation to meet the increase in demand to ensure that trade and investment disputes, legal support to negotiations, and the domestic regulatory and legislative frameworks are being managed effectively.

As Canada accelerates the pace and volume of negotiations and trade initiatives, the outcome will be felt in the legal, and particularly litigation, foray. The demands on litigation services have made it impossible to do systemic work in negotiations and to

[89] http://www.otc-cta.gc.ca/doc.php?did=111&lang=eng. Retrieved 9 November, 2010.

sufficiently staff on-going negotiations with legal advisors. Also, the understaffing has prevented JLT from mining the benefits of signed agreements and ensuring the realisation of negotiated market access. Ideally, a new counsel would allow JLT to initiate this kind of litigation under FTAs or the WTO agreements. The Trade Law Bureau has 3 FTEs in 2007/2008 for Trade Litigation: 1 LA-01 and 1 LA-02. Some key challenges noted in trade litigation related to the volume of market access activities which require thorough legal review.

H. Edu-Canada

Education is under provincial jurisdiction in Canada. However, DFAIT has the mandate for international affairs, including international promotion of education, and works closely with provinces and OGDs to this end. The Edu-Canada Unit at DFAIT was created in September 2006, following the re-merging of Foreign Affairs and International Trade Canada, to continue DFAIT's activities in the sector. Provinces and institutions have recognized that there is need for the federal government, particularly DFAIT, to play a central coordinating role in international education promotion. The fragmentation of the Canadian promotional message is a barrier to efficient promotion abroad. In consultations with provinces/territories, OGDs and institutions, DFAIT developed a list of priority markets in which to focus promotional activities.

Finding 74: Edu-Canada has achieved important milestones; however, its future performance is dependent upon the availability of resources, both at DFAIT and missions abroad. Most interviewees considered the program to be vastly under-funded in view of the objectives it strives for.

Edu-Canada is considered a success by DFAIT and mission staff, partners and stakeholders, especially with regard to the development and implementation of the *Imagine* Education au/in Canada brand "*Imagine*."

Key informants indicated that the development of Canada's brand has been a significant accomplishment – in terms of both the success of the multi-party process it required and the usefulness of presenting a coherent Canadian image in international markets. However, strong concerns were expressed that the expectations created by the Program may exceed the current level of funding and endanger further achievements in a strongly competitive environment.

The following table indicates the level of funding provided for Edu-Canada within DFAIT:

Fiscal Year	Allocated	Spent	Deficit
2007-2008	1,000,847.00	1,029,132.27	28,285.20
2008-2009	1,000,194.00	1,751,968.01	751,774.00

Source: Public Diplomacy: International Education and Youth Programs ARAF, 2009.

The GCS TB Submission approved $1M annually for Edu-Canada ($5 million over 5 years). Every year, half a million is allocated to missions abroad for promotional activities. Out of this amount, about 80% of the funding is devoted to missions in priority markets and 20% to other markets.[90] Priority missions such as China, India and Brazil receive between $50,000 and $80,000 annually, while most of the other missions receive an average of $3,000 each.[91]

These budget allocations are seen as a fairly successful achievement for Canada, and DFAIT in particular, however placed in a relative context, the above amounts reveal the disadvantaged position of Canada when compared to its competitors in the international education market. Australia, for example, spends annually an average of $30 million for international education marketing. The difference becomes even more striking when additional facts are revealed, e.g., Australia has only 2/3 of the number of universities compared to Canada and yet manages to attract twice as many international students as Canada.[92]

Finding 75: **The work completed to date by the Edu-Canada unit and Canada's missions abroad includes important building blocks toward enhancing the international profile of Canadian education and commercial objectives; however, Canada continues to be outperformed by competing countries.**

While the work is carried out by Canada's missions abroad in promoting education in Canada under the "*Imagine*" brand, success rates of Canada's marketing efforts have steadily increased. In 2004, 14 Canadian missions abroad were involved in education marketing efforts. Thanks to the efforts of Edu-Canada, in 2011, 95 Canadian missions abroad are now involved in education marketing efforts. This has greatly increased the breadth and scope of services on the ground available to support Canadian institutions' internationalization efforts. Furthermore, in the period 2006-2010 the number of student visas increased by 28%. There are now 120 institutions that use the Imagine Education

90 Profile de l'initiative Edu-Canada

91 Profile de l'initiative Edu-Canada

92 Roslyn Kunin & Associates, Inc. Economic Impact of International Education in Canada. Foreign Affairs and International Trade Canada, 2009

au/in Canada brand in their promotional material. Over all, the Brand and Marketing campaigns have helped raise the profile of Canadian institutions by helping coordinate the voice and image of Canada in the realm of international education marketing.

Even though Canada offers various post-graduate study opportunities at half the cost than countries such as the US and UK, the number of international students attracted to Canada continues to be lower than that of our competitors.[93] However, student visas for Canada have increased by 28% in the period 2006-2010, which can be attributed in part to the work of Edu-Canada. According to CIC, in 2010, over 218,000 international students are studying in Canada.

Some of the factors that are believed to be affecting the flow of international students to Canada include the complexity of the visa application process and long waiting times for CIC to issue a Canadian visa (particularly for students in China, India and Brazil), the lack of scholarships at Canadian universities, and travel and living costs, etc. As well, Canadian admission standards are often cited as being very high, even though this is evidence of the quality of education in Canada.

Without the continuing presence and services provided by an organization on the ground, many informants remain pessimistic as to Edu-Canada’s ability of creating a lasting impression, especially in large competitive markets such as India, China and Brazil. Critical views were expressed that missions do not have the necessary resources and the capacity to conduct education marketing on an ongoing and consistent basis. The current marketing model used by Canada, i.e., unsynchronized efforts of Canadian missions abroad, of provincial representatives and of individual institutions was described as an approach that often leaves the impression of competing interests among Canadian institutions in the education market. Edu-Canada, working in close collaboration with the missions, also supports Imagine Canada pavilions at major conferences aimed at the development of partnerships between Canadian and foreign education institutions. Such conferences include the NAFSA Association of International Educators, the European Association for International Education, the Asia-Pacific Association for International Education and the Conference of the Americas on International Education organized by Canada and held in Calgary from October 20-23, 2010. Other trade fairs, such as the China Education Expo in October 2011 saw 90 Canadian institutions housed together in the Imagine Education au/in Canada branded area.

Feedback from field visits indicates that Canada has lost a lot of its marketing potential and strength in attracting international students after the closure of the Canada Education Centre Network (CECN). Retrospectively, CECN continues to be assessed

93 Roslyn Kunin & Associates, Inc. Economic Impact of International Education in Canada. Foreign Affairs and International Trade Canada, 2009

as an effective network, which offered a good service for students who walked in off the street for information. However, it was not effective for representing Canada with one voice, as the provinces/territories were not always willing to work with an NGO.

The issuance of Canadian student visas has often been quoted as one of the stumbling blocks for international students willing to study in Canada. Recent data from China and India indicate considerable improvements in the visa approval rates. Interviews conducted for the purposes of the evaluation indicate that this is not yet the case in Brazil.

Finding 76: The promotion of education services was considered a high or extremely high priority in 20 out of 37 surveyed missions. Although there were some initial disagreements between Edu-Canada (HQ) and some missions on what constitutes a priority market, many missions now have dedicated education officers.

Based on extensive consultations in Canada, with provincial/territorial partners and stakeholders, and abroad, Edu-Canada has identified nine priority countries and four regions where the initiative is actively promoted.[94] According to a survey of mission staff conducted for the purposes of the Evaluation of the International Education and Youth Programs, 20 out of 37 surveyed missions indicated that education promotion was a priority for them, however available statistics and empirical evidence indicate that the level and quality of marketing activities vary considerably among missions depending on availability of staff and funding. The level of involvement of mission staff, for example, varied from an estimated one day per year to 550 person-days.

Evidence from Brazil, China and India indicates that the trade sections of Canada’s missions in these countries have embraced education marketing as a priority. Some Senior Trade Commissioners even noted that the benefits from Edu-Canada are often seen as commensurate with, if not higher than the revenues brought to Canada by the automotive and other industry sectors. While the success of Canada’s international education promotion in China and India can be attributed to both the personal commitments of dedicated trade officers to deliver on Edu-Canada and the effective collaboration with CIC, education marketing in Latin America still needs to gain speed and strength.

While some countries/regions have been identified as priority markets, the missions in those regions are not always actively involved in education promotion due to lack of resources or a greater focus on other priority sectors.

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[94] The priority regions for Edu-Canada are: the Caribbean, Gulf Cooperation Council, North Africa and ASEAN. China, India, U.S., Mexico, Japan, Korea, Germany, France and Brazil were identified as priority countries.

Enhanced profile of Canadian Education

Finding 77: The performance of Edu-Canada is dependent upon the involvement of many stakeholders over whom the program has no authority, e.g OGDs and provincial and territorial governments, individual education institutions.

While several key informants and mission representatives praised the work done by Edu-Canada, few were of the view that it has yet to succeed at enhancing the international profile of education in Canada. It might well be too early to tell. Views were that the work completed to date included important building blocks toward achieving this objective – in particular, the establishment of the Canada brand.

The complexities around issuing study visas for Canada have negatively impacted the program in India, China, and Brazil. Long wait times and high rejection rates have put Canada in a disadvantaged position relative to other countries. Even though recent statistical data indicate that visa processing times and rejection rates by CIC (responsible for decision making related to visa) have been significantly reduced in China and India, it may take some time for perceptions to change to the new reality. According to CIC representatives, there would be fewer problems if Canada's marketing efforts were more successful at conveying the new immigration requirements, if they were better targeted to students and if Canadian universities and especially the colleges were more careful in reviewing and pre-screening student applications to identify fraudulent cases before applications reach CIC. A successful pilot project to detect fraudulent applications from India was jointly developed by the Immigration Section at the High Commission in India and the Association of Canadian Community Colleges (ACCC). Based on this project, ACCC has engaged to perform a more diligent review (pre-screening) of applications before these are sent to CIC (Student Partnership Program).

Finding 78: In the absence of a local organization representing Canada as a study destination, the education fairs and promotional activities organized by Canada's missions abroad are not sufficient in competitive markets such as China, India and Brazil, where local universities and schools are inundated with visits from competitor countries and their specialised marketing agencies.

Thus far, Edu-Canada has focussed its implementation strategy mainly on physical presence at educational fairs and events, as opposed to the use of more virtual (and inexpensive) methods, such as social networking or improved web-based marketing strategies.

The reasons for a potentially decreasing Canadian performance in priority markets identified by interviewees varied, but a common theme was found in the disconnect between the marketing approaches used by Edu-Canada and the local realities of some countries. The advancement of new technologies and the growing use of Internet by students in their search for studying opportunities are seen as a factor that diminishes the effectiveness of Edu-Canada's marketing efforts, still based mainly on traditional approaches. The Shastri Institute in India, for example, widely uses Facebook to promote programs and scholarships to Indian and international students. At the same time, Edu-Canada continues to be criticised for a poorly managed web site.

The marketing materials prepared by Edu-Canada to date are also seen as unattractive and outdated. They have targeted mainly undergraduate students. Those working with graduate students find the materials of little to no use. Conversely, in some countries (e.g., Germany, India, China), Edu-Canada campaigns have not effectively targeted high schools as the main source of potential undergraduate candidates for studying in Canada. This is where countries such as Australia and the United Kingdom are focussing their marketing campaigns.

Finding 79: Edu-Canada has very limited performance reporting capabilities and the lack of resources limits the Initiative's capacity to effectively manage risk.

Due to limited human and financial resources, Edu-Canada does not systematically collect information on the number and type of attendees of major promotional events (e.g., high-school students, post-secondary students, school counsellors, parents, educational organizations, etc). Therefore, measuring the impact of these events in a consistent manner is still not feasible, although highly recommended. The availability of such information and its regular tracking would help Edu-Canada, and in particular mission staff, to better identify their target audience, adjust current and/or develop new strategies to market Canada's post-secondary education internationally.

Edu-Canada's efforts can be put at risk by the behaviour and choices of others. For example, slow application processing times by institutions are said to adversely affect the performance in international education because competitors respond much more rapidly. Another example: Canadian institutions continue to use only their own marketing material instead of integrating the "*Imagine* Education au/in Canada" brand (through the signing of the brand sub-license); this may leave the target audience confused with the image of Canada.

Often quoted factors impeding the successful promotion of Canada as a preferred study destination, especially for graduate students, were the lack of scholarships offered by Canadian universities (unlike the US), and the non-recognition of undergraduate degrees from EU countries (as a result of the Bologna Process) and the modular system in India.

A few interviewees noted that Edu-Canada has missed some opportunities due to its unpredictable funding. The limited resources of the Initiative do not allow for a consistent Canadian representation outside the country. Much of this must be taken on by missions and missions are under severe resource constraints as well.

The delivery of Edu-Canada requires extensive coordination of a complex network of staff, Canadian missions abroad, other governmental departments, NGOs, provinces and territories, universities and colleges, private sector agencies and organisations.[95] While DFAIT has been successful in establishing effective coordinating mechanisms, the lack of unity of voice by Canadian institutions continues to have a negative impact on Canada's capacity to brand its education offerings overseas. Some provinces, such as Alberta, British Columbia and Quebec are very active in promoting education in Canada; however their focus is only on the institutions in their respective jurisdictions.[96] Further, by using their own provincial brands and not the "*Imagine* Education au/in Canada" brand, they do not contribute to the country's image and strength as a preferred study destination with a multitude of options.

The evaluation of the International Education and Youth Programs (2010) found that in some countries, including China and Brazil, the *Maisons du Québec* orchestrates strong education promotion campaigns in conjunction with the Quebec Immigration Service, providing guidance on when and how students could apply for a permanent immigration status to Canada. While these campaigns seem to be very effective, their efforts are focused only on institutions in Quebec, which not only reiterates the fragmented nature of our education system, but also puts Canada in a disadvantaged position compared to countries such as Australia, the U.S., U.K and Germany who have established effective national marketing networks and promotional strategies.[97]

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[95] Department of Foreign Affaires and International Trade. International Education and Youth. Edu-Canada Program, Accountability, Risk and Audit Framework. February 2009.

[96] From a legal standpoint, it can probably be argued that, while provinces have exclusive legislative jurisdiction over education, pursuant to section 93 of the Constitution Act, 1867, the promotion of educational services is a proper matter for international trade which is a DFAIT responsibility. (This assertion is not a legal opinion.)

[97] The British Council for the UK, DAAD for Germany, the US Education Foundation of India, etc.

10.0 CONCLUSIONS OF THE EVALUATION

Following the analysis of findings, the following conclusions have been developed by reflecting back on the three original GCS objectives:

1. **Make Canada a Partner of Choice for International Business** by facilitating the exchange of two-way investment, innovation and talent between Canada and the rest of the world, particularly the U.S. Emphasis is placed on investment that connects priority Canadian sectors to foreign technologies and markets through global value chains.
2. **Strengthen Access to Global Markets, Capital, Technology and Talent** by actively shoring up Canada's competitive position in North America; by reducing trade and investment barriers and assuring the global attractiveness of Canada's economic platform; and by pursuing opportunity-generating agreements globally that cover trade with goods and services, air transport, investment, and science and technology (S&T).
3. **Better Connect Canadian Businesses to Expanding Global Market Opportunities** by addressing competition from other governments that may hinder the ability of Canadian firms to take advantage of new business opportunities.

The conclusions highlight key trends and issues presented and serve to guide the Evaluation Recommendations to follow in Section 11.0 below.

Conclusion 1: The fundamental objectives of GCS continue to be relevant and needed as a means of enhancing Canada's economic prosperity. The impact and progress toward results is being demonstrated; however, more intense and focused efforts could improve existing departmental success in enhancing commercial results and Canada's global competitiveness.

The GCS is consistent with the priorities of the government as articulated in Advantage Canada. GCS conceptually aims to increase Canada's presence as a global player in the world's economy. Incremental resources have enabled the department to stabilize its resource base in North America, open new offices in Asia and Latin America, strengthen its domestic network, enhance its investment portfolio and initiatives, improve its trade liberalization agenda and contribute to innovation strategies. These initiatives are contributing to the overall success of the Department's international commerce objectives.

In terms of Objective 1 'Make Canada a Partner of Choice for International Business'; increased and targeted efforts have been made to advance investment, sector practice and Global Value Chain activities within the Department. In particular, the sector practice model, which in 2010 incorporated work on global value chains, has significantly changed the operational model of the Department's trade operations throughout the TCS network (HQ, Missions and Regional Offices). Though roll-out challenges were noted and expected as part of such a change management exercise, the sector practice approach has successfully introduced enhanced sector expertise which is better meeting client needs particularly in terms of information exchange and targeted initiatives to help clients succeed with their international commerce objectives. As roles and responsibilities are clarified, the TCS is becoming more responsive and effective in delivering the services clients need to be competitive in the global market place. The TCS is working more and more with a greater understanding of global value chains facilitated by the integrative trade model which promotes cooperation and information sharing across non-traditional lines to improve seamless client service. Overall the GCS has supported the efforts of the Department to reorganize and redefine its service delivery for clients, enhancing client focus and advancing towards excellence in client service.

Through Objective 2, 'Strengthen Access to Global Markets, Capital, Technology and Talent', the GCS has supported the Department through NAPP and through its efforts in North America Trade Policy to actively shore up Canada's competitive position in North America. As Canada's number one trade partner, the significance of the United States in terms of Canada's trade and investment cannot be underestimated. The high level of GCS resource investment in the U.S. appears to be justified in terms of the proportionality of trade volume compared to other world markets. An important point of note includes how the global economic recession heavily impacted the United States and Canada's overall trade. In part due to the recession, the trend for Canadian clients and investors to diversify their market focus is indeed a consideration going forward. As Canadian clients advance in the pursuit of expanding their global presence beyond the U.S., they will inevitably need the TCS to facilitate and overcome more complicated operating environments which include trade barriers, language challenges and business culture. In order to meet the increasing needs of business clients abroad, it is essential to ensure that sufficient resources are invested, adapted to client needs and maintained in all set priority markets. It will also be essential to continually monitor emerging client needs and proactively adapt to them as clients diversify their market engagement and as the business challenges change overtime. This is particularly true as the global evolution of market economies takes place, particularly through the growth observed in the emerging markets and the rise of the G20.

The GCS appears, through economic and results analysis, to have correctly placed emphasis in policy and resource allocation on the core emerging markets (India, China, and Brazil) which continue to demonstrate great economic growth trajectories. There does appear room however for clarity in terms of communications, justifications and regular review, within the Department on priority markets by tiers (priority levels 1, 2, 3 etc.) and by commercial focus (investment, by sector, trade focus, trade policy/agreement focus).

In terms of reducing trade and investment barriers and assuring the global attractiveness of Canada's economic platform, both the trade policy and investment groups have contributed significantly toward tangible results. Progress on the FTA, FIPA and Air Transport (ATA) agendas has surpassed expectation in terms of observed results. Science and Technology Agreements are in place with several priority emerging markets, including India and China, and an agreement with Brazil is currently being pursued. This is in line with the GCS, the February 2007, Mobilizing Science and Technology to Canada's Advantage[98] (paper by the GoC in cooperation with Industry Canada) and further, with Advantage Canada.

GCS has delivered, and continues to accomplish, results in accordance with its stated objectives. More intense and focused efforts could improve existing departmental success in enhancing commercial results & Canada's global competitiveness. With competition increasing, particularly from emerging markets, Canada is in need of a targeted, whole-of-government strategy aimed at maintaining and improving Canada's economic prosperity and overall competitiveness. Long-term relationship building measures combined with senior levels of engagement (Prime Minister's visit to China as well as Ministerial visits to India and the Americas) have demonstrated results in terms of improved relations which can be built upon to further increase commercial results.

Conclusion 2: **GCS aimed to align and streamline Canadian domestic and international commercial efforts and resources, as also outlined in Advantage Canada. Though work continues toward this goal, interviews and analysis related to OGD coordination/collaboration demonstrated success in leveraging commercial objectives within the whole-of-government context. Further opportunities to improve results through enhanced coordination, communication and leveraging of efforts at all levels continue to exist.**

Though one interdepartmental meeting for GCS was held in December 2009, the focus was primarily on general information sharing rather than on priority alignment and proposed actions for enhanced leverage opportunity. No further interdepartmental meetings have been held at the strategic (whole-of-GCS) level.[99] Within the Department, there was a sense that more study was needed on the required working

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[98] http://www.ic.gc.ca/eic/site/ic1.nsf/eng/h_00856.html

[99] The CDIA team successfully held 4 inter-departmental meetings. This is viewed as a best practice however, this relates to a functionally specific area with the absence of a higher strategic level forum.

level to make such inter-departmental meetings successful and action oriented. Beyond broader whole-of-government coordination, GCS pillars and sub-activities have varying levels of OGD/Agency engagement based primarily on their responsibility areas.

Areas such as Trade Policy and Negotiation as well as the Air Transport Agreement Division have robust formal and informal systems that promote communication and collaboration with OGD/Agency, provincial/territorial, and Industry contacts/stakeholders. The area for improvement identified in the Trade Policy and Negotiation areas include better understanding the priorities, timelines and human resource constraints of DFAIT's partners to ensure stronger alignment towards common objectives; however, overall these areas are viewed to be quite effective.

The North American Platform Program (NAPP) is another area for which OGD and Regional Development Agency collaboration has been highlighted. A partnership has been formed under DFAIT's leadership to implement NAPP and to advance Canada's policy and commercial interests in the United States. Overall, the partnership in the United States was viewed positively by members who have increased their understanding of DFAIT operations abroad, needs of clients and market awareness which they are able to transfer to their home department/agency. This cross-fertilization of expertise and partnership has increased the knowledge-base and ability of the Department to respond to client and sector specific needs. Though efforts have been observed, including the development of an approved Performance Measurement Strategy, continued advancement on reporting and sharing of information demonstrating results achieved has been requested by partnering departments/agencies to enhance leverage of effort, improve probability of future partnership funding and, to share best practices across the network.

Beyond the pillar, activity and task specific levels of coordination and collaboration at the whole-of-government level, what has been missing is whole-of-government engagement on priority setting, priority alignment (across OGD priority issues, sectors and markets), opportunity identification, resource leveraging, knowledge management and results multiplication. Even within DFAIT itself, there is a noted lack of a central point of focus coordinating, leading and energizing the GCS. When examining GCS at a whole-of-government level, this central focus is even less clear in actual implementation terms, beyond theory and intent.

Conclusion 3: Though steps have been taken to improve communication and collaboration on GCS within the Department, confusion was reported related to the details of GCS and how it interacts with other departmental, OGD and other stakeholder initiatives. Limited communication of objectives has impacted the clear understanding of roles and responsibilities of GCS among Headquarters, ROs, posts and stakeholders. This has ultimately resulted in challenges in reporting on progress and performance. Many of the GCS funded activities were more horizontal and cross-cutting than initially envisaged. To address the horizontal matrix structure of the GCS, the ICCB was strengthened in fall 2010 to include a strategic governance role for the GCS, engaging Senior Managers from both Trade and Geographic areas. Funding for North American Advantage was not coordinated and used as planned in the GCS submission; this may have negatively affected NAPP.

In terms of GCS business processes, it has been observed that there was an initial lack of a focal point providing direction and oversight for the overall strategy. This was largely due to the multiple focal points and funding recipients. This has in many ways been ameliorated by stronger oversight by the ICCB as of the fall of 2010. However, in terms of lessons learned from the experience and in order to highlight areas within GCS to monitor, it is important to outline some of the challenges observed. Overall, it appears the challenges centered on; low level of awareness surrounding the details of the GCS (including its priorities) and how each element interacted within the system; lack of a clear GCS vision/message/definition to communicate internally as well as externally with partners and clients; lack of understanding of the GCS budget, departmental resource cuts and future integration of resources; confusion over reporting requirements; and, a lack of understanding of how GCS fits and compliments the existing work of the department. Specific examples include:

- There was confusion among a wide range of informants as to what was considered a GCS initiative. In many cases GCS added resources to existing initiatives which were difficult to distinguish from ongoing efforts. Many informants viewed GCS resource additions combined with departmental expenditure cuts as an ultimate zero sum or negative end result from the starting baseline.
- Many ongoing and new Departmental trade/commerce initiatives contribute to the achievement of the strategic objectives of the GCS. Formal links are being made on an ongoing basis to recognize contributions to GCS result attainment, such as in the case the investment attraction dimension of the Olympics, where the formal link with the GCS is made both in the MC to secure funding, and again in the formal DPR results. In other cases, however, few formal linkages have

been made and examples include: Asia-Pacific Gateway, GCSP, ISTPP, Sector Practices, ITM, and DFAIT Inc.

- Though the PMA framework indicates the breadth of the contribution of 14 Branches to the achievement of GCS objectives, few clear examples of strategic collaboration between trade/commerce and political economic efforts were observed to facilitate results. Such a whole-of-department approach would present opportunities to leverage results and resources.

Once a more precise GCS vision/message/definition is in place and agreed on by the ICCB, a strong internal and external communication strategy and associated implementation will be required to provide clarity and consistency in understanding of how to better align activities toward GCS objectives and results.

The structure of Pillar I activities in support of the North American Advantage shifted during GCS rolled-out. Though efforts continue on North American Market Access, Investment and Global Value Chains, Investment and GVCs in particular have taken on a more global reach.

The GCS, though developed as a strategy, had no strategic ‘home’ and was rolled-out in a very decentralized and incremental fashion. Alignment, leveraging and communications have been notable challenges. Many senior managers (Directors and above) were unclear as to how GCS resources were added incrementally and further how initiatives and results should be reported/recorded. Financial transparency, accountability and records were not clear, up to date or centralized. Job descriptions were largely in the form of generic TC job descriptions, many of which had not been updated in recent years. This represents missed opportunities to highlight and orient staff towards the changes that have taken place within the Department (ITM, Sectors, GCS). Where FTEs have specific responsibilities for new GCS initiatives (GVC, Investment) incumbents usually know how their responsibilities contribute to the GCS; however, many others, including those at posts, were unclear about their contribution to the GCS.

There are complications in terms of integrative trade, dual reporting relationships of FTEs in the field (HQ, horizontal, and mission) and functional areas having little control over the FTEs that actually deliver their programs in the posts. Examples include: GVCs, Investment, Trade Policy, S&T and sectors.

Conclusion 4: The GCS supports the use of the Department's existing performance measurement systems to monitor and report on progress toward results. A gap in terms of data and economic analysis was identified in GCS component areas as well as at the overarching strategic level. A streamlining of regular data analysis across horizontal lines would provide timely and evidenced-based information for decision makers. Key stakeholders in this process would include GCS responsibility centers, PDC, the Office of the Chief Economist and the ICCB (in terms of strategic decision-making, risk mitigation and forward planning).

Overall, GCS activities areas within the trade, geographic and planning branches of the Department are continuously working to collect and improve upon their existing performance measurement and data systems. Automated systems like TRIO, the VTC and SISS are supported in many areas by employee data verification and validation processes, helping to contribute to strengthened time series data for the Department. This data is useful, once analysed, to determine progress toward results as well as to identify opportunities for improvement and efficiencies.

A noted area for improvement remains how to categorize and utilize the vast amounts of data being collected toward real-time decision-making, in-depth analysis that could support policy revision and creation and, that could support resource allocations/redistribution. Examples of where such analytical processes could improve results and decision making include the following:

- Determining a more focused priority market and sector list for the GCS. This could be done by regularly analysing political and commercial country/regional data, existing resource investments compared to increased need for FTEs based on rising opportunities, examining Canada's competition in markets of interest and making decisions to increase efforts and investments to gain ground and ensure Canada remains a choice partner. These efforts would work in an integrated fashion to ensure the right actions are being taken, decisions are made in a timely fashion to achieve results and work actively toward goal attainment.
- Though great achievements have been made in the Trade Policy and Negotiations Branch to advance an ambitious agenda and, despite the in-depth analysis done prior to the launch of FTA, FIPA and ATA negotiations, there appears to be little active analysis or data collection on the resulting impact of completed agreements since the NAFTA that demonstrate the value added of these efforts to Canada. Improvements could be made by initiating a horizontal analytical process with TFM, the Geographics and the Office of the Chief Economist to advance this baseline and time series data which will take years to

build up but will likely provide a body of comparable evidence to support future negotiation efforts and improvements. It should be noted that the evaluation discussed this option with senior informants and there were varying points of view on the necessity to conduct this type of data collection and analysis.

Adequate performance measures reflecting the scope of effort and stakeholder involvement in market access needs improvement. Analysis on the economic impact of completed agreements on Canada's economic performance is also needed in order to demonstrate the relevance and performance of these efforts.

Conclusion 5: With over 58% of GCS resources intended to contribute to the first GCS pillar 'Sustaining North American Advantage' and the North American Platform Program (NAPP), a commitment was made to leverage DFAIT and OGD funding to improve whole-of-government cohesion and improved client service in North America and particularly the United States. This included an approach to target new OGDs to join the pre-existing ERI partnership. Despite efforts to attract new partners, DFAIT was not successful in expanding the (NAPP) partnership. The value of an expanded partnership should be examined in support of a broader whole-of-government approach.

To date, DFAIT has maintained a sound partnership with five key OGD and RDA players that have committed in time and resources to cooperation in North America. Many DFAIT stakeholders recognize the benefit of the stability afforded by this five-year commitment and set annual contributions which facilitate medium-term planning of advocacy and business development initiatives. Furthermore, the current NAPP partners view the partnership to have been successful in enhancing communication, understanding and networks in support of their objectives in the United States.

An expanded partnership would have implications for DFAIT's role in strategic interdepartmental coordination and priority setting on North American targets and initiatives. Clear assessment of the costs, benefits and management requirements for an expanded partnership would need to be considered with the necessary procedures and logistical infrastructure put in place to support an enhanced role. A more flexible membership model may attract new partners thereby increasing strategic project implementation, advocacy efforts and information sharing across Departments and Agencies. Lessons learned from past interdepartmental and whole-of-government initiatives led by DFAIT and by other OGDs may be useful to examine to facilitate a learning and improvement approach to implementation.

DFAIT aimed to expand its partnership base but despite some initial efforts, no new partners were attracted. Additional efforts were made subsequent to NAPP partnership formation in 2008 to add new partners (FedDEv Ontario, NRCan, Environment Canada), no interest or ability to commit funding resulted. Through the broader OGD interviews within the GCS evaluation, many non-NAPP OGDs expressed interest in learning more and potentially joining such a partnership. Existing partners were concerned that, with upcoming strategic reviews for their own organizations combined with the inflexible membership and fee structure of the NAPP partnership, they may be unable to commit to continued membership. Through discussions during partnership formation, current partners supported the relatively rigid contribution framework and committed to this is the NAPP partnership Governance Framework Agreement. However, a performance picture or reports on NAPP progress that could be used by partners to demonstrate the value added of their partnership investment has not yet been sufficiently articulated. Such reports and demonstrations of value would further assist in marketing the partnership to new members to enhance the broader GoC efforts and leveraging opportunities with Canada's number one global trade partner.

Though the NAPP partnership structure (a five year commitment and a funding level expectation) is viewed as necessary to be able to predict funding levels and plan for projects and outcomes in the short and medium-term; some OGDs expressed concerns that it may not be sustainable beyond the current agreement, while non-members find the terms to be somewhat inflexible. With ongoing Strategic and Operational reviews, evolving GoC policy priorities and an unpredictable operating environment for many OGDs, NAPP's desired partnership model may limit the participation of current partners and its ability to attract new partners. This should be a consideration going forward should a whole-of-government outlook for Sustaining the North American Advantage under the GCS remain a desired objective.

Conclusion 6: GCS has significantly contributed to the fulfillment of the mandate of the Investment Bureau in terms of resources and enhanced focus on investment initiatives. The Olympics, the Private Sector Investment Champion Program and the Flagship report have raised the visibility of DFAIT investment attraction work among both stakeholders and investors. It should be noted that Greenfield and expansion investment projects facilitated by DFAIT have increased by 46% since FY 2008/09, the first year of GCS program funding. A need for improvements was identified including the need for a clearer definition of investment indicators and stronger on-the-job training for investment officers in the field. The Investment Bureau is aware of these and is working to address them as part of their planning and internal review processes. In terms of leveraging and internal DFAIT coordination, stronger ties with the CDIA team, with Regional Offices and Geographics are needed to clarify roles and to enhance the alignment and achievement of investment outcomes in support of Canada's economic prosperity.

The GCS Investment Agenda has been significantly advanced with the creation of the Private Sector Investment Champion program as well as investment attraction activities. Recognizing continued improvements to Investment performance measures, efforts continue to identify the most appropriate tracking system on how to include the value of investments as a target and how to best trace actual investments to overall promotion/attraction activities.

Matrix management across HQ, Missions and Regional offices, together with defining investment indicators and targets should continue to be reviewed and improved over time. The Investment Bureau should consider establishing clear baselines for their investment indicators and train investment officers abroad on these definitions to ensure a consistent approach. Efforts should be made to enhance analysis, investment results and economic data to the efforts of the Bureau and the mission network.

The Investment Bureau (BID) indicated, as part of the evaluation, that the indicator for "Value of Investments" is not possible to collect given that approximately only one third of companies report this figure for reasons related to competition. Understanding how DFAIT's investment related activities are attributable to Canada's overall investment results and statistics is a challenge in itself given the long timelines that typically surround business investment decisions. If the "Value of Investments" indicator is not possible to collect it should be removed from the DPR and replaced with either available national statistical data or a qualitative analysis of investment progress in that year. Further qualitative analysis on FDI and CDIA trends and what they mean for the

Canadian economy would also be helpful in strategic activity planning within the Investment Bureau.

The concept of the Global Value Chains (GVC) is viewed as a positive addition to DFAIT's International trade/commerce approach. There was an initial perception that GCS funding was primarily allocated for GVC positions in the U.S. The evaluation found that despite the limited guidance on GVC implementation, progress has been made toward developing and improving the GVC tools and communication mechanisms. Further opportunities need to be explored for how to best organise and manage GVC for optimal results across the TCS network.

Conclusion 7: GCS has contributed to the enhanced capacity of Canada's domestic and international network through resource investments (FTEs and new Offices). However, rapid roll-out of resource allocations across a broad spectrum of responsibility centers led to widespread confusion in terms of roles and mandates of GCS resources as well as difficulties in tracking the allocations.

With the desire to rapidly increase capacity in priority markets, FTE functions and administrative details related to mission capacity and new office models were rushed. This has resulted in confusion at missions and at headquarters about the specific mandates of these offices and FTEs. The definition of desired results continues to be limited in terms of concrete and measurable targets. GCS appears to be targeting the correct emerging markets in terms of China, India and Brazil, however there continues to be confusion over the extent of priority markets across DFAIT functional areas and planning/reporting processes which ultimately deters from the focus intended.

The GCS was ambitious in providing additional resources in terms of FTEs and New Offices to support the expansion of priority markets, regional offices and HQ capacities. A review of these investments (committed and uncommitted) is needed and justifications for shifts documented should today's realities change from the original allocations.

Challenges were noted in the understanding of roles & responsibilities related to ROs across the TCS network. Resource tracking was also a noted challenge given the absence of an administrative center similar to the International Platform Branch for the domestic resources. These challenges point to the need for a comprehensive domestic network (Canada Bureau) strategy, a communications and implementation plan to clarify roles & responsibilities, set objectives and targets, and regularly reporting on progress to the ICCB and the broader TCS network.

Conclusion 8: **Market Access has been significantly advanced through the strategic direction provided by GCS, as well as the enhanced capacity provided by its resources (29 TFM FTEs and 3 Trade Law FTEs). Despite some internal departmental reorganization leading to offsetting resource reductions, market access results have already exceeded expectations in all areas including FTAs, FIPAs and Air Service Agreements. However, the enhanced market access agenda, combined with unplanned additions, have increased the workloads of the Trade Policy and Negotiations Branch, Trade Litigation as well as OGD and provincial partners.**

OGDs and provinces recognized frequent consultations on the market access agenda though often on an ad hoc issue by issue (agreement by agreement) basis with little high level opportunity for strategic discussion. Many commented on the need for clearer process in day-to-day communications. The heavy reliance on OGDs in trade policy/market access work points to a need for a more thought out strategy of resource allocation across Departments.

Trade policy and market access achievements are on track and in accordance with GCS objectives in this area. However, a solid approach on FTA and FIPA promotion post signature/enforcement remains lacking. Further cooperation with Geographics and Functionals could improve the Departments ability to leverage resources and drive impact in terms of post FTA/FIPA results.

Conclusion 9: **Edu-Canada funding will sunset in FY 2011/12 presenting an opportunity to review the value for money of this tool for trade promotion. Further links of Edu-Canada activities with Invest in Canada and sector priorities would increase alignment with Canada's commercial objectives as well as long-term business results in terms of partnerships. By working in collaboration with sector specialists and leveraging the Canadian presence at sector specific trade shows, this would help to attract world class researchers to Canada.**

Current challenges for Edu-Canada are seen in the increased and better funded promotional activities of competitor countries on the one hand, and in the ongoing struggles within Canada to respond to such competitive pressures in a coordinated manner. While many countries have centralised their efforts in promoting international education, Canadian educational institutions continue to compete in a decentralised fashion. Most interviewees have reiterated that the efforts of Edu-Canada alone may not be sufficient to create a consistent image of Canada as a preferred study destination. More work is still needed within Canada to raise awareness among Canadian educational institutions of the benefits of a whole-of-Canada promotional approach in the highly competitive international education market. However, to date there are over 120 institutions that have been authorized to use the Imagine Education au/in Canada brand and this number continues to grow; many take advantage of the Imagine Education au/in Canada tours and other activities organized by the missions. Edu-Canada organizes signature events where most provinces are under the Imagine Canada pavilion. However, some provinces also appear reluctant to move away from their established isolated marketing activities.

In the first four years of GCS implementation, Edu-Canada contributed to an increase in student visas by 28% in the period 2006-2010 and also to Canada’s economic prosperity. For the annual $1 million investment in the promotion of international education, the returns are high. A 2009 study showed that international students in Canada contribute an estimated $291 million in government revenues as well as creating economic activity to sustain 83,000 Canadian jobs.

Initially there were diverging opinions between Edu-Canada (HQ) and some missions on what constitutes a priority market for Education based on whether it was trade or political/economic officers who had the lead on Education. However, with 95 missions engaged in 170 Edu-Canada activities worldwide, this has been resolved and the key concern now is insufficient funding for all proposed activities.

11.0 RECOMMENDATIONS

Recommendation 1: **DFAIT should use the Global Commerce Strategy as a guiding framework going forward in order to support new and ongoing departmental priorities and initiatives. In doing so, it will create opportunities to increase understanding, efficiencies, leverage, and results from the GCS and its incremental resources toward enhancing Canada's global competitiveness.**

The GCS was developed with the vision of a new way of doing the Departments business in terms of international trade and commerce based on the changing reality of Canada's relations with the global economy. The evaluation found a more disjointed reality with some responsibility centers unclear of whether they received resources or whether they had GCS responsibilities. In other cases opportunities like the Asia Pacific Gateway were not viewed as related to the GCS and were thus not being leveraged or labelled as in support of a key objective of the Strategy to "engage with emerging markets with a focus on 'Asia'". There appears to be a lack of clarity in understanding exactly what the GCS is and what it means for the Department. Is it a set of incremental resources targeted to supporting specific initiatives or is it a means of "seizing global advantage" as articulated on the Department's website?

In adopting this recommendation, the department should ensure clear direction and guidance that encompasses all aspects of international trade and commerce. Concepts such as the Integrative Trade Model, the Sectors Approach and the domestic and international network should be included in this vision as they represent the resources and the approach to its operationalization. These pieces should work seamlessly together as a comprehensive system for GCS objectives to be obtainable.

The department should also review Canada's priority market focus and assessment of Canada's competitors in these markets. Once a review of GCS direction is finalized and detailed, it should be broadly communicated within and outside the Department to ensure succinct messaging and common understanding.

Recommendation 2: **DFAIT should continue to clarify and then communicate the roles and responsibilities of GCS responsibility centres (ROs, HQ Bureaus/Divisions, Missions and OGD stakeholders) in order to enhance the achievement of GCS objectives.**

The Department should increase its collaboration, communication, strategic planning and cooperation with its Global Commerce stakeholders (including OGDs, Crown Corporations, Provinces/Territories and Business Associations) to ensure alignment of international commercial priorities and activities and to better leverage resources in support of a strengthened Canadian economy as laid out in Advantage Canada.

The evaluation found that the Department's interdepartmental engagements are often on an ad hoc, issue specific or as needed basis. The sentiment expressed was that these stakeholders have limited capacity to focus on international trade/commerce issues. However, as Advantage Canada and the GCS both identified, Canada's economic prosperity is directly correlated to Canada's ability to cooperate and act as a united front across all levels of government. International trade cannot be successful if inter-provincial trade is not well facilitated; DFAIT's trade policy agenda cannot be pursued without the direct engagement of OGDs and Provinces/Territories; OGD policies and actions can indirectly impact upon DFAIT's investment agenda. The reality is that all government activities at every level impact upon the system in which it operates. The global economy is increasing in its interdependency and so too is the Canadian economy within Canada.

The rapid growth of ROs since their acquisition from Industry Canada in 2005 has resulted in a lack of clarity within the Department on how ROs really fit within the system. Additional clarity of roles and responsibilities among all elements of the system, including the ROs is needed to improve seamless functionality. The relationship of ROs and Clients needs additional clarity to ensure Clients are aware of the services that can be provided as well as the process utilized by ROs to link clients to a world of global opportunity. How sectors, investment, GVCs and missions feed ROs with information and intelligence to pass to clients is also in need of clarity.

As DFAIT works to update its Global Commerce Strategy, it should invite meaningful input from its stakeholders, to ensure a unity in approach and an alignment, where possible, of objectives. If this can be achieved from a conceptual point of view, regularly review and reporting across stakeholders should be conducted through the forums currently available. This may require additions to mandates (such as the interdepartmental ADM forums) to formalize the process of strategic collaboration.

Recommendation 3: **DFAIT should continue to improve the existing performance measurement systems to ensure that the horizontal collection, consolidation and analysis of GCS-related performance and expenditure data are used to support monitoring and decision-making at all levels of management. This would include, inter alia, the roll-up of existing data sets, performance reviews, analysis by responsibility centres and economic trends for review by the ICCB.**

Currently, the Department benefits from a number of high level governing structures which includes the International Commerce Coordination Board. October 2010 saw the enhancement of the role of the ICCB and the move to three co-chairs, to ensure that all Trade Branches are equally represented. The operations of the ICCB prior to October 2010 were viewed as a coordination and information forum rather than a decision making forum.

The performance measurement system is most frequently viewed as burdensome and often lacking in utility and reliability. A review of GCS indicators demonstrates a lack of planning and attention to baselines and what is truly important to measure and track to monitor progress and measure results attainment. Each functional area should identify key performance measurement objectives that would help serve their management and monitoring needs and then communicate them centrally to the Department. Examples include:

- **Trade Policy:** Identifying how to best measure results of FTAs, FIPAs and Market Access work?
- **Investment:** Identifying how best to measure/track activities linked to investments that may occur years later. Better define attribution and measure investment client feedback on the quality of information provided (including what additional information would inform investment decisions). A review of the DPR indicator “value of investments” should be conducted to determine if valid and verifiable data can be collected. Further efforts should be made to define a mechanism to tie investment activities to actual investment results by defining indicators in meaningful terms to the Department’s investment activities and economic contributions. Should new definitions of investment results be needed, they should be developed in consultation with relevant responsibility centers (including CDIA and the Office of the Chief Economist) and broadly communicated through the TCS to enhance reporting accuracy.
- **Regional Offices:** Identifying the value-added of ROs to the broader network of the TCS and then establishing monitoring measures that can demonstrate this value added. Elements of this value added for monitoring include client

acquisition, aftercare (including investments), and rapid intelligence gathering for Department wide communication.

- **Global Value Chains:** Defining the value-added of GVCs, identifying the types of products/service GVC positions will provide, identifying targets and indicators for success. Past indicators of reports produced do not demonstrate how these important positions contributed to the overall increase in business and economic opportunity.

Given the size and decentralized nature of GCS funds, financial risk associated with GCS financial management has increased. The evaluation identified weaknesses in resource tracking and awareness at all levels in addition to a lack of awareness of what GCS resources contributed to. Financial accountability of GCS resources should be increased through regular reporting to the ICCB. As GCS resources become permanently folded into the Department's A-base, it is recommended that stronger financial controls, transparency and access to financial reports be established.

Recommendation 4: **Global Value Chains (GVC) should be fully integrated into the Integrative Trade Model (ITM) (including training and promotion) to ensure that GVCs are viewed as strategically vital to making business connections and maximizing opportunity for Canadian clients beyond immediate geographic market responsibilities.**

Close attention should be paid to Global Value Chains and how to best collect and leverage such intelligence to serve Canadian clients. The concept of Global Value Chains is now a reality. Regular consultations with clients and business associations should be held to identify Canadian value chains and clients needs and interests in-terms of GVC intelligence requirements as well as plug-in opportunities. GVCs should be considered for integration with the ITM to ensure that each TC thinks GVC as an approach to making business connections and maximizing opportunity for Canadian clients.

Efforts to rework the approach to GVCs are currently underway through the Sector Practices. Indeed, the Sectors with their Private Sector Advisory Boards may be best placed to advance this agenda, however secondary and tertiary sectors should also be addressed, including Oil & Gas and Mining. Business opportunities for one client or for a competitor in Asia may hold opportunities for Canadian clients in Latin America. Gaining a deep understanding of sectors, Canadian capabilities, international companies, investments and economic trends can better equip TCs around the world to identify opportunities beyond the traditional modus operandi. TCs can improve their internal TCS networking to work collaboratively to add value to Canadian clients through the GVC ITM approach.

Recommendation 5: DFAIT should monitor the impact of the increased market access agenda on the workload of responsibility centers such as TFM, JLT, the geographics and OGDs.

The market access agenda is a key cornerstone of the GCS and the results achieved to date has exceeded expectations in all areas including FTAs, FIPAs and Air Service Agreements. However, with success comes additional pressures and the enhanced market access agenda has increased the workloads of the Trade Policy and Negotiations Branch, Trade Litigation, as well as OGD and provincial partners.

The heavy reliance on OGDs in policy/market access work points to a need for a more thought out strategy on how work is distributed. Similarly thought needs to be put into how to leverage resources and drive impact in terms of post FTA/FIPA results and enforcement. Further cooperation between Geographics and Functionals could improve how to further leverage these agreements to Canada's economic advantage through targeted trade promotion activities associated with particular agreements.

Recommendation 6: DFAIT should continue efforts to minimize the impact associated with the sun-setting of Edu-Canada funding in FY 2011/12. The value added by Edu-Canada in terms of leveraging of opportunities, economic contributions from international student attraction and resources available for trade promotion should be assessed based on the known economic return.

Given that Edu-Canada's funding will sun set in FY 2011/12, DFAIT, should more closely examine the return and leveraging opportunity Edu-Canada provides the Department's international trade/commerce activities. DFAIT could take a leadership role in exploring the feasibility of establishing a new mechanism to coordinate educational promotion abroad and conveying a single but powerful image of Canada as a preferred study destination. Best practices of Australia, the UK and the US, as well as lessons learned from the CEC Network experience could serve as a starting point. Failure to do so may result in Canada continuing to miss opportunities in a highly beneficial but also competitive market. [**Note:** Recognizing the importance and success of Edu-Canada, the 2011 Official Budget of the Government of Canada has provided $10 million over two years for an expanded international education strategy. An Advisory Panel has been established in October 2011 to make recommendations by mid-2012 on the Strategy.)

12.0 MANAGEMENT RESPONSE & ACTION PLAN

RECOMMENDATION 1		
DFAIT should use the Global Commerce Strategy as its guiding framework going forward in order to support new and ongoing departmental priorities and initiatives. In doing so, it will create opportunities to increase understanding, efficiencies, leverage, and results from the GCS and its incremental resources toward enhancing Canada's global competitiveness. **Associated Findings: 1, 2, 3, 5, 7, 8, 9, 14, 16, 17, 23** **Conclusions: 1, 3 (NAPP Vision)**		
Management Response & Action Plan	**Responsibility Centre**	**Time Frame**
Agreed. The Global Commerce Strategy (GCS) is the international implementation of Advantage Canada, the Government of Canada's long-term, national economic plan designed to make Canada a true world economic leader. As the guiding framework for Canada to compete globally, flexibility was built into the Strategy to accommodate the Government's evolving international priorities in the face of emerging economic challenges and opportunities. Recognizing the incremental nature of the resources that the GCS invested in the Department of Foreign Affairs and International Trade (DFAIT), the Department has increasingly utilized the GCS as its over-arching international trade and commerce framework. As such, the GCS has been successfully used to guide, inform and align departmental priorities and initiatives over the past four years – for example, establishing GCS priority countries. Moreover, any potential new or renewed activities in the Department are considered through the lens as to whether they offer a maximum return towards the Government's strategic goals under the GCS objective of enhancing Canada's international economic and commercial competitiveness. This includes decisions regarding the allocation of Trade Commissioner Service (TCS) resources abroad and within Canada, considerations pertaining to the		

Management Response & Action Plan	Responsibility Centre	Time Frame
types of international trade negotiations that Canada pursues (and with which partners Canada pursues negotiations), as well as recommendations regarding international and domestic engagement on the part of the Minister of International Trade. Since its implementation, the GCS has also been increasingly leveraged in support of other elements of the Government's foreign policy priorities, including notable contributions to its Americas Strategy and other country/regional strategies.		
As the GCS enters its fifth year of implementation in 2012-2013, DFAIT's two trade branches and Canada's Chief Trade Commissioner will take stock of the Strategy's continuing relevance in advancing Canadian commercial interests, particularly in the face of current and future global economic challenges and opportunities. It is too early to tell whether the existing Strategy will be renewed in its current form. However, we will undertake to ensure that DFAIT continues to benefit from a relevant and updated framework to guide its ongoing priorities and initiatives related to international commerce.	GPMC, BFM, TFM	FY 2012-2013
For the purposes of the summative evaluation (which is scheduled to begin in 2013-2014), it should be noted that ZIE has agreed that the evaluation will review the GCS based on incremental funding (i.e., as a program, rather than as a framework). Therefore, the scope of the summative evaluation will not cover the entire trade program.	ZIE	FY 2013-2014

RECOMMENDATION 2

DFAIT should continue to clarify and then communicate the roles and responsibilities of GCS stakeholders (ROs, HQ Bureaus/Divisions, Missions and OGD stakeholders) in order to enhance the achievement of GCS objectives.

Associated Findings: 4, 10, 11, 12, 14, 15, 53, 54, 55, 56, 57
Conclusions: 2 (NAPP Priority Setting), 6 (BID with ROs), 7 (BSD Com Plan)

Management Response & Action Plan	Responsibility Centre	Time Frame
Agreed. The success of the GCS requires commitment from other stakeholders that have a direct role in creating advantage for Canadian businesses, including other federal departments, other levels of government, and the private sector.		
It is worth noting that significant progress communicating the roles and responsibilities of stakeholders has already been made in recent years. One example is the implementation of the Department's New Business Model, which includes a re-orientation of roles between HQ divisions, missions, and regional offices. Other fora have been created which offer opportunities for collaboration and communication with GCS stakeholders; examples include the International Business Development and Innovation Action Plan (provinces and territories), the International Trade Dialogue (provinces and territories), the sector advisory boards (private sector), and planning and implementation committees (other government departments).		
As the GCS enters its fifth year of implementation in 2012-2013, an opportunity exists to take stock of the Strategy's continuing relevance and to recalibrate efforts to advance priorities in light of global economic challenges exists. Moreover, in the context of the Deficit Reduction Action Plan (DRAP) at the federal level, further alignment of roles and responsibilities for communications and coordination between DFAIT and other stakeholders may be required.	GPMC, BFM, TFM	FY 2012-2013

Management Response & Action Plan	Responsibility Centre	Time Frame
For trade policy and negotiations activities, it will be crucial to maintain an active dialogue regarding the roles and responsibilities of HQ divisions, regional offices (ROs), missions, and, in particular, other federal government department (OGD) stakeholders in the context of the DRAP, which could have implications for the capability of DFAIT and other departments to carry out the Government's growing agenda of international trade negotiations. This dialogue will build upon recent efforts in this area, which have included greater leadership of missions in trade policy/negotiations areas, including the shift of the role of Canada's Chief Negotiator for the Doha Round from HQ to Canada's Mission to the WTO in Geneva.	TFM	FY 2011-2012 onwards
One specific area for renewed discussion will be the division of responsibilities within the Department (including HQ, ROs, and missions) pertaining to the promotion of new trade agreements in order to ensure that Canadian firms are informed and well-positioned to benefit from resulting market access opportunities.	Relevant Geos, TFM, BSD	FY 2012-2013
Regional offices have been playing a greater role in organizing regular dialogue with other federal departments and agencies and provincial governments, including through formal and informal regional trade networks. Through these consultations, the ROs facilitate improved strategic planning, strengthened cooperation on significant events, such as incoming/outgoing missions, and greater leveraging of collective resources and expertise, all with the view to enhancing Canadian global competitiveness and success. The ROs will further strengthen communication and coordination through these regional networks to ensure alignment of stakeholders' efforts and maximum support for Canadian firms.	BSD	FY 2010-2011

Management Response & Action Plan	Responsibility Centre	Time Frame
The Canada Bureau (BSD) has been managing a more ambitious domestic engagement agenda by the Minister of International Trade, DFAIT senior managers and Canadian Heads of Mission. The Bureau will implement a domestic outreach strategy that maximizes value for money by focusing resources on delivering targeted, aligned and high impact outreach programs. These outreach programs sensitize Canadians about trade issues and global opportunities, foster greater support for the Government's trade agenda, and ultimately, help advance GCS objectives more effectively.	BSD	FY 2012-2013
The Canada Bureau has served as a focal point for provinces and territories and the Canadian Federation of Municipalities in helping build support and engagement for Canada's ambitious trade agenda and, including positions and strategies in international trade negotiations, through consultation mechanisms such as C-Trade quarterly meetings, including regular meetings focused primarily on ongoing trade negotiations (e.g., CETA, CEPA, Buy American), and federal-provincial-territorial senior officials' meetings responsible for trade as well as international business development and innovation.	BSD, TFM	FY 2010-2011
Senior management, through the Department's International Commerce Coordination Board (ICCB), has mandated the creation of a committee to oversee the development and implementation of a new client service strategy which will streamline and communicate the roles and responsibilities of all parts of the TCS network. The strategy will bolster our efforts and our performance with a view to maximizing the TCS contribution to Canada's prosperity by striving for higher client satisfaction rates, an increased percentage of clients who pursue opportunities following receipt of related services, and an increasing number of clients served. A key element of the client service strategy will be communicating a corporate vision and goals in order to ensure that employees in each part of the network understand how they contribute collectively	GPMC	FY 2011-2012 onwards

Management Response & Action Plan	Responsibility Centre	Time Frame
to client satisfaction and success. Existing successful initiatives such as the sector advisory boards and virtual sector practices which align TCS programs, initiatives and markets with private sector needs sectors will be important elements.		

RECOMMENDATION 3

DFAIT should continue to improve the existing performance measurement systems to ensure that the horizontal collection, consolidation and analysis of GCS-related performance and expenditure data are used to support monitoring and decision-making at all levels of management. This would include the roll-up of existing data sets, performance reviews, analysis by responsibility centres and economic trends for review by the ICCB.

Associated Findings: 13, 17, 18, 22, 23, 25, 32, 35, 38, 43, 45, 51, 71, 78
Conclusions: 4 (Resource Alignment, Impact of FTAs), 6 (Value of Investment)

Management Response & Action Plan	Responsibility Centre	Time Frame
Agreed. Since the conduct of the GCS evaluation, the Department's ability to collect and use commercial performance information has improved. The long-standing TCS comprehensive client survey (triennial) is now complemented by an on-line transactional client survey which provides timely information on aspects of TCS performance. Using data obtained through the International Business Development (IBD) Dashboard, the Performance Measurement and Strategic Trade Planning Division (PDC) developed the IBD Scorecard which provides Senior Management (ICCB) with performance information pertinent to the activities and results of the TCS. This enables the ICCB to take informed decisions related to, for example, resource allocation and sector prioritization. In depth analyses of performance information have been conducted in specific areas to identify trends among proactive vs. responsive sectors and to inform development of the client service strategy. With more robust data, other such analytical undertakings are possible.		

Management Response & Action Plan	Responsibility Centre	Time Frame
The IBD Dashboard, in pulling performance information from a variety of sources, including TRIO and the TCS Client Survey, integrates elements of the GCS into the overall performance measurement system. This includes, for example, services delivered in the still-responsive education sector and outputs and results of the new Global Value Chain (GVC) positions abroad. Commercial programs at missions abroad and regional offices have access to a mission dashboard supporting planning, program monitoring and decision making. Performance of trade offices established under the GCS is also being captured through this mechanism. Moving forward, PDC will endeavour to meet the evolving needs for commercial performance information and maintaining the relevance of the commercial Business Intelligence tool. In this context, it should be noted that the comprehensive client survey will be conducted in 2012.	PDC	IBD Scorecards – Ongoing Quarterly Presentations
The Commercial-Economic Program Planning and Reporting application (CEP) is the means through which missions plan their IBD programming and reflect their use of funding from various DFAIT funding sources, including Client Service Fund, the North American Platform Program, Edu-Canada Fund, and GVC Funding. This provides a total overview of GCS-related expenditures and enhances monitoring of program results. The CEP also serves to ensure that initiatives undertaken abroad support and are linked back to departmental priorities and strategies including GVC and Edu-Canada.	PDC	Comprehensive Client Survey: 4th Quarter 2012
The Department's Performance Measurement Framework (PMF) is the overarching system that captures and collects performance information that enables managers to plan and take decisions on program direction. PDC is responsible for the coordination of the PMF. Program managers are responsible for the articulation, selection and approval of performance indicators that appear therein. PDC, to the extent resources permit, will	PDC	PMF Review and Enhancements: 2nd Quarter, 2012/13

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support managers by providing advice on developing performance measurement strategies for their areas of responsibility. The objective is to demonstrate alignment of expected results and indicators at the bureau-level (business line) with the Department's Program Activity Architecture and the PMF – ensuring that we can tell our performance story.		
While review and, where feasible, improvements to the PMF is continuous, a more concerted effort takes place each spring at the invitation of the Treasury Board Secretariat (TBS). The Performance Measurement Reference Group, chaired by PDC, is another forum for discussing issues related to performance measurement and sharing best practices across the IBD Program. These processes will provide the impetus for continual improvements to performance measurement systems.	PDC	Performance Measurement Reference Group: Ongoing
In terms of measuring the economic impact of market access agreements, the Office of the Chief Economist has conducted economic analyses on the likely costs/benefits of free trade agreements concluded or pursued under the framework of the GCS. This includes those with India, Japan and the European Union. An ex post study of the impact of the Canada-Chile Free Trade Agreement is underway. The recent entry into force of free trade agreements with the European Free Trade Area (EFTA), Peru, Colombia, and impending ratification of agreements with Jordan and Panama suggests that it will take some time before enough data is available to measure the impact to the free trade agreements with these countries.	BEA	Spring 2012

RECOMMENDATION 4

Global Value Chains (GVC) should be fully integrated into the Integrative Trade Model (ITM) (including training and promotion) to ensure that GVCs are viewed as strategically vital to making business connections and maximizing opportunity for Canadian clients beyond immediate geographic market responsibilities.

Associated Findings: 13, 39, 40, 41, 42, 43, 44, 45

Management Response & Action Plan	Responsibility Centre	Time Frame
Agreed. The integration of the GVC concepts into the ITM has been underway for several years. Given the strategic importance of GVCs to the success of Canadian companies operating internationally, The Global Business Opportunities Bureau (BBD) will continue to integrate the GVC business line into the sector strategies in order to support the development of GVC focused activities. Since April 1, 2011, BBD has allocated most GVC funds to posts abroad on a competitive, prioritized market basis in support of ITM-based plans. BBD has and is undertaking the following activities:		
1. Further incorporate GVC concepts and examples into existing and future learning initiatives, where appropriate, such as GLI 2 and sector specific webinars.	BBD (BBD, GVC Working Group, Sector Practices)	May 2012
2. Provide Trade Commissioners (TCs) with a target list of high potential MNEs derived from the Global Fortune 500. This list will serve to focus TC initiated GVC activities on MNEs with footprints spanning multiple regions/markets, facilitating multi-post initiatives.	BBD (BBD, GVC Working Group, Sector Practices)	January 2012
3. Deliver updated GVC program, Terms of Reference and GVC Proposal/Reporting Template for 2012-2013, in order to provide guidance and specific direction for the delivery of GVC projects targeting quantifiable results and encouraging projects involving multiple posts.	BBD (BBD, GVC Working Group/Sector Practices)	December 2011

Management Response & Action Plan	Responsibility Centre	Time Frame
4. Promote the use and distribution of the GVC Guide for Canadian SMEs to clients interested in expanding internationally.	BBD (GVC Working group)	Ongoing
5. Deliver Best Practice Sessions outlining the GVC strategic support program and providing concrete examples of past GVC focused projects and activities in order to facilitate the inclusion of GVC targeted projects within the post/RO commercial plans.	BBD (GVC Working group)	December 2011 to January 2012
6. Maintain and update internal/external GVC on-line information products, including Horizons, the TCS Website and GVC wiki page.	BBD (GVC Working group)	February 2012 (ongoing)

RECOMMENDATION 5

DFAIT should monitor the impact of the increased market access agenda on the workload of responsibility centers such as JLT, the geographics and OGDs.

Associated Findings: 67, 68, 70, 73
Conclusion: 8

Management Response & Action Plan	Responsibility Centre	Time Frame
Agreed. In response to this recommendation, the monitoring and management of workflows within the Trade Policy and Negotiations Branch, other responsibility centres of DFAIT, and OGDs that are implicated by the expanding trade negotiations agenda will continue to be a central management concern. Several initial steps have been taken in this regard, including: • Increased usage of videoconferencing technology to conduct exploratory discussions and negotiations with partner governments towards FTAs, FIPAs, and other trade agreements, as well as consultations under trade disputes. When possible, increased	TFM	FY 2011-2012

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utilization of these technologies can save financial resources and reduce human resource requirements associated with travel; • More targeted pursuit of Canadian interests in negotiations. In some circumstances, there is merit to pursuing a model that is less comprehensive than Canada's usual FTA model, including the targeting of specific interests, which can reduce human and financial resource demands (e.g., a goods-only model for the Canada-Jordan FTA); • Increased attention to sequencing and prioritization regarding the scheduling of FTA and other trade negotiations in order to minimize resource over-extension. Notwithstanding these initial measures, DFAIT management will continue to monitor the impact of the trade negotiations agenda on all impacted responsibility centres within and outside of the Department and will explore additional avenues for the effective management of its associated workload.		

RECOMMENDATION 6

DFAIT should continue efforts to minimize the impact associated with the sun-setting of Edu-Canada funding in FY 2011/12. The value added by Edu-Canada in terms of leveraging of opportunities, economic contributions from foreign student attraction and resources available for trade promotion should be assessed based on the known economic return.

Associated Findings: 5, 74, 75, 76, 77, 78, 79
Conclusion: 9

Management Response & Action Plan	Responsibility Centre	Time Frame
Agreed. It should be noted that much work has been done with the *Imagine Education au/in Canada* brand and the work that our missions have been doing in education promotion over the past year. One positive development is the announcement in Budget 2011 of $10 million (over two years) for the development and implementation of a strengthened international education strategy which clearly demonstrates that the Government is committed. There is a strong and proven relationship between international education and economic prosperity, as is evidenced in a 2011 report, commissioned by DFAIT, which states that the economic benefits of international education are an estimated $8 billion of annual revenue for the Canadian economy in 2010, an estimated $445 million in government revenues and the creation of economic activity to sustain 86,000 Canadian jobs. Despite the limited funding ($1 million annual funding between 2007 and 2011), Edu-Canada has punched above its weight and has been instrumental in increasing the number of international students to Canada, increasing the number of international linkages between institutions and developing the Imagine Education au/in Canada brand. Thanks to the efforts of Edu-Canada, in 2011, 95 Canadian missions abroad are now involved in education marketing efforts. This has greatly increased the breadth and scope of services on the ground available to support	Senior Management and GLE in the context of the establishment of an Advisory Panel of eminent experts, which was established in October 2011.	Interim recommendations from the Advisory Panel will be presented to the Ministers of International Trade and Finance by end of January, with final recommendations due by June 2012. These recommendations will form the basis for a strengthened International Education Strategy.

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Canadian institutions' internationalization efforts, but the amount of money available has remained constant. Furthermore, in the period 2006-2010 the number of study permits increased by 28%, which can be attributed in part to the work of Edu-Canada. According to Citizenship and Immigration Canada (CIC), in 2010, there are now over 218,000 international students studying in Canada. 120 institutions use the Imagine Education au/in Canada brand in their promotional material. Overall, the brand and marketing campaigns have helped raise the profile of Canadian institutions by helping to coordinate a voice and image of Canada in the realm of international education marketing.		
Despite these positive efforts, the need for better coordination of the sector and the limited resources available stifles success and Canada's share of the global market remains stagnant, as our competitors (Australia, UK, US, France and Germany) invest heavily in promotion to attract greater numbers of international students and researchers. For example, Australia, which has twice as many international students as Canada, has an annual operating budget of $34 million/year and their activities are coordinated by Austrade. Recent developments clearly demonstrate that the time has come to move the Edu-Canada Initiative beyond the pilot stage and continue to build on Canada's key assets.	GLE	Upon receipt of the Panel's final recommendations (expected by June 2012)
The International Education and Youth Division (GLE) agrees that the Edu-Canada web presence should be enhanced. A revamped website was re-launched in November 2011, which included a total review of the Information Architecture (IA) and the content being drafted by a web writer, who was focussed on keeping the audience's perspective in mind. It is also worth noting that Common Look and Feel (CLF) and Web accessibility (WACAG) severely limit how the website can be used. These constraints cannot be overlooked and are beyond the purview of Edu-Canada's control. Certainly	GLE	November 2011

Management Response & Action Plan	Responsibility Centre	Time Frame
social media tools would be a very useful vehicle for disseminating information quickly and easily to the target audience. However, without a clear social media strategy from the Department, it is difficult for Edu-Canada to make advances in this area.		
Considering the importance of attracting more of the best and brightest researchers to Canada, GLE is deepening existing linkages between Edu-Canada activities with Invest in Canada and sector priorities to increase alignment with Canada's commercial objectives as well as long-term business results in terms of partnerships. By working in collaboration with sector specialists and leveraging the Canadian presence at sector specific trade shows, this is helping to attract world class researchers to Canada. Education activities are now being coordinated with activities from other sectors/departments. As an example, visitors at the Canada Pavilion at the Paris Air and London Farnborough Shows were offered information regarding opportunities to study aeronautics or aerospace-related programs in Canada. New sector specific brochures, developed in partnership with the sector specialists, will help to attract researchers and students in key areas. By leveraging education as a horizontal initiative (across many sectors), other sectors are able to deliver objectives while assisting Canadian institutions in recruiting more students. Furthermore, missions find more opportunities to cross-promote and engage in better synergies with the Scholarship program, the Understanding Canada program and International Experience Canada.	GLE	Spring 2011 and ongoing