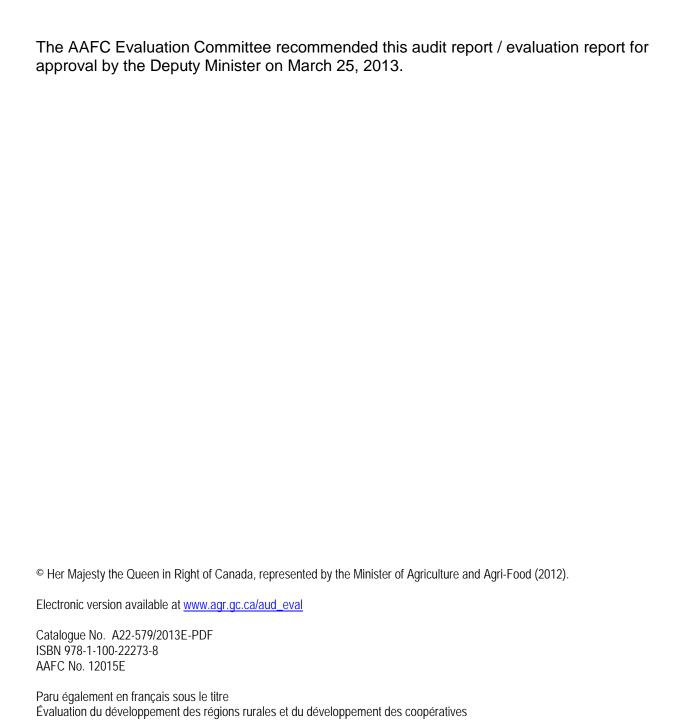


REPORT: Evaluation of Rural and Co-operative Development

Office of Audit and Evaluation





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List of Acronyms

AAFC Agriculture and Agri-Food Canada
BDC Business Development Canada

CBDC Community Business Development Corporation

CCA Canadian Co-operative Association

CCCM Conseil canadien de la coopération et de la mutualité

CDI Co-operative Development Initiative

CFDC Community Futures Development Corporation

CRP Canadian Rural Partnership

HRSDC Human Resources and Skills Development Canada

OAE Office of Audit and Evaluation

RCS Rural and Co-operatives Secretariat
PMS Performance Measurement Strategy

TB Treasury Board

Executive Summary

Agriculture and Agri-Food Canada's (AAFC) Office of Audit and Evaluation (OAE) evaluated the Rural and Co-operative Development programs. The purpose of the evaluation was to examine the programs' relevance and performance as required by the Treasury Board (TB) Policy on Evaluation.

Under relevance, the evaluation assessed whether there is an on-going need for targeted programming to support rural economic and co-operative development. It also examined AAFC's role in providing horizontal coordination for federal activities to support rural and co-operative development, as well as the ongoing alignment of AAFC's rural and co-operatives secretariat role with the department's mandate and priorities. In terms of performance, the evaluation assessed the achievement of intended program outcomes, as well as the extent to which the initiatives demonstrated efficiency and economy. The evaluation collected primary data to assess the programs' activities over the past four years (2008-2009 to 2011-2012) and draws on the results of previous evaluations to review accomplishments and lessons learned over the past 14 years.

Background

About one in five Canadians lives in more than 4,500 rural communities across the country. These communities are part of the infrastructure that supports industries such as fisheries, forestry and agriculture. For the agriculture sector, rural communities are particularly important for providing sources of off-farm income that help sustain farm families and the infrastructure and services that support agricultural businesses. Rural communities share common challenges such as an aging population, the migration of people and businesses to urban centers, economic dependency on a limited number of industries, limited resources and, in some cases, remote locations. Targeted federal funding to respond to the needs of Canadians in rural and remote regions was initiated in 1998 through the creation of the Canadian Rural Partnership initiative (CRP). This funding was in addition to a limited amount of ongoing departmental resources focused on supporting rural communities. Funding for the CRP was renewed two times over the past 14 years, most recently in 2009-10 as part of the four-year Growing Forward agricultural policy framework.

Co-operatives, by nature of their structure, allow citizens to pursue common goals in sectors or geographic areas where traditional businesses often do not find it profitable to operate. Targeted federal funding for the Co-operative Development Initiative (CDI) was established in 2003 to facilitate the creation of new co-operatives in the following priority areas: adding value to agriculture, access to health care services, rural development, immigrant integration, Aboriginal community development and community solutions to environmental challenges. The program was expanded in 2006-07 to provide assistance to farmers' co-operatives that wanted to participate in the

development of biofuel and other value-added initiatives (Agricultural-CDI). Funding for CDI including support for agricultural value-added co-operatives was renewed for a four-year period in April 2009 (to March 2013). This funding was in addition to a limited amount of ongoing departmental resources that were allocated to support activities such as co-operative policy development and coordination, co-operative research and statistics collection and maintenance of the co-operative database.

Targeted federal funding for both the CRP and CDI will sunset in March 2013. As a result, the evaluation focuses on program achievements to date and lessons learned that could serve to inform the design of future federal programming in this area.

Methodology

The methodologies used to conduct the evaluation consisted of: an analysis of program performance information; a document review; key informant interviews with staff of the Rural and Co-operatives Secretariat, as well as representatives of the Canadian Co-operative Association (CCA) and the Conseil canadien de la coopération et de la mutualité (CCCM); and a review of academic literature to validate the rationale for providing support for rural communities and co-operative development.

Key Findings

In terms of ongoing relevance, rural communities, as part of the support structure for Canadian resource industries, play an important role in fostering competitiveness and innovation. Co-operatives are important to the Canadian economy and the agriculture sector, and there is a need for continuing support for the Co-operatives Database, which contains over 30 years of historical data on co-operatives in Canada. Support for rural and co-operative development aligns with federal and departmental priorities for economic development, competitiveness and innovation.

Rural and Co-operative Development programming has contributed to a broad range of achievements including the development and facilitation of a horizontal approach to rural issues within the Government of Canada; the provision of assistance to rural and northern regions to improve competitiveness; and knowledge building.

The CDI has addressed a wide range of needs, including job creation, agricultural development, rural economic development, healthcare, environment, community development and housing. The Advisory Services component of CDI has made a significant contribution to the capacity of the co-operative sector to develop and sustain co-operatives.

Federal support for rural and co-operative development projects allowed recipients to leverage significant funding from other sources. While program expenditures were less than budgeted amounts, the difference between program allocations and expenditures

can be attributed to a number of factors including slow program uptake, and decisions regarding the ongoing management of the programs.

While providing support to rural and co-operative economic development aligns with federal roles and responsibilities, AAFC's rural and co-operative development programming extends beyond the agricultural sector. As a result, there is potential for overlap with other government departments.

Although the CRP and CDI have achieved their objectives and are being wound down, AAFC will continue to provide support for rural communities and co-operatives related to the agricultural sector through its existing programs.

Lessons Learned

The following lessons learned should be considered in the design of future federal programs targeted at rural and co-operative development:

- In order to support sustainable communities over the long-term, government support should be "place-based" and focus on strategic investments to strengthen and develop local assets and secure competitive advantage. Such investments should support multi-community collaboration whereby communities in a region work together to improve services, assets and/or infrastructure.
- Ongoing performance measurement that reaches beyond individual program funding cycles is needed to chart the longer term impacts of federal support to complex areas such as building the capacity of rural communities.
- Local communities must play a direct role in developing rural economic development initiatives. For communities to take the lead in charting their future direction, they require leadership development and access to professional expertise and information, including details of the government programs available to assist them.
- For co-operative development, services are more effective when linked and supported by local development agencies and federal or provincial departments and agencies whose mandates include co-operative development.
- For rural communities and co-operatives, federal funding is often essential seed money that helps to leverage further funding from other partners.

1.0 Introduction

The Office of Audit and Evaluation (OAE) of Agriculture and Agri-Food Canada (AAFC) conducted an evaluation of the initiatives and activities of the Rural and Co-operatives Development programs, which are intended to support AAFC's Strategic Outcome of "an innovative agriculture, agri-food, and agri-based products sector". The evaluation was undertaken to meet the requirements of the *Financial Administration Act*, which requires that all ongoing programs of grants and contributions be evaluated every five years, as well as the requirements of the Treasury Board (TB) Policy on Evaluation, which calls for an assessment of the ongoing relevance and performance of departmental programs.

1.1 Evaluation Scope

A decision was taken to wind-down current AAFC rural and co-operatives development programming in 2012-13. As a result, the evaluation collected primary data to assess the programs' activities over the past four years (2008-2009 to 2011-2012) and draws on the results of previous evaluations to review accomplishments and lessons learned over the past 14 years. The evaluation is national in scope and assesses rural and co-operatives initiatives and activities funded under the Agricultural Policy Framework (APF), the Growing Forward agricultural policy framework (GF) and through on-going departmental "A-base" funding allocations. As the programs are not continuing, this evaluation focuses on lessons learned that can serve to inform future federal programming in this area.

In accordance with the TB Directive and Standard on Evaluation (2009), the evaluation examines the relevance and performance of AAFC's support to rural communities and co-operative development. Specifically, the evaluation examined: continued need for the initiatives; alignment with government priorities and departmental strategic outcomes; alignment with federal roles and responsibilities; achievement of intended outcomes; and the extent to which the initiatives demonstrated efficiency and economy.

1.2 Evaluation Approach

The evaluation used a summative mixed-method, non-experimental design¹, incorporating multiple lines of evidence, both qualitative and quantitative to address the evaluation issues and questions. Qualitative data was used to provide context around available quantitative data.

¹ A mixed method approach is one in which the researcher collects, analyzes, and integrates both quantitative (quan) and qualitative (qual) data in a single study or in multiple studies in a sustained program of inquiry. (Creswell 2003)

1.3 Evaluation Methodology

The evaluation included several lines of evidence.

- Analysis of program performance information helped to answer evaluation questions related to performance by providing information on the achievement of expected outcomes. This included an analysis of contribution funding to rural communities, performance information based on the Co-operative Development Initiative (CDI) performance measurement strategy (PMS), and national statistics on the co-operative movement produced by the Rural and Co-operatives Secretariat.
- The document review examined previous evaluation reports, TB submissions, federal budgets, throne speeches, parliamentary and program reports, presentations, publications, Canada's Rural Partnership (CRP) and CDI Performance Measurement Strategies, the CRP Zone Measurement Strategy (ZMS) and communications materials. The document review provided information on program history and design and helped to answer evaluation questions related to relevance. Please see Annex A for a list of documents reviewed.
- Key informant interviews were undertaken with 14 staff of the Rural and Cooperatives Secretariat between June and September of 2011 as part of a comprehensive evaluation assessment. These were supplemented by five further interviews with AAFC staff and one interview with program delivery agents in December 2012 and January 2013. Key informant interviews helped address evaluation questions related to relevance and performance.
- A review of academic literature was undertaken to validate the theoretical underpinnings of support to rural communities and co-operative development to assist in answering evaluation questions related to relevance. A list of literature reviewed is included in Annex B.

1.4 Methodological Constraints

There are several considerations or limitations to note when reading this evaluation.

Limitation	Mitigation Strategy	Impact on Evaluation
Performance data for Canada's Rural Partnership and the Co-operative Development Initiative were limited.	To the greatest extent possible, the evaluation team relied on other sources of qualitative evidence to triangulate findings from available data with other sources to reach conclusions about program performance.	The findings related to performance should be read with the understanding that they are based on the views of program staff and the available financial and performance reporting.
The evaluation did not include interviews with stakeholders outside of the program, including program beneficiaries.	To mitigate the risks associated with a small interview sample, the evaluation team focussed on findings related to factual information and used the interviews as supporting evidence. Findings from interviews were then triangulated to the greatest extent possible with evidence from other sources.	The findings may not represent the perspectives of all individuals who had an interest in and/or were affected by this programming.
Activity-based costing data are not available to assess program efficiency.	For Vote 1 programs the evaluation focused on indicators of efficiency that were qualitative rather than quantitative.	The findings related to program efficiency are not comprehensive.
Attribution of impacts to rural and co-operatives programming is confounded by other factors that affect rural and co-operative development, such as other federal programming in these areas, out-migration and in-migration in rural communities; the availability of other social programming that influences	To mitigate this limitation, the evaluation focused on the tools and capacity that have been developed through AAFC programming. The evaluation also focused on the approach that was put in place to measure	It is not possible to definitively conclude whether impacts were a direct result of AAFC programming.

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economic development and	future Return on
adaptation in rural areas (e.g.,	Investment.
health care, education).	

2.0 Profile of The Programs

2.1 Background

The federal government has provided targeted support for rural development over the past 14 years. For the agriculture sector, rural communities are particularly important in providing the sources of off-farm income that help sustain farm families. While the changing global economy presents new opportunities for Canada's rural resource-based communities, they are dealing with significant adaptation issues as the sectors to which they are linked are restructuring in response to competitive realities. Funding provided for Rural Development was targeted at building community capacity and creating the conditions for success in rural Canada.

Targeted federal funding for co-operative development programming was established in 2003. Co-operatives, by nature of their structure, allow citizens to pursue common goals in sectors or geographic areas where traditional businesses often do not find it profitable to operate. Funding for co-operative development was targeted at creating an environment in which Canadians can find local solutions to local challenges using the co-operative model.

Rural and co-operative development activities share the goal of building capacity among target groups to facilitate local economic development. AAFC's support to rural and co-operative development was comprised of two federal-only initiatives: Canada's Rural Partnership (CRP) and the Co-operative Development Initiative (CDI). The Rural and Co-operatives Secretariat provided overall federal coordination, management and oversight for these programs. The CRP was established in 1998, with funding of \$20M over five years. The CRP was renewed from 2003-2009 (CRP II – part of the Agricultural Policy Framework), and again from 2009-2013 (CRP III – part of the Growing Forward agricultural policy framework).

The CDI was established in 2003 as part of the Agricultural Policy Framework, with funding of \$15M over five years (2003-2008). In 2006-2007, Agricultural (Ag)-CDI was created to provide assistance to farmers' co-operatives that wanted to participate in the development of biofuel and other value-added initiatives. The CDI and Ag-CDI were extended through 2008-09, and the CDI was renewed for another four year period in 2009 as part of the Growing Forward framework. The renewed program combined both

² The importance gained by Rural Secretariat (because it existed since 1996 but with a very few people) was largely due to the implementation of CRP which was created as a response to a 1997 Parliamentary report entitled "Think Rural" which highlighted the issues facing rural Canada.

the support for farmers available under Ag-CDI along with support to other priority areas. Both rural and co-operative programs conclude in March 2013.

2.2 Rural Development (PAA #3.3.1)

Design and Delivery

AAFC's support for rural development under Growing Forward included two components: the CRP (which included partnership activities and the Community Development Program); and policy and research activities which largely supported the CRP

Canada's Rural Partnership (2009-2012)

The objectives of Canada's Rural Partnership included:

- Enhancing the competitiveness of rural regions by facilitating regional asset identification, competitive advantage assessment and other processes that assist rural communities and regions to understand their local strengths and challenges in order to increase their competitiveness;
- Fostering the transformation of local ideas and untapped assets to sustainable economic activities by enabling rural communities and regions to explore new and different economic opportunities and to identify and access necessary resources and opportunities for collaboration; and
- Facilitating the development of new economic opportunities from existing natural and cultural amenities by facilitating information-sharing and the provision of support services including rural development planning tools and expertise.

The Rural and Co-operatives Secretariat managed the CRP along with other rural development activities funded through departmental allocations. These initiatives fostered a horizontal approach to supporting rural development within the federal government.

The partnership approach

With staff in each province and territory, the Secretariat coordinated 13 Rural Teams to engage federal, provincial and territorial officials and, at times, sectoral stakeholders on rural issues. The Rural Teams provided a forum for exchange of information, understanding regional priorities and collaborating on joint initiatives that crossed departmental or governmental / jurisdictional mandates.

An integral component of the CRP's Performance Measurement Strategy was its ZMS, which was designed to determine whether the Secretariat's approach would lead to

tangible economic outcomes in rural communities. The ZMS set out a participatory case study methodology to assess program impacts in a sample of rural regions (zones).

Community Development Program

The Community Development Program: Building Rural and Northern Partnerships was a contribution program that supported projects in:

- Community development through engagement of local communities and stakeholders and the development of partnership initiatives to address local barriers to development, and
- Knowledge building through knowledge development and knowledge transfer related to local barriers to development and to information expertise, tools and processes that are useful in addressing these barriers.

Specifically, the program funded four types of projects: workshops, partnerships, knowledge building and rural development initiatives. Funding was application-based and projects were implemented through contribution agreements that could be multi-year. Funding covered up to one-half of project costs for rural communities and two-thirds of costs for projects in the North, recognizing the increased costs of activities in Northern areas.³ Maximum funding levels were established for each type of project ranging from \$15,000 for workshops to \$200,000 for knowledge building initiatives.

Research and Policy

To support its work the Secretariat contracted a number of research studies related to rural competitiveness, innovation and amenities. 4

The Secretariat also played a role in furthering collaboration among federal stakeholders and in advancing policy initiatives related to rural communities. It coordinated an interdepartmental network of government research and policy officers called the Rural Development Network. ⁵ The role of the network was to share knowledge and research about rural issues and impacts and to facilitate collaboration on specific issues.

Governance

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³ Northern communities and regions are defined as those located north of the 50th parallel east of the Ontario/Manitoba border and those north of the 53rd parallel in western Canada, excluding Edmonton.

⁴ Amenities are features conducive to attractiveness and value. They can be natural or man-made. Wide variety exists in the definition and types of amenities. Natural amenities include climate factors, water area, and topographic variation. Areas of historical distinctiveness and heritage, and features of cultural importance are also considered amenities.

⁵ The Rural Development Network was established in 2005.

The Rural and Co-operatives Secretariat⁶ included four units dedicated to support for rural communities:

- Programs and Partnerships Unit worked with rural teams and other stakeholders to develop partnerships to address the barriers and gaps in key decision-making services in rural areas. Regional staff were responsible for implementing and reporting on the ZMS. The unit also managed the delivery of the Community Development Program that provided contributions to support projects in rural communities.
- Strategic Policy and Network Development Unit analyzed the services used by rural decision-makers to support competitiveness, innovation and amenities, as well as the gaps and barriers to accessing those services. The unit also coordinated the Rural Development Network, participated in interdepartmental initiatives and provided policy analysis, advice and support to other units and the Minister.
- Research Unit facilitated access to information and data. It managed the Community Information Database, which provided free internet-based access to statistical information on rural Canada, and it undertook statistical research on rural issues and trends.
- Communications Unit supported the other units, providing advice and input into other federal departments' rural communications products, and managed all communications for the Community Development Program.

With the sunsetting of the CRP in March 2013, responsibility for AAFC's rural activities related to research and policy development were transferred in July 2012 to the Portfolio Coordination office within AAFC.

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⁶ Historically, the Rural Secretariat managed support to rural communities and the Co-operatives Secretariat managed the development of co-operatives. In June 2010 the two secretariats were merged and staff worked to develop synergies between the two areas.

Table	Table 1: "Rural" Budget and Expenses 2008-09 to 2012-13 (in millions)							
	Vote	1 Sal	ary and	Vote 10	Grants and			
Year	Operations ⁷			Contributions		Total		
	Budget CRP	Total Budget Rural ⁸	Expenses	Budget	Expenses	Budget ⁹	Expenses	Variance
2008-								
2009	\$6.2	\$7.3	\$8.1	\$2.9	\$1.8	\$10.2	\$9.9	\$0.3
2009-								
2010	\$6.9	\$9.4	\$8.2	\$0.7	\$0.3	\$10.1	\$8.5	\$1.6
2010-								
2011	\$6.3	\$8.7	\$8.4	\$3.2	\$1.5	\$11.9	\$9.9	\$2.0
2011-								
2012	\$6.3	\$8.1	\$8.6	\$5.1	\$2.2	\$13.2	\$10.8	\$2.4
2012-								
2013	\$6.3	\$7.9	\$4.8	\$1.2	\$0.5	\$9.1	\$5.3	\$3.8

Resources

\$32.0

\$41.4

\$38.10

Total

Table 1 below outlines the budget and expenditures for support for rural communities since 2008-09. Note that the "total budget rural" includes both CRP funding through Growing Forward and departmental A-base funding. The Rural and Co-operatives Secretariat allocated 76% of spending on activities to support rural communities for core activities (Vote 1) while 24% was allocated to grants and contributions (Vote 10).

\$13.1

\$6.3

\$54.5

\$44.4

\$10.1

In 2011, the Rural and Co-operatives Secretariat had 87 FTEs devoted to providing support for rural communities. Half of these were based in the regions while the other half worked from AAFC headquarters in Ottawa. The Secretariat had regional offices in Moncton, Quebec City, Guelph, Winnipeg, Calgary and Vancouver, with a Regional Advisor in each province and territory. More than 80% of the funding for the rural support activities of the Secretariat came from Growing Forward.

Source: Corporate Finance and Rural and Co-operatives Secretariat

⁷ Table 1 Salary and Operations excludes EBP, accommodation and enablers.

⁸ This amount includes funding for CRP through *Growing Forward* and departmental A-base resources.

⁹ Includes "total budget rural" under Vote 1 and Vote 10.

2.3 Co-Operative Development (PAA #3.3.2)

The CDI was established in 2003 as a five-year program to facilitate the creation of new co-operatives in the following priority areas: adding value to agriculture, access to health care services, rural development, immigrant integration, Aboriginal community development and community solutions to environmental challenges.

The original CDI had two components: co-operative advisory services and innovation and research projects to explore and test the use of the co-operative model in new areas. The Canadian Co-operative Association (CCA) delivered the advisory services component in English while the Conseil canadien de la coopération et de la mutualité (CCCM) delivered advisory services in French.

In 2006-2007, Ag-CDI was created to focus on providing assistance to farmers' cooperatives that wanted to participate in the development of biofuel and other value-added initiatives. With additional funding Ag-CDI was extended through 2007-2009. The government provided continuity funding for CDI in 2008-2009 as the transition was made to the *Growing Forward* Framework. During the transition year CCA/CCCM administered the contribution program for farmers under Ag-CDI.

In April 2009, CDI was renewed for four years. The renewed program included both agricultural value-added and other priority areas.

CDI's objective was to enhance the contribution of co-operatives in meeting the economic needs of Canadians by working collaboratively with local, regional and national co-operatives, academic and government sector stakeholders to create an enabling environment for co-operative development and growth.

Specifically, the program aimed to:

- strengthen the co-operative sector's capacity to provide advisory services that enable co-operative development;
- fund innovative co-operative projects that respond to public policy priorities; and
- support research and knowledge development to facilitate innovation and growth.

Design and Delivery

AAFC's support included two components: the CDI and policy and research activities including maintaining the Co-operative Database. The policy and research activities were supported through ongoing "A base" departmental funding.

Co-operative Development Initiative (2009-2013)

CDI involved three components:

- Advisory Services aimed to improve access to the technical and professional services necessary to successfully launch or expand co-operatives and to build the co-operative sector's capacity to provide advisory services and to foster cooperative development.
- Innovative Co-operative Projects aimed to support projects that tested innovative applications of the co-operative model in the following public policy priority areas: agriculture (including farmer-driven projects for value-added agriculture and biofuels), rural/northern community development, innovative goods/services, and capacity-building/sustainability.
- Research and Development aimed to undertake and encourage policy and applied research to advance co-operative development and growth by facilitating the formation of a multi-stakeholder research network on co-operatives and developing and implementing a coordinated national co-operative research strategy.

The Rural and Co-operatives Secretariat entered into a contribution agreement with the two national co-operative associations, CCA and CCCM, for the delivery of the advisory services and innovative co-operative projects components. CCA/CCCM held joint responsibility for the management of the contribution agreement. The co-operative associations were responsible for establishing a management committee to oversee the program and a selection committee to recommend innovative co-operative projects. Under the agreement, advisory services were delivered by regional and sector co-operative organizations. For the innovative co-operative projects component, CCA/CCCM negotiated and managed funding agreements with recipients and managed intake, selection and risk assessment processes for projects.

The Rural and Co-operatives Secretariat managed the partnership with CCA/CCCM. It supported CCA/CCCM in the implementation and management of the program by providing appropriate forms, templates and guides and by offering training, workshops and other hands-on assistance as required. It provided ongoing advice and direction to CCA/CCCM and liaised with AAFC Communications and the AAFC Minister regarding communication requirements and projects. It also acted in an advisory capacity on CCA/CCCM committees set up to manage aspects of the program. The AAFC Minister was responsible for providing funding and announcing project approvals and major program developments.

Funding for innovative co-operative projects under the agreement ranged from \$5,000 to \$75,000 per project per year and supported the following types of activities:

- feasibility studies and business plans;
- member education and development;
- governance and board training;
- · co-operative management training and development; and
- development of co-operative legal structure, bylaws and policies.

Multi-year projects could be funded, but needed to end by March 31, 2013. Applicants or their partners were expected to contribute at least 25% of total project costs.

The Secretariat managed the research and knowledge development component of CDI, which provided funding to not-for-profit organizations, universities and colleges, cooperatives, as well as individual researchers in the following areas:

- local community economic development;
- · changing community demographics; and
- low-carbon communities.

Individual projects were funded to a maximum of \$50,000 per year with project proponents normally expected to contribute at least 25% of overall project costs.

Policy and research activities

In addition to the CDI, the Rural and Co-operatives Secretariat was responsible for co-operative policy development and coordination, co-operative research and statistics collection and maintenance of the Co-operative Database.

Governance

Within the Rural and Co-operatives Secretariat, there were three groups whose activities supported co-operative development:

- The Co-operative Programs and Partnerships Unit managed the contribution agreement with CCA/CCCM, administered research and knowledge development projects and collaborated with other government departments, provincial and territorial governments and the co-operative sector;
- The Co-operative Policy and Research Unit conducted research on co-operatives and supported the AAFC Minister in ensuring that the needs and interests of cooperatives were considered in the development of federal policies, programs and legislation;
- The Co-operative Statistics Unit compiled and published national statistics on cooperatives in Canada and maintained the co-operative database.

With the sunsetting of the CDI in March 2013, responsibility for AAFC's co-operative development activities related to research and development were transferred to the Portfolio Coordination office within the Deputy Minister's Office at AAFC, and then subsequently to Industry Canada, Policy branch as part of the government response to the special Parliamentary committee on co-operatives, January 2013. This will includes responsibility for managing the Co-operative Database.

Resources

Table 2 below provides an overview of budget and expenses for support to cooperatives. Note that "Total Co-op Budget" includes CDI funding under Growing Forward and departmental A-base resources. The Secretariat supported co-operative development activities both through time-limited funding for CDI and departmental Abase resources. AAFC provided funding for Secretariat co-operative staff through its departmental A-base budget while grants and contributions and CDI operations were funded under Growing Forward.

At the program outset, the Rural and Co-operatives Secretariat had a staff of 10 full-time equivalents (FTEs) working on co-operative development.

Table 2: "Co-operatives"	"Budget and Expenses	2008-2009 - 2012-2013	(in millions)
. abie E. Co operatives		2000 2000 2012 2010	(

	Vote	1 Sa	lary and	Vote 10	Grants and			
	Operations ¹⁰			Contributions		Total		
		Total						
	CDI	Co-op						
Year	Budget	Budget	Expenses	Budget	Expenses	Budget	Expenses	Variance
2008-								
2009	\$0.5	\$1.3	\$0.9	\$4.5	<i>\$4.5</i>	\$5.8	<i>\$5.4</i>	\$0.4
2009-								
2010	\$0.4	\$1.5	\$0.9	\$4.3	\$4.3	\$5.8	\$5.2	\$0.6
2010-								
2011	\$0.4	\$1.4	\$1.2	\$4.2	\$3.8	\$5.6	\$5.0	\$0.6
2011-								
2012	\$0.4	\$1.3	\$0.8	\$4.2	\$4.1	\$5.5	\$4.9	\$0.6
2012-								
2013	\$0.4	\$1.1 ¹¹	\$0.5	\$3.7	\$2.9	\$4.8	\$3. <i>4</i>	\$1.4
Total	\$2.1	\$6.6	\$4.3	\$20.9	\$19.6	\$27.5	\$23.9	\$3.6

Source: Corporate Financial Services and Rural and Co-operatives Secretariat.

3.0 Evaluation Findings

3.1 Relevance – Ongoing Need

In assessing relevance, the evaluation assessed whether there is a need for targeted programming to support rural economic and co-operative development. It also examined AAFC's role in providing horizontal coordination for federal activities to support rural and co-operatives development, as well as the alignment of AAFC's secretariat role with the department's mandate and priorities.

3.1.1 Rural communities, as part of the support structure for Canadian resource industries, play an important role in fostering competitiveness and innovation. However these communities face complex challenges adapting to changing demographics and economic realities.

¹⁰ Table 2 Salary and Operations excludes employee benefit plans, accommodation and enablers. Gs&C's include Ag-CDI, fund 04E6.

¹¹ Estimate.

Overall, rural Canada comprises more than 4,500 communities that, according to the

2011 Census, are home to 6.3 million Canadians or about 19% of the country's

population.

These rural communities are important contributors to economic growth and competitiveness, forming a key component of the infrastructure that supports Canada's resource industries. Those industries are directly responsible for more than 15% of Canada's gross domestic product (GDP) and are projected to be an important driver of future economic growth. Rural communities also provide key supports to urban economies through agriculture, water, waste management, carbon sequestration and recreation.

An interdependent relationship exists between rural communities and the resource sectors. Industry supplies the jobs and an economic base and communities provide skilled workers, infrastructure, services, additional business and employment opportunities, and the amenities that retain and attract the labour and knowledge that industry needs. The ability of communities to address challenges and implement change can affect ongoing sectoral adjustment. Communities dealing with population loss, diminished public services, and reduced tax bases are ill-positioned to address the skilled labour and innovation requirements of industries in constant adaptation. They may be unable to maintain the support infrastructure, services and institutions required by the sector and sectoral participants, and may lack the critical mass of human creative and financial capital that would enable them to innovate and move forward on new opportunities. At the same time, many such communities continue to possess underutilized strengths and assets (natural, physical, social, cultural, environmental, human) that could be mobilized more effectively to meet adjustment challenges, strengthen adaptation, expand local economic bases, and increase their support to sectoral growth, innovation and competitiveness.

Rural communities across the country require support to address the complex issues they face such as declining population and rural poverty. Many of these communities face common challenges such as dependence on a limited number of industries, and many are seeing an exodus of people and businesses to urban centres leading to declining and aging populations, limited resources and capacities, and the loss of services.

Parliamentary reports and research over the past 20 years ¹³ have highlighted the problems facing rural Canada and the need for all levels of government to be part of the

¹² Natural Resources Canada. Economic Impact of Canada's Natural Resources Sector. Retrieved January 23 from http://www.nrcan.gc.ca/media-room/news-releases/2012/6469

¹³ This included the 1998 Parliamentary Report, Think Rural; the 2008 report of the Senate Standing Committee on Agriculture and Forestry, Beyond Freefall: Halting Rural Poverty, the Challenge of Rural

solution. Evaluation evidence highlighted the need for the federal government to have the capacity to examine how public policies affect citizens living in rural communities. There is also a need for the federal government to coordinate its efforts and adapt its policies and programs to respond to problems facing rural citizens.

Many of the issues facing rural communities such as poverty and out-migration are complex problems that require multi-faceted interventions. Reports and academic literature reviewed for this evaluation make it clear that there is no "one-size, fits all" solution. The Canadian and international literature highlights that responses to the problems facing rural communities must be "placed-based" with communities taking the lead.

A number of regions in Canada, including resource-based communities that have experienced significant downturns and declines, have demonstrated that with strong leadership and citizen engagement, supportive networks, enabling partnerships, and strategic investments, new and viable economic opportunities and growth can be generated. Achieving regional and sectoral development goals requires collaborative partnerships and strategies. ¹⁴

Other jurisdictions provide targeted support to rural communities as an explicit component of their agricultural policies. The United States Department of Agriculture has a number of programs designed to build the capacity of rural communities, including support for business development, community facilities and local utility services. In Europe, the European Commission combines responsibility for agriculture and rural development under the same Directorate-General with a mission to promote the sustainable development of Europe's agriculture sector and to ensure the well-being of its rural areas.

Over the past 14 years, the CRP has focused on building the capacity of rural communities through developing knowledge and tools, fostering networks and partnerships and testing innovative models for community development. It has shared the lessons from its work with departments across the federal government. It will only be apparent over time whether these investments have built capacity that can be sustained.

In order to support sustainable communities over the long-term, government support should be "place-based" and focus on strategic investments to strengthen and develop local assets and secure competitive advantage. Such investments should support multi-community collaboration whereby communities in a region work together to improve services, assets and/or infrastructure.

Poverty; and a 2009 Policy Paper by the Federation of Canadian Municipalities Wake up Call: The National Vision and Voice We Need for Rural Canada.

¹⁴ The Canadian Rural Partnership: Vision Paper, 2007, AAFC Rural and Co-operatives Secretariat

In conclusion, rural communities make an important contribution to Canada's national economy through their support to resource industries and urban economies.

3.1.2 Co-operative development is important to the Canadian economy and the agriculture sector.

Co-operatives play an important role in the country's economy. As of 2008, there were 5,686 non-financial co-ops in Canada with 6.9 million members. These co-operatives employed 88,000 workers, had \$35.7 billion in volume of business and 20.7 billion in assets. 15

Co-operatives have a long history in Canada, especially in the agricultural sector. In the late 19th century, producers in Quebec, Ontario and Atlantic Canada developed co-operative creameries and cheese factories to meet the needs for the growing demand for dairy products. Producers in western Canada began to organize co-operatives in the early 1900s in an effort to market their products. ¹⁶ These co-operatives, along with co-operatives in other sectors such as financial services and fisheries, were critical to early economic development in Canada.

The evaluation found that there are three main benefits of the co-operative model:

- Co-operatives, by nature of their structure, allow citizens to pursue common goals in sectors or geographic areas where traditional businesses often do not find it profitable to operate. Within co-operatives, individuals pool resources and skills for diverse purposes such as creating self-employment opportunities (e.g. worker cooperatives), capturing revenue streams from the value chain (e.g. value-added processing in agriculture) and providing essential services (e.g. health care cooperatives).
- Co-operatives in rural and outlying areas often succeed where other forms of business fail. For example, a study published by Quebec's Department of Economic Development, Innovation and Export Trade in 2008 found that the survival rates of co-operative enterprises (excluding those in the housing sector) were 44.3% after 10 years compared to 19.5% for private businesses.
- Co-operatives help to increase market efficiency. Since they pool individual resources, co-operatives make it possible to share knowledge and increase competitiveness. This pooling of resources is also the basis of a countervailing

¹⁶ Canadian Co-operatives Association

¹⁵ AAFC CDI program data,2012

power that can be exercised against large organizations in a given market, resulting

in more competitive prices and service.

Co-operatives today are found in almost every sector of the Canadian economy from retail, health and social services, to natural resources and manufacturing. The housing and agriculture sectors have the highest number of co-operatives (see Figure 1); however, in terms of volume of business the wholesale and retail (49.0%), and agriculture sectors (43.6%) are by far the most important (see Figure 2).

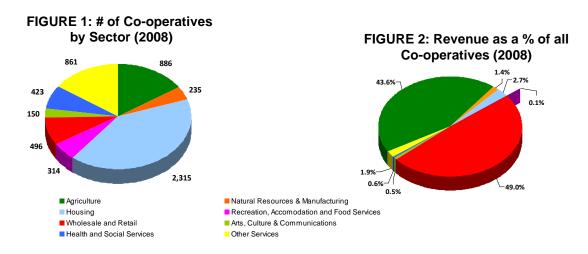


FIGURE 1: # of Co-operatives by Sector (2008)

Alternate: Description of this image follows

Long Description:

Housing – 2,315; Agriculture – 886; Other Services – 861; Wholesale and Retail – 496; Health and Social Services – 423; Recreation, Accomodation and Food Services - 314; Natural Resources and Manufacturing – 235; Arts, Culture and Communication – 150.

FIGURE 2: Revenue as a % of all Co-operatives (2008)

Alternate: Description of this image follows

Long Description:

Wholesale and Retail – 49%; Agriculture – 43.6%; Housing – 2.7%; Other Services – 1.9%; Natural Resources and Manufacturing – 1.4%; Health and Social Services – 0.6%; Arts, Culture and Communication – 0.5%; Recreation, Accommodation and Food Services - 0.1%.

Source: co-operative Secretariat, 2012

In terms of the agriculture sector, 888 agricultural co-operatives reported having more than 32,000 employees, 584,000 members and \$6.2 billion in total assets in 2008.

Support for the development of co-operatives is important due to the unique nature of the co-operative model. It differs from other business models and requires specialized support services to assist members with complex issues, such as governance. Co-ops that are less commercial in nature (e.g. daycare, senior care, housing) may also have development needs that are different from that of commercially oriented co-ops, such as agri-business. The CDI program is one of the few sources of funding to assist Canadians in establishing and supporting co-operatives.

The importance of the co-operative sector to the Canadian economy was emphasized in the 2012 Report of the House of Commons Special Committee on Co-operatives. ¹⁷ The Committee found that there are a broad range of programs intended for small and medium-sized enterprises that are also available to co-operatives. The Committee recommended that the federal government work closely with regional economic development agencies to promote the co-operative business model along with other business models.

Since 1928, the Government of Canada has been collecting data on Canadian cooperatives. The responsibility for this data collection was moved to AAFC in 1933. The data is viewed by the sector and other government departments as critical to policy development and research on co-operatives, including the measurement of the key contributions of agricultural co-operatives. The Secretariat sends an annual "survey"¹⁸ to all non-financial co-ops in Canada, the results of which are analyzed and published each year in "Co-operatives in Canada". The Secretariat is the only organization collecting this data, as Statistics Canada only collects data on financial co-operatives. The information provides a detailed picture of the non-financial co-op sector in Canada, including number, type and location of co-ops, volume of business, assets and number of employees. The information is used internally for policy development. A protocol is in place to share the data with co-op sector partners and academic researchers. Reports are distributed and made available to diverse audiences, both domestic and international.

Interviews for this evaluation and witnesses at the Standing Committee emphasized the importance of maintaining this database, as otherwise this valuable information for federal policy formulation and analysis could be lost. In recognition of this fact, AAFC's Rural and Co-operatives Secretariat is undertaking a \$566,000 upgrade of the database.

¹⁷ House of Commons. Status of Co-operatives in Canada: Report of the Special Committee on Co-operatives. September 2012. Retrieved January 24, 2013 from

http://www.parl.gc.ca/content/hoc/Committee/411/COOP/Reports/RP5706528/cooprp01/cooprp01-e.pdf and the content of the conten

¹⁸ Survey in this context refers to data collection not public opinion.

In conclusion, co-operatives clearly make an important contribution to the Canadian economy. Further, there is a need for continuing support for the co-operative database, which is the sole repository of non-financial co-operatives statistics at the national level.

3.2 Relevance – Alignment With Federal And Departmental Priorities

3.2.1 Support for rural and co-operative development aligns with federal and departmental priorities for economic development, competitiveness and innovation.

Federal support for rural and co-operative development aligns with federal economic development priorities. Parliamentary Committee Reports and interviews emphasized that it is the responsibility of the federal government to provide access to federal services to citizens across the country whether they live in rural or urban areas. Further, the co-operative sector is primarily comprised of small and medium sized businesses and, as described earlier, makes an important contribution to the creation of jobs and the growth of the Canadian economy.

The 2011 Speech from the Throne emphasized the current governments' commitment to supporting small and medium sized business in order to create jobs and growth for both rural and urban communities.

Our strategy for the economy must create the conditions for continued success in the industries that are the foundation for Canada's prosperity and support thousands of communities, both rural and urban.¹⁹

Small and medium-sized businesses are the engines of the Canadian economy, responsible for the creation of most new jobs. To support them, our Government will continue to identify and remove unnecessary, job-killing regulation and barriers to growth. [...] Jobs and growth remain the top priority.

Support for rural communities aligns with federal and departmental priorities for increased competitiveness in the agricultural and resource-based sectors. Many single-resource communities are being forced to adapt and AAFC rural and co-operative programming has provided support to develop partnerships, pursue new business models and foster innovation. While the CRP and CDI have achieved their objectives and are being wound down, AAFC will continue to provide support for rural communities and co-operatives related to the agricultural sector as businesses, co-operatives, and

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¹⁹ 2011 Speech from the Throne

non-governmental organizations are eligible recipients for departmental innovation, business development, adaptation and other programs.

In conclusion, support for rural and co-operative development continues to align with federal and departmental priorities. While the CRP and CDI have achieved their objectives, AAFC will continue to provide support through its programming focused on the agricultural sector.

3.3 Relevance - Alignment With Federal Roles And Responsibilities

3.3.1 Support to rural communities and co-operative development aligns with federal roles and responsibilities related to economic development. However, AAFC's programming has extended beyond the agricultural sector and there is potential for overlap with other government departments.

In the division of powers under the Constitution, responsibility for municipalities (where many of the CRP's activities were focused) rests with provincial governments. Conversely, responsibility for economic development, the current emphasis of AAFC's support to rural communities and co-operatives, is shared between the two levels of government.

Co-operative development

For co-operatives, there is a history of federal involvement by different government departments:

- Industry Canada is responsible for the Canada Co-operatives Act. Corporations
 Canada, which is part of Industry Canada, is responsible for administering the Act
 and for co-operative incorporations.
- Finance Canada is responsible for the *Co-operative Credit Associations Act*, under which credit co-operatives may be incorporated, and the *Insurance Companies Act*, under which mutual insurance companies, among others, may be incorporated.
- The Office of the Superintendent of Financial Institutions administers the Cooperative Credit Associations Act, the Insurance Companies Act and the Bank Act, and is responsible for incorporating federal credit co-operatives and mutual insurance companies.
- Federal regional economic development agencies also support co-operatives. For example, from fiscal year 2006-2007 until the beginning of October 2012, the Atlantic Canada Opportunities Agency provided co-operatives with over \$15 million to support 99 projects in the four Atlantic Provinces. Further, as mentioned earlier, the Report on the Special Committee on Co-operatives (2012) recommended that the federal government work closely with regional economic development agencies to highlight the importance of co-operatives to Canadian economic development.

Historically, the co-operative portfolio has been managed by the Department of Agriculture as co-operatives were well-represented in the sector. However, co-operatives are also represented in most other sectors of the Canadian economy, including retail, energy and housing.

Agriculture co-operatives' revenues compared to the revenues of all other non-financial co-operatives have dropped from a high of 67% in 1998 to a low of 44% in 2008 (see Chart 1).²⁰ The co-operative sector is more diverse than it was in the past, making it important to not only the agriculture sector, but to a variety of sectors across the Canadian economy.

Figure 3: Revenues of agricultural co-operatives versus all other non-financial co-operatives (Millions).

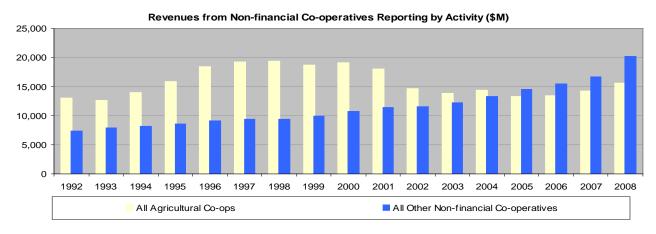


FIGURE 3: Revenues of agricultural co-operatives versus all other non-financial co-operatives (Millions).

Alternate: Description of this image follows

Long Description:

1992: All Agriculture Co-ops – 12.965; All Other Non-Financial Co-ops – 7.290; 1993: All Agriculture Co-ops – 12.598; All Other Non-Financial Co-ops – 7.773; 1994: All Agriculture Co-ops – 13.949; All Other Non-Financial Co-ops – 8.090; 1995: All Agriculture Co-ops – 15.852; All Other Non-Financial Co-ops – 8.571; 1996: All Agriculture Co-ops – 18.424; All Other Non-Financial Co-ops – 9.064; 1997: All Agriculture Co-ops – 19.239; All Other Non-Financial Co-ops – 9.268; 1998: All Agriculture Co-ops – 19.365; All Other Non-Financial Co-ops – 9.346; 1999: All Agriculture Co-ops – 18.655; All Other Non-Financial Co-ops – 9.804; 2000: All

²⁰ The recent drop in revenue of agricultural co-operatives is due to when several large cooperatives demutualized and became private-owned companies.

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Agriculture Co-ops – 19.097; All Other Non-Financial Co-ops – 10.642; 2001: All Agriculture Co-ops – 18.015; All Other Non-Financial Co-ops – 11.317; 2002: All Agriculture Co-ops – 14.542; All Other Non-Financial Co-ops – 11.546; 2003: All Agriculture Co-ops – 13.838; All Other Non-Financial Co-ops – 12.229; 2004: All Agriculture Co-ops – 14.326; All Other Non-Financial Co-ops – 13.236; 2005: All Agriculture Co-ops – 13.176; All Other Non-Financial Co-ops – 14.510; 2006: All Agriculture Co-ops – 13.344; All Other Non-Financial Co-ops – 15.450; 2007: All Agriculture Co-ops – 14.218; All Other Non-Financial Co-ops – 16.587; 2008: All Agriculture Co-ops – 15.583; All Other Non-Financial Co-ops – 20.145;
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Source: Co-operatives Secretariat, 2012

The growth of co-operatives beyond the agricultural sector and the number of federal departments with some involvement with co-operatives provides weight to the recommendation of the Special Committee on Co-operatives that the government study the possibility of consolidating the federal responsibility for co-operatives under a suitable department, such as Industry Canada.

In terms of provincial and territorial support for co-operatives, Quebec, Newfoundland and Manitoba provide specific programs or services for co-operatives. The Government of Manitoba's Co-operative Development Services provides support and direction to entrepreneurs including: information and advice on incorporation; counseling services; help with regulatory issues; pathfinding; and ongoing support. The Office of Co-operatives within the Quebec Ministry of Industry and Commerce encourages new co-operatives and the growth of existing co-operative enterprises in the province. It issues regulations, compiles statistics, and offers a variety of programs to sustain the development of co-operatives. The Government of Newfoundland has several staff who are dedicated to supporting the activities of co-operatives.

In terms of lessons learned for co-operative development, services are more effective when linked to local development agencies and federal or provincial departments and agencies whose mandates include co-operative development.

Rural development

As with co-operatives, it was also clear that as a horizontal initiative, AAFC's activities and initiatives supporting rural development extended beyond the agricultural sector. For example, the Secretariat targeted much of its efforts under the CRP to developing partnerships and addressing gaps in decision-making services in 18 areas or zones

²¹ http://www.gov.mb.ca/housing/coop/

²² http://cog.kent.edu/lib/Labelle.htm

across the country as part of its ZMS. The objective of the ZMS was to obtain a representative sample of the economic diversity of the Canadian regions. Of the 18 zones, seven or less than half were reliant on agriculture.

Given the CRP's focus on economic development, there was some potential for overlap with Regional Development Agencies. This was especially true in Atlantic Canada, where in Budget 2010 the federal government provided the Atlantic Canada Opportunities Agency with \$19 million a year for five years for an Innovative Communities Fund. The objectives of the Fund, which include "investing in projects that enhance communities" capacity to overcome economic development challenges and take advantage of their strengths, assets and opportunities", appear to be similar to those of the CRP.

In its work in the 18 rural zones, Rural Secretariat staff collaborated closely with the Community Futures Development Corporations that are funded by the Regional Development Agencies. Overall, the Secretariat saw its role as helping to develop a collaborative approach to rural development that brought together stakeholders from all levels of government, the voluntary and private sectors to address the needs of rural communities.

In conclusion, activities to support rural and co-operative development were aligned with the federal role of providing support for economic development. However, AAFC's programming extended beyond the agricultural sector and there was potential for overlap with other federal departments.

3.4 Performance – Effectiveness

In assessing performance, the evaluation assessed the achievement of AAFC's intended outcomes for the Rural and Co-operative Development programs, as well as the extent to which the programs demonstrated efficiency and economy.

Achievement of Outcomes – Rural Development

AAFC's achievements related to Rural Development are based on two key program components: the CRP (which included the partnership and research activities and the Community Development Program); and policy and research activities which supported the CRP.

3.4.1 The CRP contributed to the development and facilitation of a horizontal approach within the Government of Canada, to ensure that federal programs, policies and activities provided a coordinated network of support to rural communities. The CRP also provided support to rural and remote communities to develop local solutions to local challenges, as well as to adopt new approaches and practices to respond to rural

development issues.

When the program was renewed in 2009-10, the objectives of the CRP were designed to test the theory that the provision of increased access to information, planning tools and technical expertise would enable more rural communities to undertake rural development initiatives that would lead to new economic development activities. Led by its regional staff, the Secretariat focused much of its efforts in 18 zones across the country (a list of the 18 zones is attached as Annex C). It outlined the following four stages for its work to foster partnerships to increase access to decision-making services in these participating rural regions:

- 1. Developing socio-economic profiles of each zone.
- 2. Working with participating regions to identify the services that are the key drivers of rural economic development such as planning tools, strategic information and leadership development. This process involved facilitated meetings with community leaders (service users) and service providers to identify issues and gaps.
- 3. Facilitating partnerships with other federal government departments, stakeholders and NGOs to address the issues identified.
- 4. Measuring and reporting on changes and impacts.

In practice, many of the zones were only able to reach the second step in the process of developing regional partnerships and identifying gaps in services. It took the first year of the program (2009-2010) to identify the partners in each of the zones and to develop socio-economic profiles. The second year of the program (2010-2011) was spent identifying local issues and service gaps through community workshops. Efforts were also focused on assisting rural communities with the development of project funding proposals for the Community Development Program. ²³ Through the coordination efforts of regional Secretariat staff, some zones were able to achieve the intermediate outcomes identified in the performance measurement strategy: namely "rural communities and stakeholders collaborating regionally to address barriers and challenges to development".

An integral component of the CRP's performance measurement framework was its ZMS, which was designed to determine whether programming would lead to tangible economic outcomes in rural communities. The ZMS was developed in

Community preparedness
As a result of CRP efforts bringing together rural communities and service providers in the Bonavista Peninsula in Newfoundland, communities identified the need to improve emergency preparedness and form regional partnerships. Through advice from the Secretariat, the partners accessed funding from the provincial government and other sources, developed a regional emergency plan and provided information to rural residents to support them in preparing for emergencies.

²³ Many of the proposed projects did not proceed as project approvals la expenditure management decisions. Without such funding, local partne zones.

response to a recommendation contained in a midterm evaluation of the CRP completed by AAFC's Office of Audit and Evaluation in 2007. The evaluation noted that stronger performance measures were required for the program in order to support future assessments of program achievements.

The ZMS set out a participatory case study methodology to assess program impacts in a sample of rural regions (zones). A committee of Secretariat staff, in collaboration with stakeholders in each province, selected the regions to be included in the strategy to ensure they were a representative sample of Canada's rural communities. Performance reporting under the ZMS was to be undertaken through various means, including daily journals, web tools, and quarterly and annual reports. ²⁴ The ZMS was intended to provide a way of measuring program impacts, recognizing the challenge of attributing results in an area governed by multiple jurisdictions and drivers, economic, social and environmental. With the winding down of the CRP, funding for assessing the long-term impacts of federal support for rural development through the ZMS will also end. However, other government departments were keenly interested in the approach and at least one is using it to inform data collection in relation to community partnership projects.

In terms of lessons learned to inform future policy and program development, ongoing performance measurement that reaches beyond individual program funding cycles is needed to chart the longer-term impacts of federal support to complex areas such as building the capacity of rural communities.

Community Development Program

3.4.2 The Community Development Program provided funding to assist rural and northern regions in accessing the information, tools and expertise needed to take advantage of economic development opportunities.

The Community Development Program funded four types of projects: workshops, partnerships, knowledge building and rural development. Between 2009 and 2011, the program received 239 project applications and approved funding for 79 projects.

An analysis undertaken by the Rural Secretariat of 35 workshop and partnership projects completed by September 2011 showed that many of the projects had

²⁴ AAFC Second Annual Report on the State of Performance Measurement (June 2011)

contributed to the immediate outcomes outlined in the CRP's performance measurement strategy: "regional and national barriers to innovation are identified" and "regional and national partnering initiatives are in place to respond to barriers to rural development". ²⁵ Five formal partnerships and several joint initiatives resulted from these projects.

- In the Badlands region of southeastern Alberta, the Tourism Association Out of the Badlands, Unique Inns, local Bed and Breakfasts and Canadian Badlands Ltd. came together to develop six new tourism itineraries for the region.
- The Regional District of Mount Waddington in British Columbia and area communities, including Aboriginal communities signed a Memorandum of Understanding that provided a framework for joint projects.
- The Region of Aspotogan in Nova Scotia, community leaders, the public and private sectors drafted and adopted a strategic action plan.
- The Village of Petitcodiac in New Brunswick and the three surrounding local service districts developed an integrated plan for sustainable communities with input from citizens and decision-makers.
- The Rural and Coastal Communities Network in Nova Scotia and the Acadian Federation of Nova Scotia signed an agreement to develop projects related to the retention of youth and rural development in the province.
- The Model Forest of Newfoundland and Labrador, the Nordic Economic Development Board, the Red Ochre Development Board, the provincial Department of Innovation, Business and Development, and a local seafood processing company developed a joint business plan for cranberry harvesting.

The Community Development Program also funded 20 projects in the area of knowledge development. Most of these were multi-year projects that will not be completed until March 2013. These projects aimed to contribute to achieving the program's immediate outcome, which is that "rural stakeholders have access to new and updated/adapted rural development information, expertise, and tools that help respond to barriers to innovative development".

Community Development Tools

The Community Development Program provided \$200,000 (or half the total funding) for a project with the Rural Development Institute at Brandon University that was designed to assist communities in accessing community economic development tools to improve the effectiveness of their development efforts. Based on the input from local communities and organizations, the Institute analyzed the community economic development tools that are currently available and developed a website that provides easy access to the best of those tools. According to the Institute, between April and October 2012, the website had more than 48,000 visits. The Institute has developed a plan to continue to add tools and promote the website after the Secretariat funding ends.

In terms of lessons learned to inform future policy and program development, local communities must play a direct role in shaping rural economic development initiatives. But for those communities to take the lead in charting their future direction, they require leadership development and access to professional expertise and information, including about the government programs available to assist them.

3.4.3 The Rural Secretariat's policy and research activities contributed to knowledge building and collaboration among federal stakeholders in rural communities.

In the early years of the program (2003 to 2007) the CRP contributed to the ongoing collection of baseline information on rural Canada. This data included socio-economic statistics showing significant differences between rural and urban Canada for a variety of indicators including population growth and age distribution. Rural socio-economic profiles for each province were developed and made available on the CRP website. In addition, over 50 Rural and Small Town Canada Bulletins, each analyzing a specific aspect or indicator for rural Canada, were developed. All of these contributed to the baseline data available on rural Canada and helped establish priorities and identify issues for the CRP.²⁶

To support its work when the program was renewed in 2009, the Rural Secretariat contracted a number of research studies related to rural competitiveness, innovation and amenities. ²⁷ Such research, along with regular newsletters on rural issues was shared with members of the Rural Development Network. Established in 2005, the network shared knowledge and research about rural issues and impacts. In 2011, the network had 240 members representing 29 federal departments and agencies, eight provinces and two territories.

²⁶ AAFC Value for Money Assessment of the Canadian Rural Partnerships Program (2007-2008)

²⁷ Amenities are features conducive to attractiveness and value. They can be natural or man-made. Wide variety exists in the definition and types of amenities. Natural amenities include climate factors, water area, and topographic variation. Areas of historical distinctiveness and heritage, and features of cultural importance are also considered amenities.

The Secretariat also supported the Community Information Database, which provided free internet-based access to comprehensive and reliable economic, social and demographic data on communities and regions across the country. Such information (which is not readily available elsewhere), was designed to support research and decision-making. Between 2006 and 2012 the database had 56,520 visits, with about 12,000 visits each in 2011 and 2012.

The Community Information Database contributed to Canada's Action Plan on Open Government. The database was showcased by Treasury Board Secretariat as a key resource under open data, a practice which enables citizens, the private sector, governments, academics and organizations to access and use government data in new ways.

The Secretariat has also played a role in furthering collaboration among federal stakeholders and in advancing policy initiatives related to rural communities that contributed to the CRP's intermediate outcome "rural communities and stakeholders are collaborating regionally to address barriers and challenges to local development".

For example, in 2012, the Secretariat provided funding for a multi-stakeholder meeting that pulled together federal, provincial, regional and local leaders to develop an action plan for implementation of the Town of Churchill Sustainability Planning Framework. The Framework sets out a vision for the social, economic and environmental well-being of the community. At the same time, Secretariat staff contributed their knowledge of Churchill and rural community economic development to a Federal Interdepartmental Working Group on the future of Churchill. According to Secretariat staff, their work helped ensure that assistance for exploring options for the development of the community of Churchill, and not just for the Port, is part of a comprehensive package of government initiatives to support economic development in Churchill.

According to program officials, Secretariat staff also initiated and played an important role in a pilot project in the Nunavut community of Pangnirtung to overcome the obstacles small, remote and northern communities face in accessing federal government funding. The pilot, supported by the Treasury Board Secretariat Centre for Excellence for Grants and Contributions and led by Aboriginal Affairs and Northern Development Canada, brought together federal government departments and the Government of Nunavut to support the Pangnirtung Youth Strategy. The pilot project enabled the community to access funding from multiple programs in different federal and territorial departments through a single process with streamlined accountability and reporting requirements.

In conclusion, AAFC's Rural Development activities provided rural communities and regions with the information, tools and services needed to adapt to rural and industry changes and to develop more competitive regions.

Co-operative Development Initiative

3.4.4 The CDI supported the development of co-operatives addressing a wide range of needs, including rural economic development, healthcare, environment, community development and housing which helped to create and maintain jobs. The Advisory Services component of CDI has made a significant contribution to the capacity of the co-op sector to develop and sustain co-operatives.

Between 2003 and 2005 the CDI funded 72 Innovation and Research projects, focusing on six federal priority areas. Some examples of early program achievements included: ²⁸

- Producer co-operatives established to improve market access and to create greater market opportunity. (Agriculture & Forestry)
- Co-operatives developed to advance tourism and to establish markets for local products such as salmon and arctic char. (Northern Communities)
- Localized, co-operative health clinics established to provide customized, preventative healthcare services for elderly, youth, and immigrants. (Health Care)
- Co-operatives established to support access to employment, healthcare, education, etc. (Immigrants)
- Projects funded and co-operatives created that focus on alternative sources of energy. (Environment)

Findings from a mid-term evaluation of the CDI completed in 2006 found that the Advisory Services component of CDI made a significant contribution to the growth of capacity in communities to develop and sustain co-operatives.²⁹

CDI Success Story - Carrefour Nunavut Co-op

Since 2009, Carrefour Nunavut facilitated networking between municipalities, Inuit artists, and local businesses. With funding from CDI, they were able to develop all the necessary tools and documents to build a co-op, from a marketing study to governance training.

In July 2011, they incorporated their co-op in Iqaluit. Since then, their network has expanded, and they plan to start offering services in 2012, from booking travel arrangements and accommodations to providing complementary innovative products like fishing trips with the Inuit people. The co-op now has members in four communities outside the Nunavut capital.

²⁸ AAFC Report on the Mid-Term Evaluation of the Co-operative <u>Development Initiative</u> (March 2006)

AAFC Report on the Mid-Term Evaluation of the Co-operative Development Initiative (March 2006)

Turning to the CDI as renewed in 2009, program data showed that between 2009 and 2011, the CCA/CCCM received 442 applications for support to innovative co-operative projects requesting more than \$20 million in contributions. The Secretariat funded 180 projects in all provinces and territories (except Yukon) with a total value of \$6.39 million. Projects funded ranged from \$22,000 to assist a Cape Breton Organic Beekeepers' Cooperative for blueberry growers, to \$204,000 in funding over three years to the Toronto Renewable Energy Co-operative to assist in developing investment management software and to strengthen ties with investor members.

The evaluation found that the network of provincial co-operative associations allowed the CDI program to provide advisory services across the country. CCA/CCCM established partnerships with 18 regional, 1 sectoral, and 2 national associations to provide these advisory services. Provincial partners assisted in the following areas of co-operative sector development:

- 1. Promotion of the co-operative enterprise model;
- 2. Organizational development;
- Technical assistance;
- 4. Building and developing partnerships; and
- 5. Knowledge management.

Since 2009 a total of 116 co-operatives have been created (the target is 150 by March 2013) and an additional 248 co-operatives have been strengthened (the target is 30 by March 2013). 30

While it is too early to assess end outcomes for CDI as results such as job creation take time to achieve, reporting from the provincial associations' co-operative for 2011-12 indicated that they had achieved the following outcomes:

309 jobs were created and maintained as a direct result of provincial association activities. Of the 309, 133 jobs were created and 176 jobs were maintained. The vast majority, 280 of those jobs were permanent, 17 were temporary, 8 were part-time and 4 were seasonal jobs.

My Mountain Coop When a local ski hill in Northwestern British Columbia was up for sale and potentially going to close down, residents rallied together using the co-operative model to ensure that the ski hill remained open. The ski hill is an important amenity that attracts professionals to the communities, and provides a number of seasonal and yearround jobs.

My Mountain Coop incorporated in Aug 2011, and with support from CDI developed a detailed feasibility study and business plan. The co-op eventually managed to

raise \$400,000 through membership sales

Note that the much higher number of co-ops strengthened reported compared to fargets was a result of an office sports of the number of the strengthened reported compared to fargets was a result of different definitions used by those establishing the targets and those who reported from the first cosperatively intended that a "cooperative strengthened" would mean a significant event, such as a large expansion. However, this term was interpreted by the provincial associations to mean more minor changes.

- 110 jobs were projected to be created as a direct result of provincial associations' activities. Of the 110 jobs to be created, 85 were projected to be permanent jobs, 15 were expected to be temporary and 10 were expected to part-time.
- Communities were able to create 36 new local services and maintain 39 local services, such as health clinics or local retailers.

In addition to Advisory Services and Research and Development, the Co-operatives Secretariat also maintained the Co-operative Database. As noted previously, the database is the sole repository of non-financial co-operative statistics at the national level. The database is used to produce "Co-operatives in Canada", which has been published on an annual basis since 1985. In recent years the Co-operatives Secretariat received approximately 2-3 requests per week for the annual report via its website. Given the historic importance of the database, AAFC currently maintains staff in the Portfolio Coordination office to manage this database of statistics.

In conclusion, the Co-operative Development Initiative has developed new cooperatives, created jobs and built capacity for the maintenance and development of cooperatives in Canada.

3.5 Performance – Efficiency and Economy

In assessing program economy the evaluation assessed the ability of the CRP and the CDI to leverage funding in support of rural economic and co-operative development. In terms of program efficiency, given the limited performance data on program activities, the evaluation assessed program expenditures against budgeted allocations.

3.5.1 Federal support for rural and co-operative development projects allowed recipients to leverage funding from other sources.

A 2011 report on Community Development Program projects demonstrated that the approximately \$970,000 in funding provided by the program represented only about 20% of the more than \$4.58 million of total project costs. According to key, informants initial funding from the CDP often allowed communities to obtain funding from other sources. This suggests that program contributions were able to leverage about four times the original funding.

Based on CDI program data for 2011-2012 (the only year for which data is available), project reporting shows that partners were able to leverage an additional \$12.1 million or eight times the program's \$1.4 million contribution. The bulk of this amount, \$11 million, came from the private sector.

The Co-operatives Secretariat's co-ordination activities also appear to have helped to facilitate greater funding for capitalization of co-operatives in Quebec. Evaluation evidence found that the Secretariat helped to facilitate a \$30 million co-op financing alliance between Business Development Canada (BDC), the Community Futures Development Corporation (CFDC) and Community Business Development Corporation (CBDC) networks in Quebec, and "coop Exxor" (a new limited partnership expected to be formed by Capital regional et coopertatif Desjardins, the Conseil québecois de la cooperation et de la mutualité, and the Government of Quebec). Once finalized, the alliance is expected to increase and simplify the access to financing for co-operatives in the province of Quebec. BDC anticipates supporting a greater number of co-operatives as a result of this agreement. It estimates that it will be able to finance 25-30 clients per year with average loans ranging from \$15,000-\$170,000. Overall, BDC estimates that its participation in this initiative will result in \$10 million of additional financing to co-operatives over five years. Depending on the results of this pilot, this model could be explored for other provinces and territories.

In conclusion, program participants appear to have been able to leverage funding from other sources as a result of the federal support provided for rural and co-operative development.

3.5.2 Expenditures for the Rural and Co-operative Development programs were within 19% and 13% of budget allocations.

In terms of overall program expenditures, the evaluation found that actual program expenditures were within 19% of budget allocations for the Rural program and 13% for the Co-operative Development program (see Table 3 below).

Table 3: Expenditure Comparison of Rural and Co-operative Development Programs (in millions)

	Rural	Co-operatives
Budget	\$54.5	\$27.5
Actual	\$44.4	\$23.9
Variation Under/(Over)	\$10.1	\$3.6
Percentage Under/(Over)	19%	13%

Program officials noted that the lack of program uptake was due in part to the fact that many applicants were focused on obtaining the larger infrastructure funding available under Canada's Economic Action Plan, and the uncertainty around ongoing funding for the program.

As part of AAFC's ongoing consolidation and transformation efforts, a restructured Rural and Co-operatives Secretariat was consolidated within the Portfolio Co-ordination Secretariat within AAFC in July 2012. Going forward, the secretariat will focus on policy and research and will include a smaller regional presence.

In conclusion, program expenditures were less than budgeted amounts.

4.0 Conclusions

Rural communities, as part of the support structure for Canadian resource industries, play an important role in fostering competitiveness and innovation. However these communities face complex challenges adapting to changing demographics and economic realities.

Co-operative development is important to the Canadian economy and the agriculture sector. Further, there is a need for continuing support for the co-operative database. The database currently holds statistics dating more than 30 years and is the sole repository of non-financial co-operative statistics at the national level.

Support for rural and co-operative development aligns with federal and departmental priorities for economic development, competitiveness and innovation. While the CRP and CDI have achieved their objectives and are being wound down, AAFC will continue to provide support for rural communities and co-operatives related to the agricultural sector as businesses, community organizations, co-operatives, and other non-governmental organizations are eligible recipients for departmental innovation, business development, adaptation and other programs.

Support to rural and co-operative economic development aligns with federal roles. However, AAFC's programming has extended beyond the agricultural sector and there is potential for overlap with other government departments.

The Canadian Rural Partnership program contributed to the development and facilitation of a horizontal approach, within the Government of Canada, to ensure that federal programs, policies and activities provided a coordinated network of support to rural communities. However, program impacts are difficult to measure given the complexity of factors affecting rural communities.

The Community Development Program provided funding to assist rural and northern regions to respond to challenges and opportunities, and to become more competitive

The Rural Secretariat's policy and research activities contributed to knowledge building and collaboration among federal stakeholders in rural communities. The Secretariat played a role in furthering collaboration among federal stakeholders and in advancing policy initiatives related to rural communities.

The CDI has addressed a wide range of needs, including job creation, rural economic development, healthcare, environment, community development and housing. The Advisory Services component of CDI has made a significant contribution to the growth of capacity in communities and the co-operative sector to develop and sustain co-operatives.

Federal support for rural and co-operative development projects allowed recipients to leverage funding from other sources. The CDI's co-ordination activities helped to facilitate greater funding for co-op capitalization.

Program expenditures were less than budgeted amounts. The difference between program allocations and expenditures can be attributed to a number of factors including the fact that many applicants were focused on obtaining the larger infrastructure funding available under Canada's Economic Action Plan, and the uncertainty around ongoing funding for the program

ANNEX A: Documents Reviewed

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Maps of RCS Selected Zones

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Annex C: RCS Selected Zones

Bonavista – Newfoundland and Labrador West Prince - Prince Edward Island Enterprise Kent – New Brunswick Maria Chapdelaine – Quebec Temiskaming - Ontario Asessisippi – Manitoba 55 West Enterprise Region – Saskatchewan Alberta South West Regional Alliance - Alberta Boundary Region - British Columbia Ross River – Yukon MRC Maskinongé – Quebec Sand Plains of the South Central Ontario Region - Ontario Joie de Vivre - Manitoba Northeast Alberta Information Hub - Alberta Kings County - Nova Scotia Enterprise Charlotte, New Brunswick

Saskatchewan East Enterprise Region - Saskatchewan