

**Evaluation of the
Atlantic Canada Opportunities Agency
Trade and Investment Program Sub-activity**

Final Report

Evaluation Unit

Finance and Corporate Services

Atlantic Canada Opportunities Agency

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Glossary of Acronyms

ACOA	Atlantic Canada Opportunities Agency
APEC	Atlantic Provinces Economic Council
ATIP	Atlantic Trade and Investment Partnership
BDP	Business Development Program
C	commercial
CED-Q	Canada Economic Development for Quebec Regions
DFAIT	Department of Foreign Affairs and International Trade
EAC	evaluation advisory committee
ED	Enterprise Development
EDC	Export Development Canada
EITG	Export Internship for Trade Graduates
ERI	Enhanced Representation Initiative
FAA	Federal Accountability Act
FAITC	Foreign Affairs and International Trade Canada
FDI	foreign direct investment
FedNor	Federal Economic Development Initiative for Northern Ontario
GDP	gross domestic product
HQP	highly qualified personnel
IBDA	Canada/Atlantic Provinces Agreement on International Business Development
IBDP	International Business Development Program
IC	Industry Canada
ICT	Information and Communications Technology
IPC	Investment Partnerships Canada
ISO	International Organization for Standardization
ITC	International Trade Canada
LTS	leads tracking system
MAP	management action plan
NAFTA	North American Free Trade Agreement
NAPP	North American Platform Program
NC	non-commercial
NGO	non-governmental organization
O&M	operations and maintenance
OGD	other government department
OECD	Organisation for Economic Co-operation and Development
PAA	Program Activity Architecture
PAICC	Pan-Atlantic Investment Coordination Committee
PMS	Performance Measurement Strategy
PSA	program sub-activity
R&D	research and development
REDO	Regional Economic Development Organization
RMAF	Results-Based Management and Accountability Framework
RPP	Report on Plans and Priorities

SME	small and medium-sized enterprise
TB	Treasury Board
TCA	Team Canada Atlantic
TESD	Trade Education and Skills Development
TI	trade and investment
WD	Western Economic Diversification Canada

Executive Summary

Introduction

This evaluation report presents the findings, conclusions and recommendations to the Atlantic Canada Opportunities Agency (ACOA) arising from the evaluation of the Trade and Investment (TI) program sub-activities. The evaluation assesses the relevance and performance (efficiency, effectiveness and economy) of the program sub-activities. The evaluation approach is consistent with ACOA's focus on the measurement of results at a strategic level and addresses requirements set forth in the Federal Accountability Act (FAA) and the Treasury Board (TB) Policy on Evaluation.

Funding for the TI program sub-activities is provided primarily through the Business Development Program (BDP), which includes the Atlantic Trade and Investment Partnership (ATIP) and the International Business Development Program (IBDP). While this is the first evaluation of the Trade and Investment program sub-activities at a strategic level, previous evaluations have been conducted of the BDP, the ATIP and the IBDP. The scope of this evaluation includes ACOA's Head Office and the regional office in each of the four Atlantic provinces, focusing on the results achieved over the last five years (2004-2005 to 2008-2009).

The evaluation utilized multiple lines of evidence, including in-person and telephone interviews with project proponents, businesses participating in supported activities, interns and hosts, ACOA management and program staff, representatives from other government departments (OGDs), and other stakeholders familiar with ACOA's trade and investment programming. Other elements of the field research included focus groups, case studies and an extensive document and literature review.

The Trade and Investment Program Sub-activities

Through the Trade program sub-activity (PSA), ACOA contributes to export performance by strengthening the export capabilities of small and medium-sized enterprises (SMEs), helping them to enter international business market, and facilitating their international business performance. Outputs of the Trade PSA include outreach events, awareness sessions, missions, mentoring, research, internships, training and skills development sessions, partnering, coordination, financing, strategy development and implementation support, and marketing. Beneficiaries include SMEs, industry associations, regional economic development organizations, educational institutions and students.

In the short term, the Trade PSA is expected to increase awareness of Atlantic Canada in world markets, enhance capacity and skills among businesses in the region, improve access to capital and services, further develop partnerships and networking, and expand trade markets. In the mid-term, the activities are intended to increase export capacity and sales for SMEs, which should, in the long term, contribute to improved growth and competitiveness of the Atlantic Canadian economy.

Foreign direct investment (FDI) creates new jobs, advances productivity, and fuels innovation and technology. Through its contribution of capital, technologies, markets, and other tangible and intangible resources, FDI can play a significant role in strengthening the economic infrastructure of the host economy and in building the critical industrial mass required to successfully compete in the global economy. ACOA's investment strategy is designed to increase awareness of Atlantic Canada and specific regions among potential foreign investors and to attract FDI. Outputs of the Investment program sub-activity (PSA) encompass research, investment promotion activities and events, trade show and conference participation, partnering, trading, familiarization tours and investment missions, lead identification and development, FDI research, and coordination mechanisms/networks. Beneficiaries include potential and existing investors, regional economic development organizations (REDOs), and Atlantic Canada businesses. In the short term, the Investment PSA is expected to generate increased awareness of investment climate and business opportunities in Atlantic Canada, enhanced capacity and skills in the region related to investment attraction, and further development of partnerships and networking. In the mid term, these activities should lead to awareness of and interest in FDI, which should ultimately result in long-term improved growth and competitiveness of the Atlantic Canadian economy.

During the five-year period covered by this evaluation, ACOA approved funding of \$200 million for trade projects and \$16 million for investment projects. Of the \$216 million in funding, \$158 million was approved under BDP, \$51 million was approved under ATIP and \$7 million was approved under the IBDP.

Summary of Key Findings, Conclusions and Recommendations

Key Findings and Conclusions

Relevance

Continued need for program

1. There is a strong need for the support provided under the Trade and Investment program sub-activities.

Opportunities to further develop trade and attract investment to the Atlantic Canada region are significant. However, target groups such as SMEs and REDOs face considerable external and internal barriers to realizing these opportunities. They need the support provided under the TI PSAs as they may not possess the knowledge, skills, capabilities and resources required to overcome the barriers on their own. ACOA has the necessary processes and mechanisms in place to effectively identify and respond to emerging needs and markets with respect to developing trade and attracting investment.

Alignment with federal government priorities, roles and responsibilities

2. The TI program sub-activities are aligned with ACOA's plans and priorities as well as federal government priorities and strategies.

Along with the other three program sub-activities (i.e. Innovation, Entrepreneurship and Business Skills Development and Financing Continuum), increasing exports and attracting foreign direct investment contribute to the intended outcomes of the Enterprise Development Program Activity, which aims to improve growth and competitiveness of SMEs in Atlantic Canada. The PSAs are also aligned with an appropriate and necessary role for the federal government, as communicated in documents such as *Advantage Canada* and *Seizing Global Advantage*. SMEs are the major drivers of the economy and the federal government should support the activities that assist SMEs in their growth and development. In addition, the federal government is well-positioned to facilitate coordination and collaboration among the provinces and various stakeholders/partners, which is necessary to carry out trade and investment activities effectively and efficiently.

3. ACOA's support for the Trade sub-activity is an appropriate and necessary role for the federal government. However, the respective roles and responsibilities of the federal government and the provincial governments with respect to attracting investment are less clearly defined.

SMEs are a major driver of the economy in Atlantic Canada, and as such, it is appropriate for the federal government to support activities that assist SMEs in their growth and development. In addition, the federal government is in the best position to facilitate coordination and collaboration among the various provinces and stakeholders/partners, which is necessary for carrying out trade activities effectively and efficiently. Despite a well-aligned federal role in investment attraction, provinces compete with one another to attract investment and this dynamic creates both a potential for overlap with provincial governments as well as a need to clarify the role of ACOA in attracting investment in the region. All ACOA staff as well as the representatives of other government departments and almost all (96%) of the stakeholders and regional experts we interviewed indicated that the TI PSAs are aligned with an appropriate and necessary role for the federal government. ACOA management and staff, other governmental representatives as well as key stakeholders and experts agreed that there is no duplication in the programming of trade and investment activities in the regions as ACOA has a unique role.

Effectiveness: Achievement of Expected Outcomes

4. The Trade sub-activity has made significant progress toward the achievement of its objectives to increase export capacity and sales for SMEs in Atlantic Canada.

ACOA has been successful in targeting businesses in need of export development support and has been instrumental in helping them achieve their strategic business goals by enhancing their export readiness. Trade clients have participated in a suite of ACOA-supported trade development activities and reported significant impacts ranging from increased export sales to increased capacity and export readiness to improved cooperation and coordination across

the various parties involved. For the latest fiscal year, an economic analysis based on the results of client surveys and case study interviews with trade clients demonstrates that the impact of ACOA support in terms of increased export sales is significant over time. The 130 trade commercial clients interviewed that received project funding reported increased annual export sales of \$161 million, which they attributed to the assistance received from ACOA (an average of \$1.24 million per company). These companies received an average of \$376,182 in project funding. As such, the increased export sales attributed to ACOA assistance in the latest year alone is equal to \$3.29 per dollar of funding provided. The assistance (financial and other) provided by ACOA is the factor most commonly identified as contributing to the success of the projects. Clients reported that their projects would not have gone ahead at all or with a significantly reduced scope without ACOA support; and financial support obtained from ACOA was subsequently used to leverage an average of \$0.89 from other sources for every ACOA dollar invested. Conversely, economic conditions, including exchange rates, limited working capital, resources, and access to qualified staff, can serve as constraints.

5. While the Investment sub-activity has increased awareness of and interest in foreign direct investment opportunities, it has had less of an impact given that investment attraction tends to be a more complex process involving many players and intervening factors, and requiring longer time periods to be achieved.

Although some new investments have been generated under ACOA-supported projects, there are typically numerous players and intervening factors that make it difficult to attribute the results directly to the support provided by ACOA. The Investment sub-activity accounts for approximately 9% of the organizations and projects supported and 7% of the funding approved. While investment projects have achieved their intended outputs and immediate impacts, this has not led directly to many new investments over the time frame of this evaluation. Rather, projects have made progress in increasing awareness of Atlantic Canada in selected markets, increasing coordination in efforts to attract FDI to Atlantic Canada, generating investment contacts and leads, and increasing organization awareness of and interest in opportunities for FDI. Although some new investments have been generated, there are typically numerous players and intervening factors involved, which makes it difficult to attribute results to the support provided by ACOA. The role of ACOA, and particularly the role of Head Office with respect to investment attraction, has changed over time in response to the provincial governments taking a more active role and to the greater sense of competition that has evolved among the provinces.

6. ACOA's close working relationships with partners/stakeholders have contributed significantly to the progress made in terms of the quality of the services provided to clients.

The assistance (financial and other) provided by ACOA is the factor most commonly identified by funding recipients as contributing to the success of their projects. Clients are satisfied with the support received from ACOA. The high level of satisfaction is due to the effectiveness of ACOA programming/funding in addressing client needs, the expertise of ACOA staff, the personalized, customized nature of the support received, and access to networking and partnership opportunities. The program sub-activities have also benefited

from the close working relationships ACOA staff have with partner/stakeholder organizations. Factors that have served to constrain or slow progress include economic conditions (including exchange rates), limited working capital and resources, and access to qualified staff.

Demonstration of Efficiency and Economy

7. The decentralized structure of ACOA along with the autonomy afforded to the regions enhances program delivery but also poses challenges in coordinating activities across the Agency.

The decentralized structure ensures that ACOA programming can reflect regional differences and adapt quickly to reflect local changes and developments as well as regional opportunities. However, there is a need to refine planning processes and improve communication. In the absence of effective communication and coordination mechanisms, the decentralized structure can result in overlapping activities within ACOA. Pan-Atlantic projects and activities funded and coordinated through the IBDP tend to be more inclusive and effective because the collaborative design of the IBDA requires all projects and activities to have the support of ACOA Head office, ACOA regional offices and the participating provinces from an early stage of development. While significant communication and coordination improvements have been noted over recent years, many employees feel that there is still room to improve efficiency and reduce risk or perception of duplicated services between ACOA Head Office and regional offices. Staff and stakeholders agreed that good working relationships between ACOA and partner organizations ensure ACOA programming complements rather than duplicates other organizations' trade and investment efforts.

8. ACOA employs many of the best practices in trade and investment program delivery identified among similar organizations in other jurisdictions.

In particular, ACOA's trade and investment programming is client-focused, adaptable, collaborative, and increasingly integrated. Moving to a formal integrative trade model for ACOA would be appropriate given the increasing significance of global-regional value chains, the roles played by the provinces in attracting investment, the resulting operational efficiencies, and the fact that the regions have already started using an integrative approach informally.

9. While processes and systems are in place within ACOA to routinely measure and track project outputs and outcomes, there is a need to enhance performance measurement and tracking, streamline performance indicators, and make reporting more consistent and compatible across funding programs and regions.

Staff at ACOA work with clients/funding recipients to clearly and collectively define project goals at the beginning of each project. Upon completion, project results are reported against the previously agreed-upon goals and corresponding performance measures. Nonetheless, the long-term nature of trade and investment objectives, the large number of indicators, and

inconsistent interpretation and recording of indicators across ACOA regions, all pose challenges to complete and accurate performance measurement.

10. Resources allocated to the TI Program Sub-activities are efficiently utilized.

The allocation of considerably greater resources to the Trade sub-activity appropriately reflects the opportunities and the role of ACOA vis-à-vis other organizations. Although there were some specific staff concerns around Atlantic Trade and Investment Partnership (ATIP) funding allocation levels, trade and investment projects are incremental and leverage funding from other sources. While targeted trade missions and projects were reported as being the most effective and efficient use of resources, funding for many projects/activities is also provided in a strategic, holistic, long-term manner in order to get the maximum long-term return. Projects and other activities are consistent with the intended outcomes.

Recommendations

The major recommendations of the evaluation are as follows:

1. Refine the trade and investment planning, communications and coordination processes within ACOA.

Since ACOA's trade and investment activities are designed and delivered through a decentralized structure, it is imperative that robust planning, coordination and communication mechanisms are in place to reduce any perception or risk of duplication. The following should be undertaken to improve communication and coordination within ACOA:

- Refine the planning processes to better coordinate activities and share information across the regions and Head Office. The objective is to improve the processes without increasing the time and resources required.
- Create awareness of the refined processes among staff, including an understanding of how and where they can provide information, as well as types of generated outputs.
- Continue efforts to develop online tools and other mechanisms to promote greater information sharing and exchange within ACOA.
- Create opportunities to discuss and share best practices related to the delivery of trade and investment programming. There are opportunities to share best practices between regions, working groups and associations with which ACOA works.

2. Continue to formalize the integration of the Trade and Investment program sub-activities.

When integrating the two program sub-activities:

- ensure that staff who have exclusively worked on either trade or investment files in the past are provided the necessary knowledge, skills and training to successfully combine trade and investment in their respective roles and service delivery to clients; and
- consider opportunities to extend the integrative approach to other program sub-activities

wherever feasible, when it results in optimal resource use and when it ensures the most favourable outcomes for ACOA clients.

3. Collectively affirm/clarify ACOA's role in investment promotion and attraction.

Given the fundamental changes in ACOA's approach to investment promotion and attraction in recent years, it would be a valuable exercise to seek clarification and confirmation on ACOA's new investment direction. ACOA should initiate and lead a dialogue involving the four Atlantic provinces, other federal government departments, and stakeholders/partners to more clearly define the role of ACOA, particularly Head Office, in investment promotion and attraction and its relationship with other organizations, including provincial government agencies.

4. Enhance the performance measurement system to better coordinate data collection and reporting activities across all ACOA funding programs, program sub-activities and regions.

The following steps should be undertaken to enhance the performance measurement system:

- Take a more client-centred approach, emphasizing the aggregate impact of ACOA support for enterprises. Given the majority of funding recipients/clients receive support from ACOA multiple times and under multiple program sub-activities, better coordinated performance measurement activities across funding programs and program sub-activities to reduce the number of times individual businesses are surveyed as well as to ensure that common information is collected only once.
- Streamline and modify the number of indicators to reflect the transition to an integrative trade model. In an effort to streamline performance indicators, ACOA can adopt a hierarchical performance indicator system. A few core, high-level performance indicators can be applied to each trade and investment project. The standard indicators could be augmented, as necessary, by additional project-specific indicators to ensure that outcomes are adequately captured and reported back to ACOA. The types of supplemental project-specific indicators needed will vary depending on the nature and intended outcomes of a project.
- Clearly define and communicate each performance indicator in order to ensure that Head Office and regional staff interpret and apply them consistently.

Make a clear distinction between short-term and long-term performance indicators as clients/funding recipients find it difficult to attribute specific trade or investment outcomes to particular ACOA projects because the impacts of a project may not materialize immediately and there may be multiple contributing factors. The former may emphasize measures such as changes in exposure, awareness or knowledge level, the number of contacts/leads generated, ACOA's contribution as a facilitator, the level of satisfaction among clients, stakeholders and partners; the latter may focus on measures such as increased export sales and the value of investments attracted.

Explore opportunities to mine the existing data systems to monitor performance, assess trends and inform future programming decisions. ACOA-assisted businesses are required to submit information specific to their operations, including financial statements, which is recorded in QAccess. The data available on ACOA-assisted businesses are currently not utilized to the fullest extent when it comes to using data to inform future programming directions as analyses are limited to what is necessary to comply with reporting requirements.

- Collect and record qualitative information, wherever feasible, to complement and support the quantitative indicators.
- Ensure that all performance data can be captured. While the regions should continue to have flexibility in the way they deliver trade and investment programming (e.g. the use of operations and maintenance budgets), Head Office and the regions should work together to ensure that all performance data can be captured via corporate systems. Similarly, the IBDA reporting system should be revisited to make it compatible with the BDP.

1.0 Introduction

1.1 Evaluation Context

This evaluation report presents the findings, conclusions and recommendations to the Atlantic Canada Opportunities Agency (ACOA) arising from the evaluation of the Trade and Investment (TI) PSAs. This evaluation is mandated by the Treasury Board Secretariat, which requires all Government of Canada programs to be evaluated every five years. The evaluation assesses the relevance and performance (effectiveness; efficiency and economy) of the TI sub-activities of ACOA through the following five key objectives:

1. Demonstrable Need - the extent to which the TI sub-activities address a demonstrable need and are responsive to the needs of Atlantic Canadians.
2. Alignment with Government Priorities - the extent to which the TI objectives are aligned with a) ACOA's strategic outcome and b) government-wide priorities.
3. Alignment with Federal Roles and Responsibilities: the extent to which activities undertaken as part of the TI sub-activities are consistent with federal roles and responsibilities.
4. Achievement of Expected Outcomes - the extent to which expected outcomes have been achieved.
5. Demonstration of Efficiency and Economy - the extent to which resources allocated to the TI sub-activities are well-utilized.

The evaluation also provides recommendations for the future direction of the TI sub-activities. The scope of the evaluation included ACOA's Head Office and all four Atlantic provinces, focusing on the results achieved over the last five years (2004-2005 to 2008-2009).

The decision was made to evaluate the two program sub-activities together given the commonality in target groups, activities (e.g. outbound or inbound missions), strategies, and sectoral and geographic targets. Beneficiaries of the Trade PSA include small and medium-sized enterprises (SMEs), industry associations, Regional Economic Development Organizations (REDOs), educational institutions, and students; beneficiaries of the Investment PSA include potential and existing investors, REDOs and Atlantic Canada businesses. A common set of conclusions and recommendations was developed for the two program sub-activities as well as the funding programs because of the high level of interrelationship between trade and investment activities and the similar nature of the activities supported through the funding programs (i.e. the representatives who were interviewed and/or consulted as part of the evaluation tended to provide their input on the overall ACOA support for trade and investment without making reference to specific funding programs).

The evaluation approach is consistent with ACOA's focus on the measurement of results at a strategic level and addresses requirements set forth in the *Federal Accountability Act* (FAA) and the Treasury Board (TB) Policy on Evaluation. Funding for the TI sub-activities is provided primarily through the Business Development Program (BDP), which includes the Atlantic Trade and Investment Partnership (ATIP) and the International Business Development Program

(IBDP). While this is the first evaluation of the TI sub-activities at a strategic level, previous evaluations have been conducted of the BDP, the ATIP and the IBDP.

1.2 ACOA Program Activity Architecture

ACOA promotes economic growth in Atlantic Canada by helping businesses become more competitive, innovative and productive, by working with diverse communities to develop and diversify local economies, and by championing the strengths of Atlantic Canada. With its many partners in economic development, ACOA strengthens the Atlantic economy through:

- Enterprise Development – helping improve the business climate and lending a hand for individual business start-ups, modernizations and expansions;
- Community Development – working with communities to nurture economic growth, improve local infrastructure and develop opportunities in the local economy; and
- Policy, Advocacy and Coordination – being a champion for Atlantic Canada by representing the region’s interests at the national level in areas such as policy development and research and analysis, as well as in work with other government departments to ensure coordination of policies and programs.

To meet the requirements of the Government of Canada Management, Resources and Results Structure Policy, ACOA initially established a Program Activity Architecture (PAA) for fiscal 2004-2005. The PAA has since been revised and simplified. The 2009-2010 PAA, presented in Figure 1, identifies “a competitive Atlantic Canadian economy” as the overarching strategic outcome for ACOA. This strategic outcome reflects ACOA’s mandate “to enhance the growth of earned income and employment opportunities in Atlantic Canada.”

Trade and Investment represent two of the five program sub-activities linked to the Enterprise Development (ED) Program Activity according to the 2009-2010 PAA¹ as shown in Figure 1. The objective of the ED Program Activity is “improving the growth and competitiveness of Atlantic SMEs.” More specifically, the Program Activity supports the development of SMEs in Atlantic Canada by ensuring they have access to the information, training and services they need (either directly through ACOA or indirectly through other service providers) in order to foster sustainability, productivity, growth and competitiveness.

Under this goal, the TI sub-activities foster the development of institutions and enterprises, particularly those of small or medium size, toward the achievement of the two following complementary strategic outcomes:

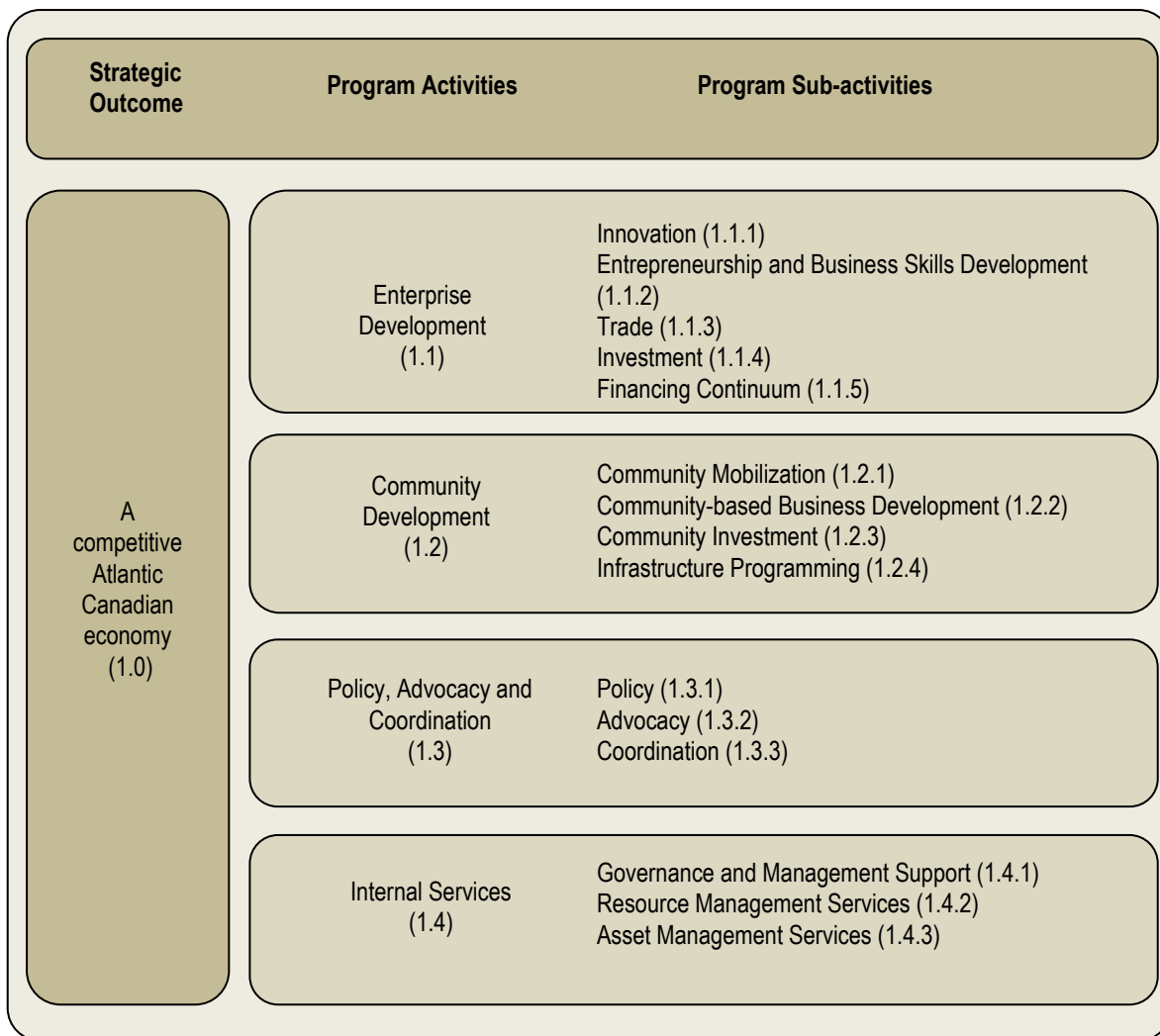
- Increase export capacity and sales for SMEs in Atlantic Canada (trade); and
- Increase awareness of and interest in foreign direct investment (FDI) opportunities (investment).

¹ Both Trade and Investment have existed as Program Sub-activities under the Enterprise Development Program since the first PAA was established.

Besides Trade and Investment, the three other program sub-activities under the ED Program Activity are Innovation, Entrepreneurship and Business Skills Development, and Financing Continuum.

Figure 1: ACOA Program Activity Architecture (Effective April 1, 2009)

Mandate: To enhance the growth of earned income and employment opportunities in Atlantic Canada



Source: ACOA.

2.0 Evaluation Methodology

The evaluation of ACOA's TI sub-activities made use of multiple lines of evidence including a mix of qualitative and quantitative research methods. This section briefly describes these methods as well as the limitations of the study.

2.1 Methodology

Key Informant Interviews

A mixture of phone, online and in-person interviews were undertaken with 69 key informants, including representatives of ACOA (32), other government departments (OGDs) and partners (11), and other stakeholders and experts (26) using a combination of semi-structured and structured interviews.

Case Studies

A total of 35 case studies were identified based on suggestions from ACOA staff as well as the results of interviews with clients and other key informants. Twenty-four case studies involved trade projects/activities, 6 involved investment projects/activities, and 5 involved both trade and investment projects/activities.

Client Surveys

In total, 273 ACOA clients including Export Internship for Trade Graduates (EITG) program interns and hosts participated in a telephone survey. Table 1 presents the number of respondents for each category.

Table 1: Summary of Client Surveys

TARGET POPULATION	SURVEYS
Commercial Clients – Trade	146
Non-commercial Clients – Trade	54
Non-commercial and Commercial Clients – Investment	21
EITG Program Interns	25
EITG Program Hosts	27
Total	273

Table 2 provides an overview of the number of clients interviewed and the value of projects undertaken by those clients.

Table 2: Number and Value of Trade and Investment Projects

Sub-activity/Group	Commercial Trade	Non-commercial Trade	Non-commercial Investment	Commercial Investment
Number of Clients Interviewed and Number and Value of Projects Undertaken By Those Clients				
Number of clients interviewed (number of organizations receiving project funding)	146 (121 funded)	54	14 (13)	7 (5)
Number of TI projects undertaken by organizations	227	187	45	11
Value of funding approved by ACOA for these projects (\$M)	\$37.6	\$32.4	\$3.6	\$2.8
Total Number of Organizations Funded Under TI Sub-activities (2004-2005 to 2008-2009)				
Number of projects	643	620	95	29
Total funding (\$M)	\$115.3	\$77.6	\$7.4	\$8.8
Number of unique organizations funded	274	138	28	15
Clients Interviewed as % of Total and Number of Projects Approved				
% of clients	38%	33%	46%	33%
% of projects	33%	35%	49%	32%

Source: ACOA, QAccess.

Focus Groups

Six focus groups were carried out involving 56 participants. The focus groups involved representatives of ACOA, funded organizations, other stakeholder organizations and other government representatives.

Document Review

A literature review was completed to gain further insight into topics that surfaced during the field research and to obtain contextual data on the business environment in which the TI program sub-activities operate. Various documents were also reviewed, such as project file materials, outputs, database analyses, official documents (e.g., Reports on Plans and Priorities, briefing notes, annual reports), the BDP Exporters Survey and the Canada Atlantic Provinces Agreement on International Business Development (IBDA) Internal Surveys, ACOA performance reports, cost data for the program sub-activities and Statistics Canada data obtained by ACOA regarding firms it has assisted. A partial listing of the materials reviewed is provided in Appendix E.

The Evaluation Question Framework (outlining the evaluation questions, indicators and data sources) is presented in Appendix A, while Appendix B provides a further description of the evaluation methodology.

2.2 Study Limitations

The evaluation used several methods and mechanisms including the application of multiple lines of evidence and triangulation of data to demonstrate reliability and validity of the overall results. The study, however, encountered several challenges, which are outlined below.

- Definition of the population of projects: The overall list of projects reviewed as part of the evaluation was developed based on information contained in ACOA's project management system (i.e. QAccess). Project officers code projects to particular program sub-activities when first entering data into QAccess. However, coding issues exist since each individual project may be identified with and related to more than one specific program sub-activity. Some projects coded as trade or investment could have been coded more appropriately to other program sub-activities (e.g. Innovation or Financing Continuum) due to the nature of the activities undertaken. Similarly there are likely projects coded to other program sub-activities that should have been coded as trade or investment projects. In addition, projects funded through operations and maintenance (O&M) budgets are not included in QAccess.² To mitigate this issue, efforts were made to vet the list with regional offices.
- Overlap between program sub-activities: The evaluation understates the impact of ACOA in terms of trade development to the extent that support provided under other program sub-activities (e.g. Innovation or Financing Continuum) also generates impacts in terms of export development. To some degree, such impacts were picked up through the interviews with commercial trade clients.
- Attribution: It is difficult for businesses to attribute particular changes that accrue over time (e.g. increases in export sales) to specific activities associated with ACOA. Businesses may have participated in more than one TI activity supported by ACOA and it may, therefore, be difficult for the clients to attribute impacts to one specific activity or project. To address this attribution issue, businesses were asked to report the aggregate impact of the suite of ACOA supported TI activities in which they participated.
- Non-response error: Non-response bias occurs if the views of non-respondents differ in key ways from those of respondents. Extensive efforts were made to interview a wide range of stakeholders, resulting in reasonably high response rates. For example, interviews were conducted with 169 of the 455 unique organizations (37%) that have received funding under

² While lists of O&M projects and associated expenditures were provided, the level of information available on O&M projects is much more limited than that available on projects listed in QAccess (i.e. O&M projects are not always coded as trade or investment).

the TI sub-activities over the five-year period.

- Long-term nature of expected impacts: Many of the projects reviewed as part of this evaluation were still under way or only recently completed and the eventual impacts in terms of trade and investment are not yet known. In particular, the benefits of investment attraction projects can take many years to be fully realized.

The limitations were mitigated, as much as possible, through the use of multiple lines of evidence and by validating findings through other primary and secondary sources of data, including document and literature reviews.

3.0 Trade and Investment Program Sub-activities

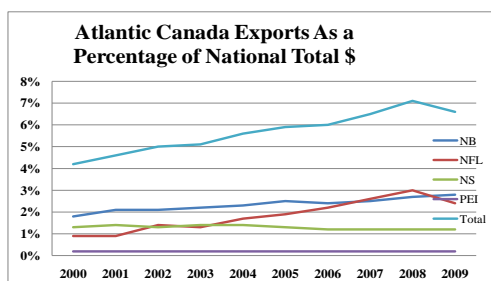
This section provides the Atlantic Canadian context and an overview of the ACOA Trade and Investment sub-activities.

3.1 Trade and Investment in Atlantic Canada

3.1.1 Trade

International trade, supported by foreign investment, is a significant contributor to Atlantic Canada's economy. The Atlantic Provinces Economic Council (APEC) estimated that Atlantic Canada's international revenues accounted for 37% of its gross domestic product (GDP) in 2005, up from 22% in 1990.³ The value of exports from the four provinces totalled \$24 billion in 2009, while the combined real GDP amounted to \$67.9 billion.⁴ The value of exports of the Atlantic Canadian provinces as a percentage of the national total has followed an increasing trend over the years, as indicated in Figure 2.

Figure 2: Atlantic Canada Exports as a Percentage of National Total



Source: Strategis, Industry Canada (2009).

Atlantic Canada's overall export performance however, still lags well behind other Canadian provinces. For example, Atlantic Canada's international non-energy exports (goods and services) amount to about \$6,000 per person. This value is about 70% of the median for all Canadian provinces. If Atlantic exports could reach the median level, it would be equivalent to a gain in

³ *Competing in the Global Economy: Atlantic Canada's Recent Export Performance and Trade Policy Issues*, Atlantic Provinces Economic Council (2007). The report notes that comparing gross exports to GDP (which is a measure of value-added) overstates the direct contribution of exports to the economy as part of the gross value of exports leaks out of the regional economy in interprovincial and international imports.

⁴ Statistics Canada, Real GDP at basic prices, by industry, chained 2002 dollars.

potential export revenues of more than \$6 billion.⁵

Furthermore, Atlantic Canada does not have a diverse export portfolio. The region is heavily reliant on the U.S. for its exports, and natural resources account for the bulk of the region's exports. The top four export categories (energy, seafood, ores and paper) represent about 78% of total exports from Atlantic Canada.⁶ Table 3 outlines the major export markets and exports of the four Atlantic Canada provinces.

Table 3: Major Atlantic Canada Export Markets and Exports, by Province (2008)

Province	Major Export Markets	Major Exports
NB	U.S. (86%), Netherlands (3%), China (1%)	Energy Products (65%), Forestry Products (13%), Agri-food (10%)
NL	U.S. (69%), China (12%), Germany (4%)	Energy Products (67%), Agri-food (9%), Forestry Products (2%)
NS	U.S. (77%), U.K. (3%), France (2%)	Fish/Fish Products (18%), Forestry Products (17%), Energy Products (17%)
PEI	U.S. (68%), Japan (3%), U.K. (3%)	Engine and Turbine Equipment (23%), Frozen Food Manufacturing (17%), Seafood Product Preparation (17%)

Source: Strategis, Invest in Canada, ACOA Policy Group.

In recent years the region has put greater focus on diversifying its export portfolio, both in terms of export markets and exports. For example, while Atlantic Canada's non-energy exports to the U.S. have declined by \$2 billion (or 22%) since 2000, non-energy exports to other countries have grown by \$2.4 billion.⁷

3.1.2 Investment

Atlantic Canada was home to about 7.1% of total foreign investment in Canada between 2000 and 2004, higher than its share (5.9%) of GDP.⁸ However, the region's performance in attracting foreign direct investment (FDI) is heavily influenced by investments in the oil and gas sector. The Atlantic Canada region underperforms in attracting Foreign Direct Investment (FDI) in industries commonly targeted by economic development agencies (manufacturing, transportation and warehousing, information and cultural services, professional services, and administration services industries). Per capita foreign investment in these industries in the Atlantic Canada

⁵ *Competing in the Global Economy: Atlantic Canada's Recent Export Performance and Trade Policy Issues*, Atlantic Provinces Economic Council (2007).

⁶ ACOA's TI – Presentation to the Executive Committee (February 2009).

⁷ *Exploring the Americas: An Assessment of Atlantic Canada's Trade Prospects in the Americas*, Atlantic Provinces Economic Council (2008).

⁸ *Attracting the Big Bucks: Foreign Investment in Atlantic Canada*, Atlantic Provinces Economic Council (2005).
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provinces was \$217 in 2006, compared to \$469 for Canada as a whole.⁹ Excluding oil and gas, Atlantic Canada was home to 4.1% of the foreign investment in Canada between 2000 and 2004.¹⁰ This share is lower than the region's share of GDP (6%), investment (6%), employment (7%), and population (8%), but similar to its share of research and development (R&D) expenditures (4%).¹¹

Foreign firms invested about \$2.9 billion annually in Atlantic Canada between 2000 and 2004, equivalent to about 4.1% of the region's GDP. As indicated in Table 4, Nova Scotia and Newfoundland and Labrador received the bulk of foreign investments, primarily in the offshore oil and gas sector. For the Atlantic Canada region as a whole, about 60% of foreign investment was in the mining, oil and gas sector, compared with a 26% share nationally.¹²

Table 4: Foreign Investments in Atlantic Canada, by Province (2000-2004)

Province	Average Annual Total Investments
N.S.	\$1.6 billion
N.L.	\$1 billion
N.B.	\$148 million
P.E.I.	\$65 million

Source: Atlantic Provinces Economic Council, 2005.

The U.S. is the largest investor in the region, followed by the U.K. and other European countries.¹³ Between 2000 and 2004, foreign firms accounted for 41% and 35% of the total capital investment in Nova Scotia and Newfoundland and Labrador, respectively. This compares with the national average of 26%. By contrast, foreign firms accounted for 5% and 15% of the total capital investment in New Brunswick and Prince Edward Island, respectively.¹⁴ Prince Edward Island and New Brunswick, respectively, have the lowest and second-lowest per capita foreign investment figures in Canada.¹⁵

3.2 Trade Program Sub-activity Profile

ACOA works with the four provincial governments and other federal government departments to facilitate a cohesive, coordinated and seamless approach to promoting trade development in Atlantic Canada. ACOA contributes to export performance by strengthening the export

⁹ *The Employment Effects of Foreign Direct Investment in Atlantic Canada*, The Conference Board of Canada (February 2008).

¹⁰ *Attracting the Big Bucks: Foreign Investment in Atlantic Canada*, Atlantic Provinces Economic Council (2005).

¹¹ *Foreign Direct Investment in Atlantic Canada*, Atlantic Provinces Economic Council (2002).

¹² *Attracting the Big Bucks: Foreign Investment in Atlantic Canada*, Atlantic Provinces Economic Council (2005).

¹³ *Foreign Direct Investment in Atlantic Canada*, Atlantic Provinces Economic Council (2002).

¹⁴ *Attracting the Big Bucks: Foreign Investment in Atlantic Canada*, Atlantic Provinces Economic Council (2005).

¹⁵ *The Employment Effects of Foreign Direct Investment in Atlantic Canada*, The Conference Board of Canada (February 2008).

capabilities of small and medium-sized enterprises (SMEs), helping them to enter international business markets and facilitating their international business performance. More specifically, ACOA works in the following four key areas to deliver its trade outputs and meet its objectives and outcomes for the Trade Sub-activity:

- increase awareness by promoting exporting as a growth strategy for domestic SMEs. This enhances knowledge of trade issues and opportunities on the part of the SMEs and ensures that foreign customers in export markets are aware of the capabilities of Atlantic Canadian SMEs;
- develop trade education and trade skills by supporting training and mentoring activities tailored to the specific requirements of existing and potential exporters;
- build capacity by assisting businesses in international market expansion and product development. ACOA undertakes trade analysis and research in collaboration with other stakeholders and organizes trade missions to select U.S., European and Asian markets; and
- engage in policy, coordination and partnership exercises by ensuring that Atlantic Canada's economic interests are reflected in Canada's trade policies and programs.

A program logic model of the Trade PSA (see Appendix A) further outlines the intended outputs and outcomes. Outputs of the Trade PSA include outreach events, awareness sessions, missions, mentoring, research, internships, training and skills development sessions, partnering, coordination, financing, strategy development and implementation support, and marketing. In the short term, the Trade PSA initiatives are expected to generate outcomes in terms of increased awareness of Atlantic Canada in the world markets, enhanced capacity and skills among businesses in the region, improved access to capital and services, further development of partnerships and networking, and expansion of the trade markets. In the mid term, the activities are intended to increase export capacity and sales for SMEs, which should, in the long term, contribute to improved growth and competitiveness of the Atlantic Canadian economy.

3.3 Investment Program Sub-activity Profile

ACOA's investment strategy is designed to increase awareness of Atlantic Canada and its regions among potential foreign investors and to increase FDI in Atlantic Canada. ACOA's FDI strategy focuses on the following four areas:

- investment research by identifying and analyzing key factors influencing investment location decisions by foreign corporations and analyzing major trends and developments in the international investment community. ACOA also participates in national studies on foreign investment;
- market intelligence and information dissemination by tracking trends and developments in foreign investment and making the information available to relevant stakeholders;
- awareness and promotion by organizing marketing campaigns and outreach events; and
- investment partnerships by coordinating federal and provincial initiatives.

A program logic model of the Investment PSA (see Appendix A) further outlines the intended outputs and outcomes. The Investment PSA outputs encompass research, investment promotion activities and events, trade show and conference participation, partnering, trading, familiarization tours and investment missions, lead identification and development, FDI research, and coordination mechanisms/networks. In the short term, the Investment PSA initiatives are expected to generate outcomes in terms of increased awareness of investment climate and business opportunities in Atlantic Canada, enhanced capacity and skills in the region (related to investment attraction), and further development of partnerships and networking. In the mid term, the activities should lead to awareness of and interest in FDI, which should ultimately result in long-term improved growth and competitiveness of the Atlantic Canadian economy.

3.4 Funding Programs

Funding for the TI sub-activities is provided primarily through two funding programs: the Business Development Program (BDP), which includes the Atlantic Trade and Investment Partnership (ATIP), and the International Business Development Program (IBDP).

3.4.1 The Business Development Program

The objectives of the BDP are to increase the number of successful business start-ups, increase the successful expansion and modernization of SMEs, increase the number of jobs (new and maintained), and enhance the business environment in Atlantic Canada. Introduced in 1995, the BDP is one of ACOA's main funding programs for providing financial assistance to Atlantic Canada SMEs. The BDP offers them access to capital in the form of unsecured, interest-free, repayable contributions. The flexible nature of the BDP allows it to be a tool to fund activities that span many ACOA sub-activities or to fund initiatives that are targeted at specific program sub-activities. Non-profit organizations providing support to the business community and not-for-profit activities that support economic development in the region are also eligible for funding under the BDP.

During the five-year period covered by this evaluation, 855 TI Sub-activity projects were funded under the BDP, involving contributions from ACOA totalling \$159 million, excluding ATIP projects described separately below.

3.4.2 The Atlantic Trade and Investment Partnership

The BDP is also used as a funding program to support five key TI initiatives, collectively known as the Atlantic Trade and Investment Partnership (ATIP). Through the ATIP, the Agency works in partnership with the private sector, academia, provincial governments and other federal government departments to develop initiatives aimed at building an export economy in Atlantic Canada and attracting FDI to the region. The ATIP provides a framework to respond to the needs and opportunities that have been highlighted as crucial to encourage more SMEs to become engaged in exporting, to help improve the performance of existing exporters, and to promote

more inward FDI on a pan-Atlantic and region-specific basis. Table 5 lists the funding for ATIP trade and investment initiatives for the evaluation period. During the five-year period covered by the evaluation, 459 TI projects were funded under ATIP, involving contributions from ACOA totaling \$51 million.

3.4.3 The International Business Development Program

The Canada/Atlantic Provinces Agreement on International Business Development (IBDA) is a pan-Atlantic initiative jointly funded by ACOA and the four provincial governments as well as other federal government partners. ACOA provides 70% of the funding with the remainder provided by Business New Brunswick (11%) Newfoundland and Labrador Department of Innovation, Trade and Rural Development (5%), Nova Scotia Business Inc. (11%), and Prince Edward Island Business Development (3%). The Department of Foreign Affairs and International Trade (DFAIT) and Industry Canada (IC) serve as non-funding partners. The most recent agreement is a five-year, \$10 million agreement that runs from 2005 to 2010.

The IBDP is the funding program by which the IBDA is delivered. The primary objectives of the IBDP are to prepare companies enter the export market, to assist established exporters to enter new markets, to help established exporters increase sales in existing markets, and to promote a stronger export culture in Atlantic Canada. The IBDP does not provide funding directly to individual companies or other commercial entities such as Crown corporations. Instead, the IBDP provides financial assistance to non-profit and non-commercial organizations to deliver support services and resources to Atlantic Canadian exporters. The IBDP has focused on four areas of programming to meet its mandate, including international business development activities (which accounted for 80% of the projects and funding approved under the IBDP), planning and research, training and awareness, and market information and intelligence.

Table 5: Funding for ATIP Trade and Investment Initiatives, (2004-2005 to 2008-2009)

Initiative	Number of Projects	Funding (\$M)	Description
Team Canada Atlantic Mission	16	\$3.2	75% of eligible costs for the Mission including logistics, matchmaking services, meeting rooms, networking events, promotional activities, pre-mission training and support, and post-mission follow-up consultation service.
Sector Export Strategies	88	\$8.7	100% toward eligible costs for industry consultation, market research and export strategy development as well as 75% of eligible costs associated with the implementation of the export strategies.
Trade Education and Skills Development (TESD)	248	\$24.7	Up to 100% of eligible costs (although applicants are encouraged to fund at least 25% from other sources) for trade awareness and skills development training, enhanced curriculum and outreach programs at universities and colleges, trade training for small business counsellors, and trade missions.
Export Internship for Trade Graduate Initiative	29	\$10.1	75% of salary and benefit costs (to a maximum of \$25,000) for each trade graduate during his or her internship.
Atlantic Investment Strategy	67	\$3.9	Up to 70% of eligible costs for awareness and promotion; intelligence dissemination; investment research; investment partnerships; and lead identification and development.
Total	448	\$50.6	

Source: ACOA, QAccess.

A Management Committee consisting of representatives from ACOA, DFAIT, Industry Canada, and the four Atlantic provincial governments is responsible for the overall management of the IBDP. The provincial partners transfer their contributions (30% of the total budget) to ACOA on an annual basis for appropriate disbursement to IBDP-approved projects.

During the five-year period covered by the evaluation, 73 Trade projects were funded under the IBDP, involving ACOA contributions totalling \$7 million. The IBDP does not provide funds for Investment projects.

3.5 Resources

Table 6 summarizes the annual budget of the TI program sub-activities over the evaluation period.

Table 6: Annual Budget (\$000's) of the TI Program Sub-activity, (2004-2005 to 2008-2009)

Fiscal year	Trade Program Sub-activity			Investment Program Sub-activity		
	Transfer	Operating	Total	Transfer	Operating	Total
2004-2005	\$17,778.60	\$6,565.7	\$24,344.3	\$2,013.00	\$1,992.6	\$4,005.6
2005-2006	\$21,301.10	\$7,196.1	\$28,497.2	\$1,392.70	\$1,782.7	\$3,175.4
2006-2007	\$18,453.60	\$7,223.2	\$25,676.8	\$1,467.40	\$2,222.7	\$3,690.1
2007-2008	\$17,373.60	\$7,784.8	\$25,158.4	\$1,445.00	\$2,002.8	\$3,447.8
2008-2009	\$21,326.20	\$7,107.1	\$28,433.3	\$775.20	\$2,054.0	\$2,829.2
Total	\$96,233.10	\$28,876.9	\$132,110.0	\$7,093.30	\$10,054.8	\$17,148.1

Source: ACOA Corporate Finance and QAccess.

Table 7 summarizes the number and value of projects approved by ACOA across the various funding Programs and Sub-activities. For the period covered under this evaluation, ACOA approved funding of \$115 million for commercial trade projects and \$85 million for non-commercial trade projects as well as \$9 million and \$7 million, respectively, for commercial and non-commercial investment projects.¹⁶ Most of the funding is approved under the BDP.

Table 7: Number and Value of Projects Across Funding Programs

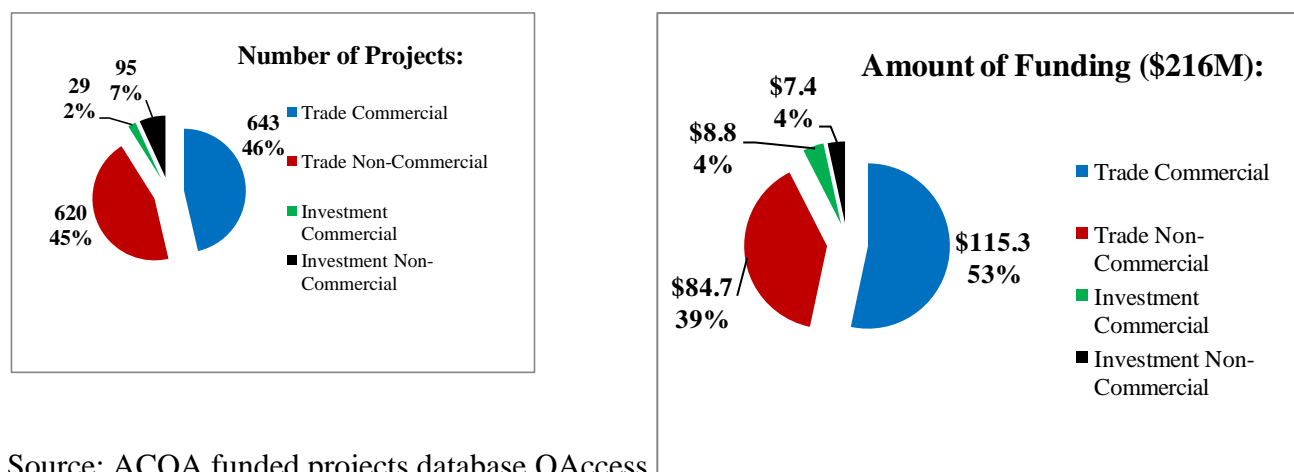
Programs	Trade Program Sub-activity				Investment Program Sub-activity			
	Commercial		Non-commercial		Commercial		Non-commercial	
	Number	Funding (\$000s)	Number	Funding (\$000s)	Number	Funding (\$000s)	Number	Funding (\$000s)
BDP	639	\$115,207.9	153	\$30,997.4	29	\$8,819.9	34	\$3,524.5
ATIP	4	\$137.3	394	\$46,602.4	0	\$0	61	\$3,899.6
IBDP	0	\$0	73	\$7,136.3	0	\$0	0	\$0
Total	643	\$115,345.2	620	\$84,736.1	29	\$8,819.9	95	\$7,424.2

Source: ACOA funded projects database QAccess.

¹⁶ The actual allocation of funding to the Program Sub-activities is determined by the coding of the individual projects. The value of projects coded to the Trade and Investment Sub-activities is significantly higher than the budget established in previous table (Table 5).

As indicated in Figure 3, trade projects account for 91% of all projects and 92% of all funding.

Figure 3: Number of Trade and Investment Projects and Funding



Non-commercial projects have accounted for 52% of the projects but only 43% of the funding. Leading types of non-commercial clients, in terms of number of projects, include industry associations (22%), principal government services and crown corporations (15%), universities/colleges (14%), and community economic development organizations (13%). Among non-commercial clients, the leading sectors by number of projects include education (22%) and arts and culture (12%), although many of the projects were multi sector. Among commercial clients interviewed, the leading sectors include manufacturing (43%), professional services (15%) and primary production (8%). In terms of the urban-rural divide, 56% of projects and 61% of funding approved have been for projects based in urban areas.

In addition to these projects, some offices (primarily Prince Edward Island and Head Office) have used operations and maintenance (O&M) funding to support project-type activities. As a funding vehicle, O&M funds have certain advantages in terms of speed of approval and increased flexibility with respect to the types of organizations that can be supported and the conditions under which funding can be provided. The 2009 audits of TI funding programs found that the use of O&M expenditures is in accordance with the Government of Canada's *Financial Administration Act*.¹⁷ During the period of the evaluation, Head Office provided \$0.7 million in O&M funding under 101 contracts, while PEI provided \$2.3 million in O&M funding under 129 contracts. The average size of O&M contracts (\$12,865) is much lower than the average value of TI projects listed in QAccess (\$150,821).

¹⁷ *Audit of Trade and Audit of Investment* (ACOA, October 2009).
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4.0 Evaluation Findings

This section summarizes the major findings of the evaluation regarding the need for the program sub-activities: its alignment with federal government priorities, roles and responsibilities; the achievement of expected outcomes; and demonstration of efficiency and economy. A summary of the findings by funding mechanism is included in Appendix D.

4.1 Relevance

4.1.1 Continued Need for the Trade and Investment Program Sub-activities

The major findings of the evaluation regarding the need for the program sub-activities are as follows:

1. Key informants, clients and literature recognize that there are significant opportunities to further develop trade and attract investment to the Atlantic Canada region.

The key informants – ACOA staff, stakeholders and regional experts, and representatives of other government departments (OGDs) and clients who were interviewed individually or as part of case studies and focus groups – affirmed that there are significant opportunities to further develop trade within Atlantic Canada. When asked to rate the significance of the opportunities to increase exports from the region, on a scale of 1 to 5, where 1 is not at all significant, 3 is somewhat significant, and 5 is very significant, the average ratings ranged from 4.3 to 4.8. The significance of the opportunities to export is highlighted by the fact that only 16% of Atlantic Canada's manufacturers export versus 25% in the rest of Canada.¹⁸

Most key informants also reported that the Atlantic Canada region is well-positioned to attract investments from outside the region. When key informants were asked to rate, on a scale from 1 to 5, how significant the opportunities are to attract investment to the region, the average ratings ranged from 4.1 to 4.9.

The key informants and clients identified a number of sectors with considerable potential for growth in terms of increasing exports and/or attracting investments, including in the areas of information technology, aerospace and defence, ocean technologies, advanced manufacturing, bio/life sciences, energy and natural resources (traditional and renewable), financial services, arts and culture, and aquaculture and seafood. As for foreign markets that represent significant trade and/or investment opportunities, the key informants and clients identified the U.S., the E.U., China, India, Brazil, Russia, Mexico, Asia, and the Caribbean.

Atlantic Canada can build on a number of strengths in developing trade and encouraging investment. Canada offers a very generous and flexible tax scheme for business research expenditures among advanced economies. Canadian tax incentives are ranked second in the G7,

¹⁸ ACOA's TI – Presentation to the Executive Committee (February 2009).
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with a 19.4% advantage over research and development (R&D) tax incentives available in the U.S.¹⁹ Furthermore, the Atlantic Canada region boasts a skilled, bilingual and reliable workforce, with more post-secondary graduates per capita than the U.S. or elsewhere in Canada and absenteeism and turnover rates that are among the lowest in North America. There are 17 universities, dozens of state-of-the-art research facilities, and a network of colleges and other post-secondary institutions in the region. Atlantic Canada is also well-situated for international trade and commerce: Major centres in the region are within one day's driving distance of more than one third of the entire population of North America. The region is also home to the closest ports to Europe in North America, two days faster than anywhere else on the continent.²⁰ According to a 2005 Survey of 59 Direct Investors in Atlantic Canada,²¹ 41% cited the cost of doing business, 15% cited the workforce, and 13% cited the availability of raw materials as the most important reason for investing in Atlantic Canada. These factors are also reflected in the Economist Intelligence Unit's *Business Environment Ranking*, which places Canada first among G7 countries and fifth globally as the country in which to conduct business over the next five years (2010-2014).²²

2. Businesses face constraints to fully realizing trade and investment opportunities.

Important external factors affecting the value of exports from the Atlantic Canada region are exchange rates, resource prices, economic conditions in export markets and structural factors affecting production capacity. Other barriers that were commonly cited by key informants and trade facilitators in research on export barriers conducted in Nova Scotia²³ included issues related to the U.S. border, NAFTA, customs and other related concerns as well as the complexity of the process of exporting (e.g. time required for paperwork, administration and bureaucracy, laws and regulations, distance to markets, shipping and logistics). In addition to external factors, company-specific factors also affect exports. Most exporters in Atlantic Canada are small in size (about two thirds of Atlantic Canada exporters in 1997 had exports of less than \$1 million and these firms accounted for only 3% of total merchandise exports).²⁴ The number of exporters in Atlantic Canada has posted a 4% decline since 2002.²⁵ Other factors identified by key informants included difficulty in accessing capital, limited logistical capabilities, low awareness of export opportunities and exporting in general, and a low priority placed on export development on the part of many companies.

¹⁹ Ibid.

²⁰ Invest in Canada.

²¹ Report on Foreign Direct Investment: Operations in Atlantic Canada, High Impact Solutions, June 2005.

²² Invest in Canada Flagship Report: 2010.

²³ JF Simpson Consulting, *Export Motivators and Barriers: A Nova Scotia Perspective* (ACOA, March 2008).

²⁴ APEC, 2007.

²⁵ APEC, 2007. As reported in Chapter 3, the value of exports in Atlantic Canada as a percentage of the national total has followed an increasing trend since 2000 despite the decline in the total number of exporters. This could be due to a number of factors. For example, exports by a relatively few companies, such as oil and gas exporters, might have increased enough to offset the decrease in exports due to the decline in the total number of exporters. A number of exporting companies might have been acquired or merged, which would decrease the number of exporters without affecting export value/volume, and other Canadian regions might have experienced an even greater decline in the number of exporters during the same period.

Key informants and clients also identified some significant barriers to realizing investment opportunities. Of the 90 key informants and investment clients interviewed, competition for investment from other areas was identified by 25 representatives (28%), the low profile of the region, which makes it difficult to attract investors, was identified by 21 representatives (23%), lack of expertise in the region related to investment attraction was identified by 15 representatives (17%), and the lack of transportation infrastructure was identified by 12 representatives (13%).

3. There is a strong need for trade and investment programming, particularly programming focused on trade development.

Most key informants and clients indicated that there is a strong need for the Trade Sub-activity. All ACOA management and program staff (32) indicated a major need, with an average rating of 4.6 for the Trade PSA, and 24 respondents indicated an average rating of 4.1 for the Investment PSA. The majority of non-commercial trade clients interviewed (82%) also indicated a major need for trade-related activities, with an average rating of 4.8. As for commercial trade clients, they also significantly viewed trade and investment as important activities for the economy as 81% provided a rating of 4 or 5, with an average rating of 4.4. Finally, the commercial and non-commercial investment clients, 7 and 14 respectively, provided average ratings of 4.5 and 5.0.

A review of relevant literature supports that while SMEs account for the majority of businesses in Atlantic Canada (98% of businesses have less than 100 employees and 58% have fewer than 5 employees),²⁶ they have limited involvement in exporting. Currently, only 9% of SMEs are active exporters.²⁷ Programming is needed to provide export assistance (e.g. market intelligence, mentoring, and trade mission support) to the businesses in the region in order to move them along the export continuum (from export-unaware to export-interested to export-ready to export-experienced). Moreover, exports are essential to sustain future growth of the region given its small domestic market (each \$1 million of export sales support an estimated 8 to 10 jobs).²⁸

Similarly, there is also a perceived need among key informants and clients for programming that supports investment attraction, given that the Atlantic Canada region receives proportionately less foreign direct investment than other regions of Canada (Atlantic Canada accounts for 6% of foreign direct investments in Canada but 7% of the Canadian population).²⁹ Furthermore, FDI can take one of two forms. Most commonly, it is viewed as greenfield developments where foreign investors support the development of an operation new to Atlantic Canada. It can also involve attracting foreign investments in businesses already operating in Atlantic Canada. This form of investment is needed in Atlantic Canada given the limited availability of capital from sources within the region and the low levels of venture capital investment. The Atlantic Canada region accounts for only 2% of venture capital deals nationally, so by attracting foreign investment, businesses can secure the financing required to undertake the activities necessary to

²⁶ ACOA's TI – Presentation to the Executive Committee, (February 2009).

²⁷ A. Riding and B. Orser, *SMEs in the Atlantic Provinces*, SME Financing Data Initiative (September 2007).

²⁸ Ibid.

²⁹ Ibid.

remain competitive in the global business environment. Foreign investments also enhance productivity, foster innovation, and create jobs. One million dollars in FDI support an estimated 8.8 jobs during the investment phase and create an estimated 12.5 jobs during the operating phase.³⁰

Overall, the perceived need for trade and investment programming has increased over the years. Key informants and clients attributed the increased need to rapid pace of globalization (as companies without an international strategy are unlikely to grow/survive), the small size of the domestic market, and the urgency to adapt to new economic realities as countries like China and India become more dominant players on a global scale. Furthermore, the recent economic recession/downturn and the corresponding decline in the level of new investment have also increased the need for programming to assist the businesses and the region in their trade and investment endeavours.

4. The projects/activities undertaken as part of the program sub-activities are consistent with the needs of SMEs in Atlantic Canada and help SMEs to achieve their business goals.

Multinational players in the resource and primary sectors account for the majority of trade and investment activity in the Atlantic Canada region. Therefore, one challenge for ACOA has been to broaden trade and investment activity in other sectors. Faced with a demographically small market with a high percentage of rural communities (46% compared to 22% across Canada³¹) and a large number of small businesses, the focus of ACOA's trade activities has been to strengthen the export capabilities of SMEs throughout the region and enhance their performance on a global scale. The businesses that have received assistance are predominately small, incorporated businesses, and operating in the manufacturing sector. The majority of businesses who were interviewed had 50 employees or less in the latest fiscal year.

ACOA works with stakeholders/partners such as other federal government departments, the four provincial governments, and industry/sector associations. Trade Team PEI, for example, is a partnership between ACOA, Innovation PEI, and other federal and provincial departments and agencies that works to offer export assistance to active and potential exporters. Trade Team Nova Scotia is another federal, provincial, and private sector partnership dedicated to helping the businesses of Nova Scotia export their goods and services globally. Partnerships and collaborations related to investment attraction also exist. For example, Invest PEI is a partnership of federal, provincial and municipal governments working together to attract FDI to the province. In collaboration with these various groups, ACOA offers various forms of assistance with respect to export development and investment attraction. ACOA's trade and investment-related awareness activities include market/investment research, intelligence gathering/dissemination and export readiness assessments. ACOA also supports integrated trade missions to build first-hand understanding of new export markets as well as to develop leads and contacts in those markets. Export capacity is built in the region through activities and initiatives such as sector development strategies, mentoring, internship and training.

³⁰ Ibid.

³¹ Ibid.

On average, trade clients reported only a 21% likelihood of their projects proceeding without assistance from ACOA and investment clients reported an 18% likelihood. Clients noted that without the assistance from ACOA, they would not have had sufficient funding to carry out projects/activities. Other clients indicated that ACOA served as a key supporter and/or catalyst in the development and implementation of the project. The few clients who indicated that the projects might still have proceeded said it would not have proceeded in the same time frame and within the same scope. Most clients indicated that they would have been unable to carry out the projects/activities without the funding provided by ACOA; 44% of non-commercial trade and 50% of non-commercial investment clients indicated there was no likelihood (0%) of their projects proceeding without assistance from ACOA. Only one project would definitely have proceeded in the absence of support from ACOA.

5. Various processes and mechanisms are in place to enable ACOA to identify and respond to emerging needs and markets with respect to trade and investment in a timely manner.

Examples of these processes and mechanisms include regular formal committee meetings; ongoing informal dialogue with stakeholders/partners; and consultation with SMEs, clients, and sector and industry associations. In addition, on-going surveys as well as research and economic analyses conducted by policy staff and economists help to identify emerging needs/trends. When asked to rate on the same 1 to 5 scale, how successful the Atlantic Canada region has been in responding to trade development and investment attraction opportunities, ACOA staff provided an average rating of 3.6 for both export development and investment attraction.

ACOA has made major changes in the types of support it provides and/or the types of projects and clients it supports under the program sub-activities over the years in response to emerging needs and markets. Examples of such changes include modifications to funding agreements/criteria and budgets, increased communication and collaboration between ACOA and the provinces, changes to target markets, and the addition of new programs and initiatives to complement the existing suite of services. ACOA efforts have also become more strategic (e.g. targeting specific sectors and concentrating efforts around those key sectors). For example, ACOA has developed sector export strategies for the arts and culture sector, the aerospace and defence industry as well as the building products industry in Atlantic Canada. ACOA has also moved towards a more integrated approach (e.g. greater coordination across program sub-activities recognizing that many clients receive assistance through multiple program sub-activities). For example, 844 clients have received funding under the Financing Continuum sub-activity for 1,902 projects, of which 49% were coded to sub-activities other than the Financing Continuum, including 10% which were coded as Trade or Investment.³²

³² Methodology Report, Evaluation of the Financing Continuum Program Sub-activity, ACOA, 2010.
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4.1.2 Alignment with Federal Government Priorities, Roles and Responsibilities

The major findings of the evaluation regarding the alignment of the program sub-activities with federal government priorities, roles and responsibilities are as follows:

1. The activities undertaken as part of the TI sub-activities are closely aligned with ACOA's plans and priorities as well as government-wide priorities/strategies.

ACOA has been the primary federal government department responsible for economic development efforts in the Atlantic Canada region. The particular emphasis of these development efforts is to enhance the growth of earned incomes and employment opportunities in Atlantic Canada, as stated in the Agency's PAA. The *Atlantic Canada Opportunities Agency Act* specifies that ACOA is to place a particular emphasis on SMEs. Under ACOA's mandate, the SME is seen as the primary tool for a broadly based sustainable economic development effort to improve the competitiveness, and ultimately the prosperity, of the Atlantic Canada economy.

All ACOA staff we interviewed reported that the Trade and Investment objectives are consistent with departmental priorities. Along with the other three program sub-activities, increasing exports and attracting foreign direct investment contribute to the intended outcomes of the Enterprise Development (ED) Program, which aims to improve the growth and competitiveness of SMEs in Atlantic Canada.

By assisting SMEs in identifying and assessing new international market opportunities, improving their flexibility in responding to changing economic conditions, and enabling them to diversify and explore new markets/products/opportunities, the Trade PSA augments the growth potential and survival chances for a business. This eventually contributes to the PAA Strategic Outcome: a competitive Atlantic Canadian economy.

The Investment PSA aims to improve the growth and competitiveness of the Atlantic Canada economy by increasing the awareness of and interest in foreign direct investment (FDI) opportunities in the region. FDI results in new businesses setting up operations in Atlantic Canada, which further contributes to a competitive Atlantic Canadian economy. Attracting new investment for existing businesses can enable them to expand or acquire assets and become more competitive.

Almost all ACOA staff interviewed (93%) indicated that the TI sub-activities are aligned with government-wide priorities and strategies. More specifically, ACOA staff reported that the program sub-activities are consistent with various federal government trade and investment initiatives and strategies such as Advantage Canada. The Global Commerce Strategy, for instance, works to ensure the commercial engagement of Canadian businesses in global value chains, to secure competitive terms of access to global markets and networks for

Canadian businesses and to increase FDI in Canada.³³ This strategy is consistent with the TI sub-activities, which work to facilitate trade and investment in the Atlantic Canada region. Canada's Strategy for the Americas, which complements the Global Commerce Strategy, is based on the premise that this large region with many emerging markets offers untapped potential. Toward this end, ACOA has supported a variety of activities such as sending several hundred SMEs on trade missions to various parts of the Americas in an effort to make connections with buyers, agents, distributors and strategic partners.

ACOA's Investment PSA is also consistent with the federal government's Foreign Investment Promotion Strategy, which is focused on building the Canada brand in key markets and priority sectors through a wide range of new initiatives, including the development of investment promotion tools, investment awareness outreach and investor aftercare services.³⁴ Similarly, ACOA's investment strategy is designed to increase awareness of the particular regions among potential foreign investors and to increase FDI in Atlantic Canada. See the Agency's PAA in Figure 1 for an overview of the link between the TI Strategic Outcomes, ED's expected results, and ACOA's mandate. Table 8 illustrates the alignment of intended TI outcomes with ACOA and federal government priorities.

³³ *Seizing Global Advantage, A Global Commerce Strategy for Securing Canada's Growth and Prosperity*, DFAIT (March 2009).

³⁴ Ibid.

Table 8: Alignment of Intended TI Outcomes with ACOA and Federal Government Priorities

Trade and Investment Sub-activities*	
Trade: Increase export capacity and sales for SMEs in Atlantic Canada.	Investment: Increase awareness and interest for foreign direct investment.
Enterprise Development Program	
Expected results: Improve growth and competitiveness of Atlantic SMEs.	
Scope: Increase SME performance achieved by targeting key productivity drivers – innovation, acquisition of technology and equipment, business skills development, expansion of trade and investment, and access to capital.	
ACOA	
Mandate: Increase opportunity for economic development in Atlantic Canada and enhance the growth of earned incomes and employment opportunities in that region.	
Strategic Outcome: A competitive Atlantic Canadian economy.	
Federal Government Priority	
Strong economic growth: Increase economic growth and development in all regions and sectors of the economy.	
Advantage Canada: <ul style="list-style-type: none"> • Focusing government. Government will be focused on what it does best. It will be responsible in its spending, efficient in its operations, effective in its results and accountable to taxpayers. • Creating new opportunities and choices for people. Government will create incentives for people to excel right here at home. We will reduce taxes and invest in education, training and transition to work opportunities so Canadians can achieve their potential and have the choices they want. • Investing for sustainable growth. Government will invest and seek partnerships with the provinces and the private sector in strategic areas that contribute to strong economies, including primary scientific research, a clean environment and modern infrastructure. • Freeing businesses to grow and succeed. Government will create the right economic conditions to encourage firms to invest and flourish. 	
Global Commerce Strategy (FAITC): <ul style="list-style-type: none"> • Boost Canadian commercial engagement in global value chains. • Secure competitive terms of access to global markets and networks for Canadian businesses. • Increase foreign direct investment in Canada and Canadian direct investment around the world. • Forge stronger linkages between Canada's science and technology community and global innovation networks. 	
Canada's Strategy for the Americas – Foreign Investment Promotion Strategy (FAITC): <ul style="list-style-type: none"> • To build dynamic and growing economies and to promote responsible investment and open markets that will create new opportunities and jobs. (Canada is pursuing robust bilateral and regional free trade agreements (FTAs), double taxation agreements, foreign investment protection agreements, stronger financial and banking institutions, and a sustained development assistance agenda.) 	

Sources: ACOA Program Activity Architecture (2009), logic models for the TI program sub-activities (2009), Performance Measurement Framework (2010-2011), ACOA *Departmental Performance Report* (2009), the Treasury Board *Whole of Government Framework*.

* See Appendix C for TI sub-activities logic model.

2. Trade represents an appropriate and necessary role for the federal government. However, with respect to investment, many believe that it is more appropriate for the federal government/ACOA to support the endeavours of the individual provinces.

All ACOA staff as well as the representatives of other government departments (96%) and almost all of the stakeholders and regional experts (96%) we interviewed indicated that the TI program sub-activities are aligned with an appropriate and necessary role for the federal government. The federal government is responsible for the management and development of the Canadian economy, including the Atlantic Canadian economy, in order to ensure that the country remains globally competitive. SMEs are the major drivers of the economy, and the federal government has a role in supporting the activities that assist SMEs in their growth and development. In addition, the federal government is in a sound position to facilitate coordination and collaboration among the provinces and various stakeholders/partners, which is necessary for trade and investment activities to be carried out effectively and efficiently. For example, the federal government has an extensive international trade network through DFAIT (as a result of the key contacts generated through consulates and the trade commissioner service) and a coordinated approach led by ACOA and supported by various federal, provincial and private sector organizations can seamlessly help Atlantic Canada businesses in their international ventures.

ACOA staff and stakeholders as well as regional experts envisioned a less active role for the federal government with respect to investment attraction. About four fifths of ACOA staff (82%) and three quarters of stakeholders and regional experts (71%) indicated that the Investment PSA is aligned with an appropriate and necessary role for the federal government. As indicated earlier, provincial governments in Atlantic Canada have become increasingly active, in attracting investment in their own regions. Consequently, ACOA staff, stakeholders and regional experts indicated that the federal government (and ACOA as the primary federal government department responsible for economic development efforts in the Atlantic Canada region) should play a supportive or partnership role with respect to investment attraction in order to avoid overlapping/duplicating activities and efforts.

Overall, ACOA management and program staff, other governmental representatives as well as key stakeholders and experts agreed that there is no duplication in the programming of trade and investment activities in the regions as ACOA has a unique role. Of 69 respondents, 67% indicated that ACOA's TI sub-activities complement similar programs in the region.

More specifically, interviewees stated that:

- ACOA partners with various other organizations/programs and is actively engaged in a number of shared activities (18 respondents);
- ACOA funds some of the organizations active in trade and investment or co-funds their trade and investment projects/initiatives (12 respondents);
- communication between ACOA and other programs draws attention to projects and activities being undertaken and ensures that activities are not duplicated (8 respondents);

- clients are referred to the appropriate agency/organization (4 respondents);
- ACOA avoids duplication as each partner funds different aspect of projects (3 respondents);
- ACOA relies on coordination and planning to avoid duplication (2 respondents); and
- ACOA complements other organizations (i.e. its investment goals are the same as provincial investment goals) (1 respondent).

Although 8 respondents did not provide any comments for this section, the remainder of those interviewed noted some overlap in the following areas:

- coordination and communication between the organizations (8 respondents);
- Head Office and provincial departments (2 respondents);
- the types of services offered to the same group of clients (1 respondent); and
- Trade PSAs (i.e. a lack of communication/collaboration in the planning of missions) (2 respondents).

4.2. Effectiveness: Achievement of Expected Results

4.2.1 Incrementality and Leveraging

Incrementality is defined in terms of an applicant's intent and/or ability to proceed with a project at the proposed location and/or within the proposed time frame and scope without government assistance. This is an important indicator for assessing success, as it demonstrates that the results being reported are attributable to ACOA's support for trade and investment related activities.

According to interviews with 7 commercial and 14 non-commercial investment clients, and 54 non-commercial and 146 commercial trade clients, results clearly demonstrate the need for ACOA support in trade and investment related activities. On a scale of 1 to 5, 81% of commercial trade clients indicated that there is a high need (5) for trade programming in Atlantic Canada. In fact, 27% of these respondents indicated that they could not have pursued export activities without the financial and training/leadership help from ACOA. Half of non-commercial investment clients and 46% of non-commercial trade clients interviewed indicated that their projects would not have been implemented at all without assistance from ACOA. When asked if the project could have proceeded without assistance from ACOA, the majority of non-commercial investment clients (88%) and nearly three quarters of non-commercial trade clients indicated that they would not have proceeded in the same time frame and within the same scope. Reasons as to why projects would not have been implemented without the assistance provided by ACOA include:

- there are no other support mechanisms in place other than ACOA;
- there is a lack of financial resources; and
- clients could not access/obtain funds from other government levels.

Of the 35 case studies examined, all the clients indicated that ACOA's funding was either critical to implementing projects or to participating in trade and investment related activities. There is sufficient evidence to state that due to ACOA funding, clients met project objectives and indicated successful results.

Another way to assess the level of incrementality is to examine the proportion of funding the client was able to leverage from other sources (e.g. other federal, provincial and municipal government sources, private-sector funding organizations, informal funding sources). Table 9 outlines the amount of funding leveraged by funding mechanism from 2004-2005 to 2008-2009 for various projects. As indicated, IBDP projects leveraged ACOA funding to the greatest extent, followed by BDP commercial (C) projects.

Table 9: Funds Leveraged by ACOA, by Funding Mechanism (2004-2005 to 2008-2009)

Funding Mechanism	Number of Projects	Total Funding	ACOA Funding	Other provincial Funding	Municipal Funding	Leverage Ratio of ACOA funding
ATIP	465	\$78,852,765	\$51,149,399	\$2,767,311	\$2,000	0.542
BDP (C)	690	\$251,414,102	\$124,900,565	\$6,245,858	-	1.013
BDP (NC)	189	\$63,881,734	\$34,521,936	\$6,089,088	\$46,000	0.850
IBDP	75	\$18,290,312	\$7,346,102	\$3,147,609	-	1.490
Total	1,419	\$412,438,913	\$217,918,002	\$18,249,866	\$48,000	0.893

4.2.2 Achievement of Client Objectives

Major findings regarding the achievement of client objectives are as follows:

1. Trade projects commonly focus on export development/sales while investment projects tend to focus on raising awareness or becoming investment-ready (i.e. setting the stage for future investment) since investment attraction tends to be a more complex process, involving many players and intervening factors, and requiring longer time periods to be realized.

While most trade projects focus on developing new or expanding existing markets (via increasing export sales), others focus on specific activities such as training, increasing access to marketing expertise, linking graduates with employment opportunities, and strategy development, as shown in Table 10. (The number of objectives identified is higher than the number of clients because clients were able to identify more than one objective.)

Table 10: Trade Client Objectives

Trade Client Objectives	Non-commercial	Commercial
Total Number of Clients Reporting	54	105
Develop new and expand existing markets	10	60
Identify and research new markets	6	40
Adapt/develop new products or production capabilities	2	23
Engage skilled marketing/technical staff and/or address specific skills shortages	0	12
Increase export sales	20	8
Provide export training	12	0
Access marketing expertise/engage recent graduates	8	0
Develop export sector strategy	3	0
Undertake a sector needs assessment	2	0
Provide export marketing resources to SMEs	1	0
Other	0	6

With respect to investment projects, objectives also vary between non-commercial and commercial projects. Non-commercial investment clients focused primarily on positioning the region to attract domestic and foreign investment, developing investment materials and building strategic partnerships. Commercial clients focused on attracting investment for their particular operations, with immediate objectives such as becoming more investment-ready and developing investment packages and tools, as indicated in Table 11. (The number of objectives identified is higher than the number of clients because clients were able to identify more than one objective.)

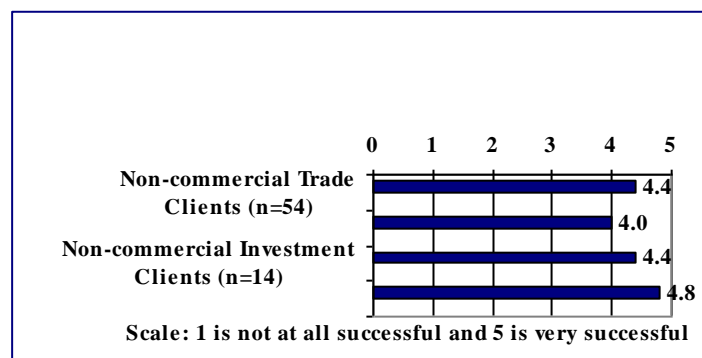
Table 11: Investment Client Objectives

Investment Client Objectives	Non-commercial	Commercial
Total Number of Clients Reporting	14	7
Position the region/company to attract investment	8	1
Develop investment packages/tools	3	2
Develop strategic partnerships	3	1
Develop investment branding for a region	2	0
Become more investment ready (upgrade facilities/equipment)	0	3
Assess investment feasibility	0	1

2. Most trade and investment clients, 193 of 221 (87%), have been successful in achieving their project objectives for ACOA-sponsored projects.

When asked to rate the success of their projects in achieving objectives, on the scale of 1 to 5, (1 is not at all successful and 5 is very successful) all four groups of clients provided ratings of 4.0 or higher (see Figure 4). Non-commercial trade clients highlighted the production of intended outputs, the development of business contacts, leads and partnerships, increased sales or opportunities for sales, improved visibility in existing and potential markets, and increased knowledge and intelligence about markets. Commercial trade clients most commonly highlighted facilitating export sales as a measure of success.

Non-commercial investment clients noted their projects have been successful in raising the profile of the region as a potential target for investment (9 clients, or 64%). Similarly, commercial investment clients (5, or 71%) noted that the projects had been successful in achieving their immediate objectives (e.g. improving investment-readiness) but also noted that the activities had not usually led to direct investment that could be attributed to funding received since the long time frames associated with securing investments and the presence of numerous intervening factors make attribution difficult. The impacts of these projects and other activities are discussed later in this section.

Figure 4: Average Ratings of Trade and Investment Clients in Terms of Success in Achieving Their Objectives

3. The assistance (financial and other) provided by ACOA is the factor most commonly identified as contributing to the success of the projects. On the other hand, factors which were identified as constraining success included the state of the global and local economy (including exchange rates), limited working capital and resources, and lack of qualified staff.

Funding, training, guidance and other support received from ACOA was the factor most commonly identified by clients (accounting for 68% of responses) as contributing to the success of the projects. Clients noted that ACOA has taken the time to build strong relationships with organizations, is well-organized and targeted, and has effective programs. Other key factors identified by clients as contributing to project success were the strong coordination and communication between stakeholders involved in the projects (18%) and the knowledge and expertise of the organizations involved (including capable and skilled staff, 5%).

Factors which can constrain the success of a project, as reported by the clients include economic conditions (weak markets combined with the rising value of the Canadian dollar, 29%), financial constraints (both in terms of implementing the projects, following up on resulting opportunities, and delays in receiving the funding, 20%), human resources issues (turnover or lack of qualified/knowledgeable staff, 9%), and difficulties in attracting participants who could benefit from the activity (hosts for interns or businesses to participate in missions, 8%). On the trade side, it was noted that some organizations were simply not sufficiently export-ready to take advantage of available opportunities, lacking the knowledge and capacity to market their products and deal with international export rules and regulations.

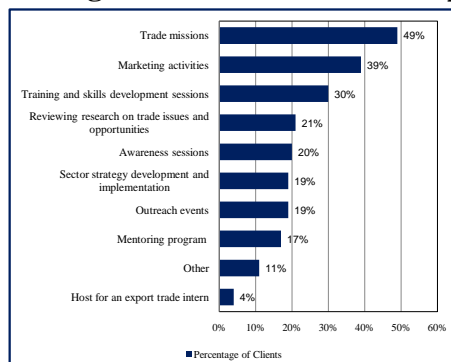
4.2.3 Trade Program Sub-activity: Achievement of Expected Results

The major findings of the evaluation regarding the achievement of expected trade-related results are as follows:

1. ACOA has provided commercial trade clients with access to a wide range of services and assistance beyond basic project funding.

In addition to any project funding received, commercial trade clients were asked to identify other trade development related activities or resources provided through ACOA which they had participated in or utilized. As outlined in Figure 5, almost one half of trade clients were involved in trade missions (49%), while others were involved in marketing activities (39%) and training and skills development sessions (30%).

Figure 5: Percentage of Trade Clients Participating in Activities Supported by ACOA



2. The Trade PSA has generated a range of impacts.

Both clients and ACOA staff were asked to rate the impact of the Trade PSA in a variety of areas. Perspectives varied by group: Commercial trade clients reported the impact on their organizations, non-commercial clients reported the impact of their projects, and ACOA staff commented on the impact of the sub-activity overall. As a result, the types of impacts on which they were asked to comment also varied by group. Table 12 lists reported impacts of the Trade PSA.

More specifically, a number of the key impacts include:

- Increasing export sales:** 86 commercial clients (65% of the 132 who rated the impact), reported a significant impact primarily by facilitating the entrance of SMEs into new markets (or new regions within existing markets) rather than simply expanding an existing market. (Data on increased export revenues is provided later in this section.) Markets most commonly identified were in the U.S. and Europe. Some businesses also reported that the activities (e.g. new contacts) facilitated an increase in their Canadian sales. The major constraints to increasing export sales were economic conditions in the target market (e.g. the recession in the U.S.) and the rising value of the Canadian dollar.

Table 12: Reported Impacts of the Trade Program Sub-activity

Question: On a scale of 1 to 5, where 1 is no impact at all, 3 is somewhat of an impact and 5 is a major impact, how much of an impact has the Trade sub-activity had in terms of:

Impact	Commercial	Non-commercial	ACOA
Total Number of Representatives Interviewed	146	54	32
Increasing export sales	3.6	3.6	3.7
Increasing capacity to develop/expand export markets	3.4	3.9	3.9
Increasing access to market information and intelligence	3.4	4.2	3.6
Increasing export readiness	3.2	4.0	n/a
Increasing investment of time and money in export activities	3.3	3.8	n/a
Developing contacts and leads	3.3	4.2	3.9
Increasing awareness of trade opportunities in selected markets	3.1	4.3	n/a
Facilitating the development of new alliances	3.0	3.9	4.0
Increasing awareness of trade as a growth option	2.9	3.7	3.9
Increasing access to highly qualified personnel	2.9	3.2	3.9
Developing new export markets	n/a	4.1	3.9
Increasing coordination of efforts related to trade development/further integrating export plans or strategies	n/a	3.5	n/a
Increasing number of new exporters in Atlantic Canada	n/a	3.4	3.4
Increasing trade skills among women, youth and Aboriginals	n/a	3.0	3.4
Enhancing trade curriculum and trade development outreach activities in Atlantic Canada's college and university system	n/a	2.5	3.9
Increasing awareness of Atlantic Canada in select markets	n/a	n/a	3.8

Note: n/a indicates that the key informant group was not asked about that type of impact.

- Increasing capacity to develop/expand export markets, largely through the development or acquisition of skills through training or hiring, but also via access to market intelligence. In some cases, businesses reported that assistance provided by ACOA enabled them to develop or adapt products or production capabilities that facilitated growth in export sales.
- Increasing export readiness, primarily by enabling key staff to access training, guidance, workshops, mentoring and needed expertise. In 2008-2009, across its various activities, ACOA reported assisting 780 businesses to increase their export-readiness (which exceeded the target of 750).³⁵
- Developing contacts and leads by participating in missions and trade shows, attending networking events, benefiting from the services of matchmakers, and using the network of

³⁵ ACOA Annual Report, 2008-2009.
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trade commissions. By following up on leads, businesses reported developing new customers and markets.

- Facilitating the development of new alliances. Thirty-eight businesses (26%) reported a significant impact in terms of developing relationships with partners, brokers, distributors or importers.
- Increasing access to highly qualified personnel (HQP). Thirty-five commercial clients (24%) reported a significant impact in terms of increasing their access to HQP, noting the impact of the Trade PSA in terms of providing access to consultants (including matchmakers) and training, assisting in the hiring of marketing staff, identifying qualified job applicants through networking activities, or linking them to interns or mentors.

Several of the impact questions were broader in nature and were therefore asked only of ACOA staff and/or non-commercial clients. The Trade PSA is reported to have:

- Improved co-operation and coordination across various parties involved in promoting trade development at the regional level (i.e. through the IBDA and relationships at the provincial/regional level) and the sector level (i.e. through sector strategies, sector advisory committees and project-specific committees).
- Increased number of new exporters. Of the 146 businesses interviewed, 25 (17%) became new exporters with the assistance of ACOA. Of the remaining businesses, 85 (58%) were exporting prior to being impacted by ACOA, 27 (18%) have never become exporters, and nine (6%) became exporters but did not attribute this to any assistance received from ACOA. In 2008-09, ACOA reported working with 74 new exporters (which exceeded the target of 35).
- Increased trade skills among women, youth and Aboriginals through initiatives implemented by organizations such as the Newfoundland and Labrador Organization for Women Entrepreneurs (NLOWE), the Trade Centre Limited and the Mawiw Council for First Nations. Examples of initiatives include the Certification for Women Owned Businesses (WeConnect Canada) Youth Entrepreneur Export Training and the Mi'kmaq Confederacy of P.E.I.'s Aboriginal Arizona Best Practices and Trade Mission initiative.
- Enhanced trade curriculum and trade development outreach activities in Atlantic Canada's college and university system. More specifically, ACOA has supported improvements to the trade curricula, the hiring of recent graduates under the Export Internship for Trade Graduates (EITG) program, and the matching of students with firms under the Export Partnering Program.
- Increased awareness of Atlantic Canada in a variety of markets (most commonly the U.S. and Europe) by taking businesses to market (e.g., through missions and trade shows), via marketing materials and matchmaking, and by working through Canadian consulates.

Other key informants also perceive ACOA as being successful in promoting export development. (Representatives of other government departments (OGDs) provided an average rating of 3.8 while other stakeholders and regional experts provided an average rating of 3.7.) These key informants view ACOA as successful in building partnerships and coordinating activities across organizations, linking businesses with opportunities in other markets, raising awareness of opportunities for export and effectively delivering programs.

3. The trade assistance provided by ACOA has had a significant impact in terms of increasing the export sales of businesses in Atlantic Canada.

Case studies and in-depth interviews were used to estimate the economic impact (in terms of export revenues) generated by the support provided to trade clients (particularly those who have received project funding but also those who participated only in activities such as missions). The economic analysis focused on the combined impact of the ACOA-supported trade services received by the business rather than the impact of any one service (recognizing that the suite of services such as training, market information, missions, and project funding work together to generate increased export revenues). The sample was drawn from clients who have received assistance during the past five years, although some had also received critical assistance in previous years.

Of the 146 businesses interviewed, 141 provided financial data; 119 (82%) are currently exporting. The current export sales of the businesses interviewed totaled \$611 million, which represents a one-year average of approximately \$4.3 million per business (including firms that reported no export sales). On average, export revenues represent about one half of these businesses total current sales revenues. Table 13 contains additional financial data reported by commercial trade businesses.

Table 13: Financial Data Reported by Commercial Trade Businesses

Summary of Financial Data Reported by Commercial Trade Businesses (excluding outliers), n=141.	Year Prior to Assistance		Last Fiscal Year		Current Year	
	Average	Median	Average	Median	Average	Median
Years since first significant assistance received	-	-	3.4	3.0	4.4	4.0
Average revenues	\$4,873,209	\$700,000	\$7,659,214	\$1,142,112	\$8,453,469	\$1,378,380
Average export revenues	\$2,217,357	\$62,500	\$3,612,431	\$350,000	\$4,273,496	\$450,000
Change in export revenues	-	-	\$1,395,074	-	\$2,056,139	-
Export revenues attributable to ACOA	-	-	\$755,184	-	\$1,116,017	-
Per cent attributable to ACOA	-	-	54%	-	54%	-

These businesses reported that the first ACOA assistance that had a significant impact on their export activities was received an average of 4.4 years ago. Since that time, their export revenues

have increased by \$2.0 million, 54% of which (about \$400,000)³⁶ they attribute to assistance (initial and subsequent) received through ACOA. In total, the 141 companies reported attributable revenues totaling \$1.1 million in the current year. Most commercial trade clients believe that the assistance they received has been very important to them in developing their export sales. When asked to rate that importance on a scale of 1 to 5 – where 1 is not at all important and 5 is very important – the average rating was 3.6; and 65% of those interviewed said the assistance was important or very important. The total value of the export sales which is attributable to the assistance provided tends to increase over time as businesses receive additional ACOA services, are able to develop and follow up on opportunities, and build their markets.

Of the 146 businesses, 130 received project funding that impacted their trade activities. These businesses received \$48.9 million in project funding, an average of \$376,182 per business. These 130 businesses reported increased export sales of \$294 million since the first assistance was provided by ACOA; of that they attributed \$161 million to the assistance provided by ACOA. As such, the average increase in client exports is equal to \$4.08 per ACOA dollar invested, of which clients attribute \$2.22 to the assistance provided by ACOA. Table 14 provides further detail on the attributable growth in export sales reported by clients:

Table 14: Export Data Reported by Businesses Receiving Project Funding

	Last Fiscal Year	Current Fiscal Year
Aggregate Data (\$M)		
Total Change in Export Revenues	\$199.5	\$294.0
Total Attributable to ACOA	\$108.7	\$160.7
Project Funding	\$48.9	\$48.9
Per Dollar of Project Funding Provided By ACOA		
Total Change in Export Revenues	\$4.08	\$6.00
Total Attributable Export Revenues	\$2.22	\$3.29

These economic impacts are understated to the extent that:

- The total includes just 130 businesses that received \$48.9 million in funding. During the five-year period covered by the evaluation, 274 businesses received \$115.2 million in funding.
- The impacts for these 274 businesses continue beyond the one-year or two-year period (i.e. assisted firms continue to export).
- Other businesses, in addition to these 274, received funding from ACOA for projects that impacted their export revenues. However, these businesses are not included in the population because the projects were coded under other program sub-activities such as Innovation or Financing Continuum.

³⁶ For the purposes of this discussion, the phrase “attributable export sales” is used to indicate the increase in the export sales that the business felt would not have occurred had they not participated in the trade activities supported by ACOA.

- The figures presented do not include the impact on businesses that participated in various trade initiatives but did not receive direct project funding. The results of the interviews suggest that businesses that receive project funding tend to generate a much greater increase in export revenues and are more likely to attribute that increase to the assistance provided. Companies that did not receive project funding accounted for just 2.6% of the attributable export revenues reported by the trade commercial clients interviewed.
4. The impacts reported in the client surveys and case study interviews are consistent with the findings of previous ACOA research, including an analysis of Statistics Canada data and results of follow-up surveys with mission participants and BDP clients.

Table 15 highlights Statistics Canada census data received and further analyzed by ACOA. That data indicated increased exports by ACOA clients (although not necessarily through trade-related programming) from \$1.99 billion in 2001 to \$2.19 billion in 2006. Of this latter amount, as indicated in the table, \$630 million of the \$2.19 million was generated by 403 SME firms (with 99 or fewer employees).

Table 15: Number of Exporter Firms and Value of Exports

Year	Number of Exporter Firms		Value of Exports (\$000s)	
	ACOA Assisted	Non-Assisted	ACOA Assisted	Non-Assisted
2001	488	657	\$581,149	\$1,061,344
2002	486	685	706,564	1,194,024
2003	468	627	579,326	920,547
2004	442	672	571,481	1,008,699
2005	436	631	607,826	940,707
2006	403	557	630,367	893,489

Source: Statistics Canada Small Business and Special Surveys Division, created February 2009.

The value of exports by SMEs assisted by ACOA is 8.5% higher in 2006 than in 2001 (\$630 million versus \$581 million) while the value of exports for SMEs not assisted by ACOA was 15.8% less (\$893 million versus \$1.06 billion).

A further analysis of the data suggests that ACOA may have assisted exporters to diversify into markets beyond the U.S. According to data presented in Table 16, the share of exports made by firms assisted by ACOA to markets outside the U.S. increased from 32% in 2001 to 39% in 2006, while the share among unassisted firms increased from 8% to only 9% during the same period.

Table 16: Number of Exporter Firms and Value of Exports, by Destination

	Number of Exporter Firms		Value of Exports by Destination			
	2001	2006	U.S.A. (\$000s)		Other (\$000s)	
			2001	2006	2001	2006
ACOA-Assisted Firms	622	507	\$1,349,573	\$1,340,341	\$640,052	\$850,520
Non-assisted Firms	790	698	\$6,393,458	\$9,731,368	\$525,309	\$970,758

Source: Statistics Canada Small Business and Special Surveys Division, created February 2009.

ACOA conducts an annual survey of businesses supported under the BDP (not limited to funding related to the Trade sub-activity). According to the annual survey, between 2000 and 2008, there were 126 BDP supported clients who were first-time exporters. During the five-year period covered by this evaluation, 38 first-time exporters were supported by the BDP.

ACOA also conducts a follow-up survey with participants in its Team Canada Atlantic trade missions. The results regarding six missions staged from 2004 to 2007 are summarized in Table 17. These trade missions introduce Atlantic Canada's SMEs to various market opportunities in some of the faster growing regions of the U.S. From 2004 to 2007, 250 businesses and organizations participated in six trade missions. These participants attended 1,362 business meetings, reported actual sales of \$6.84 million and projected sales of \$51.5 million, and established relations with a total of 427 distributors, agents, brokers and partners.

Table 17: Statistics of Team Canada Atlantic Trade Missions

Team Canada Atlantic Trade Mission Results 2004-2007						
Target Market	Year	Businesses and Organizations	Business Meetings	Actual Sales*	Projected Sales*	Agent/Distributor/ Partner
Washington	2004	27	163	\$1.75	-	17
Chicago	2005	44	307	\$0.84	-	46
Chicago	2005	31	133	\$2.76	\$3.27	57
Florida	2006	46	248	\$1.34	\$2.99	69
Florida	2006	40	226	\$0.15	\$45.24	150
Boston	2007	62	285	-	-	88
Total	—	250	1,362	\$6.84	\$51.50	427

*Value in \$M.

Source: ACOA.

5. The Export Internship for Trade Graduates (EITG) program is effective in generating export revenues, linking graduates and employers, and retaining expertise in the region.

During the period of the evaluation, the costs associated with implementing the EITG Program totalled \$8.3 million, \$6.5 million of which was provided by ACOA. A total of 178 interns and 152 employers participated in the program during this period, as shown in Table 18.

Table 18: Number of Participants in the EITG Program

Region	Interns	Employers
Prince Edward Island*	6	6
Newfoundland	48	37
Nova Scotia	55	42
New Brunswick	54	52
Cape Breton	15	15
Total	178	152

* Data for 2008-2009 only

Source: ACOA.

From this group of participants, interviews were conducted with 25 (14%) interns and 27 (18%) employers. The effectiveness of the initiative was highlighted in these interviews as well as through several focus groups conducted with ACOA staff, clients and other stakeholders. More specifically, the research found that:

- Host businesses participate in the program to expand exports as well as to train/test a prospective employee, while interns participated to get work experience.
- Most interns and employers were successful in achieving their objectives for participation. Interns rated the success in achieving their objectives for participation at 4.5 out of 5, and employers provided a rating of 3.8. Interns felt they had gained the real-world experience in exporting and marketing that they needed to take them to the next level in their career. About 13% of those who were somewhat successful in achieving their objectives said that they were not challenged in their positions and did not receive sufficient training or mentoring. All interns, however, would strongly recommend the program to others.
- Fifty-six percent of employers eventually hired the intern on a permanent basis. Employers improved their export activities (44%), expanded markets (26%), gathered intelligence (15%), developed strategies (19%) and in some cases filled a position within the organization in a very cost-effective manner (22%). Most hosts (89%) are interested in participating in the program in the future and would recommend the program (85%) to other employers. Some employers (19%) were unhappy with the performance and productivity of their interns.

- Many businesses (63%) reported increased export sales. Although the impact is often indirect and/or difficult to measure, 8 of the 27 of the host organizations interviewed (30%) provided an estimate of increased sales. Taken together, the eight businesses reported increased exports of over \$2 million. Other positive impacts reported by employers included gaining a fresh, new perspective on export and international marketing, and effective recruitment of qualified staff.
- The EITG program had helped to retain recent graduates in trade/marketing positions in the region. Interns became more confident about their future career direction after working in their field of study. The position helped them determine what areas of work they preferred, gave them an opportunity to realize their strengths and acquire new technical skills, industry-specific knowledge and people skills (e.g. communications, networking). Of the 25 interns interviewed, 92% completed the program (two left for permanent positions), 88% found employment immediately after completing their internship (68% were hired by the host organization), 88% subsequently worked in a position related to exporting/marketing, and 76% are currently in a position related to exporting/marketing. Interns estimate only a 30% probability they would have obtained their most recent position if they had not participated in the program.
- All 27 hosts and 24 of 25 interns believe there is a major need (rating of either 4 or 5 on a 1 to 5 scale) for a program like the EITG in Atlantic Canada. Employers rated the need for such a program at 4.8 while interns provided an average rating of 4.7. They believe the program is needed because it addresses important skills gaps, facilitates export development, strengthens the local economy, and helps the region to retain university graduates with export-relevant skills.

4.2.4 Investment Program Sub-activity: Achievement of Expected Results

The major findings of the evaluation regarding the achievement of expected investment-related results are as follows:

1. ACOA Investment clients as well as other key informants reported a wide range of impacts generated by the investment projects.

Key informants were asked to rate the impact of the Investment PSA in a variety of areas (Table 19). The perspective varied by group; non-commercial clients reported on the impact of their project or projects; commercial clients reported on the impact on their organizations; and ACOA managers and staff commented on the impact of the sub-activity overall. As a result, the types of impacts they noted also varied by group. In general, commercial clients were much less likely to report impacts arising from investment-related activities because of the nature of their projects. It is likely that at least some of these commercial projects should have been coded to a different PSA.

Table 19: Reported Impacts of the Investment Program Sub-activity

Question: On a scale of 1 to 5, where 1 is no impact at all, 3 is somewhat of an impact and 5 is a major impact, how much of an impact has the Investment sub-activity had in terms of:

Impact	Non-commercial	Commercial	ACOA
Number of Representatives Interviewed	14	7	11
Increasing awareness of Atlantic Canada in selected markets	3.9	n/a	3.7
Increasing coordination of efforts to attract foreign direct investment to Atlantic Canada	3.6	n/a	n/a
Developing investment contacts, prospects and leads	3.5	1.1	3.5
Increasing access to competitive intelligence	3.2	2.5	3.3
Increasing organization awareness and interest in opportunities for FDI	2.6	2.0	3.2
Increasing understanding of investment climate and trends	2.9	1.3	n/a
Increasing investment readiness of your organization	2.8	2.9	n/a
Attracting new investments	2.5	2.9	3.5
Increasing awareness of opportunities amongst Canadian Consulates and Embassies	2.4	1.5	3.6
Increasing awareness of trade opportunities in selected markets	n/a	2.1	n/a

A variety of impacts were reported by clients and ACOA staff through initial interviews and surveys as well as follow-up case studies. More specifically, the Investment PSA is reported to have:

- Increased awareness in selected markets that Atlantic Canada is a profitable place to do business, most commonly through activities such as networking, marketing, and attending events. Key informants identified the U.S., Canada, Europe, Asia and the global market in general as places in which the awareness of Atlantic Canada increased. For example, ACOA has supported efforts to raise the profile of the region and attract investment from the United Arab Emirates.
- Increased awareness by Canadian consulates and embassies of the investment climate in Atlantic Canada, through communication and meetings with staff based in other countries (e.g. the U.S. and France). Representatives from consulates assisted in the implementation of at least three projects. For example, the Town of Gander worked with six Canadian consulate offices in the U.S. and Europe, the provincial government and ACOA in developing an integrated strategy and implementing international investment recruitment

activities to raise awareness of the aerospace industry in Gander and secure foreign direct investment (FDI) for the community.

- Increased awareness of, and interest in, opportunities for FDI among firms, through meetings between various stakeholders to discuss opportunities, staging of presentations where opportunities for investments were announced, and the participation of firms in investment-related events. Increased interest in FDI was reported across various sectors including aerospace, technology, manufacturing, green energy and transportation.
 - Increased access to competitive intelligence as well as the investment readiness of both communities and businesses. These impacts were the direct result of research on investment trends and potential investors, the provision of information to firms, and participation of firms in other investment-related events. For example, Enterprise Fredericton received funding for a series on investment initiatives covering activities such as research on what organizations and investment organizations outside of Canada look for, investment and immigration missions, production of materials such as a business card CD in various languages, a direct mail campaign, and the development of a website (www.investfredericton.com).
 - Increased understanding of investment climate and trends, through lessons on attracting investment, a better understanding of site selection criteria and processes involved in investment decisions, and learning how other regions have successfully rebranded and marketed themselves. For example, Enterprise Miramichi received funding to rebrand and market the Miramichi region.
 - Facilitated development of investment contacts, prospects and leads, which in most cases have not yet led to new FDI given the long lead times associated with investment decisions. However, a recent investment where ACOA played a role is the joint venture between Korean industrial group Daewoo Shipbuilding and Marine Engineering and the Government of Nova Scotia to build a wind turbine tower and blade-manufacturing facility. ACOA played a key role in generating the initial lead and facilitating federal-government investment in the project (though that investment was not made through the Investment PSA).
 - Increased coordination of efforts to attract FDI, most commonly demonstrated through the strong relationships that have developed between the regional offices of ACOA, provincial government organizations and others involved in investment activities. An example is the development of Invest PEI, previously described in this report.
2. The role of ACOA, and particularly the role of Head Office, with respect to investment attraction has changed as provincial governments have taken a more active role over time.

In the past, ACOA Head Office played a more active role in generating leads (e.g. through investment advertising, direct marketing campaigns, an investment website, distribution of investment materials, competitive intelligence, use of website crawlers, and dedicated investment

initiatives). This office, however, has become less active as provincial governments have expressed concerns about sharing leads and about the reduced budget available for investment attraction. Focus, therefore, has shifted toward a more integrative model. The level of funding approved for investment projects declined from \$6.2 million in 2004-2005 to \$5.2 million in 2005-2006, to an average of \$1.6 million for each of the following three years. Under the integrative model, the structure of the trade and investment groups within Head Office has been reorganized along sector lines (to take advantage of opportunities to coordinate trade development, investment attraction and commercialization initiatives) rather than the previous practice of separating the two functions.

4.2.5 Client Satisfaction with ACOA

The major findings of the evaluation regarding the achievement of client satisfaction are as follows:

1. ACOA plays an active and important role in the design, development and implementation of client projects by providing various types of support/assistance other than funding.

The majority of non-commercial trade and non-commercial investment clients (63% and 79%, respectively) indicated that ACOA played an important role in the design, development and/or implementation of their projects. The clients indicated that in addition to funding, ACOA:

- provided valuable input and feedback by participating in working groups or steering committees as well as by attending project meetings and conference calls (21 clients, or 31%);
- offered knowledge and expertise with respect to project management and administration (7 clients, or 10%);
- facilitated networking, introductions to partners and/or stakeholders (6 clients, or 9%);
- helped with the logistics of events and missions (e.g. coordinating with matchmakers as well as partners/stakeholders) (5 clients, or 7%);
- assisted in reviewing project proposals and provided suggestions for improvement (4 clients, or 6%);
- helped define the scope and expected outcomes of projects (3 clients, or 4%);
- helped recruit and select participants for missions, training sessions and workshops (3 clients, or 4%); and
- helped identify opportunities for new and follow-up projects (2 clients, or 3%).

2. Clients are satisfied with the support received from ACOA.

When clients were asked to rate how satisfied they are with the support they have received from ACOA, on a scale of 1 to 5, (where 1 is not at all satisfied, 3 is somewhat satisfied and 5 is very satisfied), both trade and investment clients provided ratings averaging between 4.1 and 4.9. The level of satisfaction did not vary significantly based on whether the client received funding alone or also reported that ACOA played an important role in the design, development and/or

implementation of their project. Clients attributed their high satisfaction level with the support provided by ACOA to:

- highly effective programming/funding to address client needs. ACOA's programs and funding are designed to meet the needs of the clients (i.e. the terms and conditions are flexible to meet the working capital challenges of a start-up or flexible payment terms).
- access to the expertise of ACOA staff. Staff at ACOA are highly qualified and easily accessible (i.e. staff are always available to answer questions or provide advice and information);
- personalized support. Clients highly value the customized service received from ACOA (i.e. staff maintain relationships and make follow-up visits to businesses); and
- networking and partnership opportunities. ACOA facilitates networking opportunities and helps with finding partners/contacts in target export markets (i.e. staff helped establish contacts with several potential partners, ACOA provided networking support).

The small number of clients who were unsatisfied with the support they received from ACOA most commonly reported challenges around the funding application process. More specifically, a few clients expressed concerns about the time needed to apply for funding, noting that the process is complicated, and at times, the amount of funding available is not worth the effort. It is important to note that the application process is not identical for the different trade and investment programs. Projects funded through the IBDP, as opposed to those funded through the BDP and the ATIP, undergo a more complex and lengthy application and approval process due to the collaborative structure of the IBDA, which involves four provincial governments and other federal government departments in addition to ACOA. Despite this, most clients who received funding under the IBDP were very satisfied with their experience with ACOA.

4.3 Demonstration of Efficiency and Economy

4.3.1 Communication and Coordination

The major findings of the evaluation regarding communication and coordination are as follows:

1. The decentralized structure of ACOA as well as the autonomy afforded to the regions enhance program delivery.

While the regions within Atlantic Canada share similar socio-economic characteristics and face some common challenges and constraints to growth, each region has a unique set of strengths and a unique political environment for trade and investment. As a result, the approaches taken are not identical. By having a strong regional presence and flexible funding programs, ACOA ensures its programming reflects regional differences, adapting quickly to address local developments and take advantage of region-specific opportunities. The regions are also in a better position to work closely with local SMEs, partners and stakeholders, which complements ACOA's approach of client/stakeholder/partner-driven and collaborative programming.

When asked to rate the effectiveness of the governance mechanisms, on a scale of 1 to 5 (where 1

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is not at all effective, 3 is somewhat effective and 5 is very effective), ACOA staff provided an average rating of 3.6. Virtually all staff affirmed the strengths of the decentralized structure but pointed to a need for greater communication and coordination between Head Office and the regions, which is essential for effective and efficient operations within a decentralized structure. The communication and coordination issues are discussed in detail in the following section.

2. Significant improvements have been made with respect to communication and coordination. Further improvements are, nevertheless, needed to increase efficiency and to reduce the perception of duplicated services.

When asked to rate how successful ACOA has been in communicating and sharing information related to the program sub-activities with the regions and in coordinating trade and investment activities and resources on a pan-Atlantic level, ACOA staff provided an average rating of 3.7 out of 5. In recent years, there has been a significant increase in the time and resources dedicated to planning, communication and coordination. Several mechanisms and processes are in place to enhance communication and coordination with respect to trade and investment within ACOA. All ACOA regions (including Head Office) share their annual work plans with each other and all ACOA trade and investment staff meet regularly to share information on ongoing and upcoming projects/activities in each region. The annual planning and coordination meetings involving ACOA trade and investment staff include:

- twenty IBDA working group meetings (there are 10 groups and each group meets twice a year);
- twelve IBDA management committee meetings (once a month);
- two trade directors' meetings;
- one plenary meeting of trade and investment officers;
- three trade and investment management staff meetings; and
- four Pan-Atlantic Investment Coordination Committee (PAICC) meetings (quarterly).

ACOA is also currently working on making work plans and supplementary information available online so that they can easily be accessed by both Head Office and regional staff at any time.

Nonetheless, regional staff continue to express concerns about communication and coordination, highlighting the need to further refine and increase awareness of all planning processes including the timing, structure and opportunities for staff and others to provide input. For example, staff at ACOA and partners/stakeholders noted situations where Head Office and regional offices independently approached the same businesses/organizations about participating in very similar projects or regional staff members received calls about Head Office projects even though they were not aware of the projects being planned and implemented. Clients and stakeholders/partners indicated that dealing with ACOA at more than one level can be a confusing and inefficient process. Furthermore, the current level and quality of consultation with the regions may mean that the pan-Atlantic projects/activities planned by Head Office don't reflect all regional priorities. With respect to region-to-region coordination, inter-region projects do not take place frequently. The regions find it difficult to bring their provincial government counterparts on board as they often perceive joint activities/projects as not benefiting all participating provinces

equally. Nevertheless, there are opportunities to improve cooperation and coordination between the regions.

In contrast, the pan-Atlantic projects and activities funded and coordinated through the IBDP tend to be more inclusive and effective because the inherent design of the IBDA ensures that projects and activities have the support of ACOA Head Office, ACOA regional offices and the participating provinces from the beginning. Since its inception, the IBDA has facilitated increased cooperation and coordination on a pan-Atlantic basis, as reported by staff at ACOA as well as at stakeholders/partners during interviews and at focus group sessions. ACOA staff and stakeholders/partners also noted that the level of co-operation for pan-Atlantic projects and activities varies across sectors. Sectors that have a presence in and/or are considered strategically important by all four Atlantic Canada provinces are more likely to easily secure coordination and cooperation on a pan-Atlantic level (e.g. through the IBDA sector working groups or via better rapport among ACOA Head Office staff, ACOA regional staff, and staff at stakeholder/partner organizations).

Communication between staff in different offices may also be an issue. The ease of locating appropriate trade and investment contacts within ACOA currently depends on past interactions and individual staff rapport. Some staff reported little difficulty in accessing necessary information from colleagues throughout the organization, while others find it challenging to locate their counterparts at other offices. Staff don't always know who to contact to obtain information on a specific trade and investment project, particularly when responsibility belongs to an officer who is not a member of the trade and investment group.

3. ACOA's trade and investment programming tends to complement other trade and investment programming in Atlantic Canada.

In addition to ACOA, a diverse array of organizations is involved in trade and investment programming, services and initiatives in Atlantic Canada. ACOA staff, stakeholders/partners, and the literature review identified the following broad categories of organizations involved in trade and/or investment programming:

- Federal government agencies
- Provincial governments (ministries and arm's-length/quasi-government entities)
- Sector/industry associations
- Municipal and regional economic development organizations
- Hybrid (public and private sector) economic development organizations
- Academic institutions
- Multi-stakeholder initiatives (e.g. the North American Platform Program)

ACOA works proactively to bring together all the relevant organizations involved in promoting trade and/or attracting investment to Atlantic Canada. ACOA's trade and investment programming is broadly viewed by all evaluation participant groups as complementing rather than duplicating the programming of the organizations and initiatives listed above, as reported by staff at ACOA as well as stakeholders/partners during interviews and in focus groups. ACOA has

a substantial budget to carry out trade and investment activities and often co-funds projects and initiatives with partners/stakeholders. Co-funded programs are designed to support different activities or phases of a project in order to be complementary. In addition to sharing funds, ACOA also utilizes the expertise and networks of partner/stakeholder organizations. For example, in carrying out a trade mission: ACOA may take on the role of principal funder and coordinator; the provinces may provide supplementary funding (e.g. travel subsidies to participating businesses); DFAIT may provide contacts and networks in the target market; sector/industry associations may handle logistics and the recruitment of businesses; academic institutions may help participating businesses become more export-ready through specialized trade mentoring/internship programs and curricula; and Export Development Canada may provide export financing assistance to businesses to help secure deals following the mission. Both ACOA and partner/stakeholder organizations indicated that, in the wake of widespread funding cuts in recent years occurring in various organizations, there has been greater focus on working together and leveraging/sharing funds, expertise and/or networks.

Staff at ACOA and partner/stakeholder organizations have close working relationships and have regular discussions to plan and execute joint trade and investment projects as well as to keep abreast of one another's work. In addition, there are formal mechanisms (e.g. Trade Teams, the IBDA industry sector working groups, the PAICC) to enhance communication and coordination among organizations that have a trade and/or investment mandate in Atlantic Canada.

4.3.2 Performance Measurement and Reporting

The major findings of the evaluation regarding performance measurement and reporting are as follows:

1. There are processes and systems in place within ACOA to routinely measure and track project outputs and outcomes.

When asked to rate, on a scale of 1 to 5, how consistent the objectives of the funding programs are with the expected results of the Trade and Investment PSAs, Agency staff provided an average rating of 4.2. When asked to rate how effective the program sub-activities have been in reporting on outputs, expected results and outcomes, ACOA staff provided an average rating of 3.8.

Staff at ACOA work with clients to clearly and collectively define goals at the beginning of each project. Upon completion, project results are reported against the previously agreed upon goals and corresponding performance measures.

A file is maintained for each client on the main reporting system, QAccess. In addition to project reports, supplementary data is collected through surveys to gather feedback: Mission participants, for example, are surveyed on how to improve future missions and BDP-supported clients are surveyed annually to determine which are first-time exporters and to follow up on the progress of previously surveyed clients. The regions report the outcomes of BDP projects in their respective jurisdictions to Head Office, which reports cumulative performance data. In addition, the regions

may independently undertake performance measurement exercises for region-specific projects and initiatives.

Because the IBDP projects typically involve multiple partners and stakeholders, there is considerable emphasis placed on capturing project outputs/outcomes and communicating them to all relevant partners, stakeholders and/or funders. The IBDA Secretariat, which operates out of ACOA Head Office and plays a key role in ensuring quality and timely reporting, coordinates the administration of end-of-project and follow-up surveys (funding recipients are contacted 6, 12 and 18 months after project termination). Since many impacts of trade and investment activities are not immediate (i.e. they usually take place over time), outcomes of IBDP-funded projects are better captured.

The scope of ACOA's investment activities has been reduced over the years, and there has been a corresponding decline in the use of performance measurement/tracking tools such as the Lead Tracking System (LTS) and the tracking of website traffic. The number of suspects, leads and prospects are captured at various ACOA-supported investment events and reported by the regions to Head Office annually. The numbers are accumulated at the end of the year. Each region reports numbers only, as opposed to names or other identifying information with respect to suspects, leads and prospects, because of confidentiality concerns of their provincial counterparts.

2. There are significant constraints around performance measurement and tracking.

A number of factors make performance measurement and tracking challenging:

- Clients/funding recipients find it difficult to attribute outcomes to specific ACOA projects or activities because the impacts may not materialize immediately and there may be multiple contributing factors.
- There are a number of indicators used to capture trade and investment outcomes. The indicators used during the five-year evaluation period covered by this report included measures related to growth and survival rates of ACOA-assisted and comparable firms; export, investment and internship-related measures; and capacity-building measures. Not all the indicators used could be measured and tracked in an easy and meaningful way, and some indicators did not clearly demonstrate the intended link between ACOA's trade and investment activities and the measured outcomes.
- Performance indicators are not always applied or interpreted consistently in all regions or at Head Office. There is a need to clearly define and communicate every performance indicator in order to improve consistency.
- SMEs may not have the ability to report precisely on the value of export sales or may be reluctant to share confidential sales/revenue data.
- Export data available from secondary sources do not always capture all exports (e.g. Statistics Canada does not report on exports in services and doesn't include goods exported through other provinces).

- Most of the performance indicator data that is collected and tracked is quantitative. Ten ACOA employees (31%) suggested a need to capture supplementary qualitative information.
- The use of operations and maintenance (O&M) to fund projects in a few regions complicates performance measurement given that QAccess is not set up to capture O&M-funded project outcomes in the same way as for grants and contributions-funded project outcomes.
- The IBDA reporting system is not compatible with ACOA's main reporting system, QAccess.

4.3.3 Effective Utilization of Resources

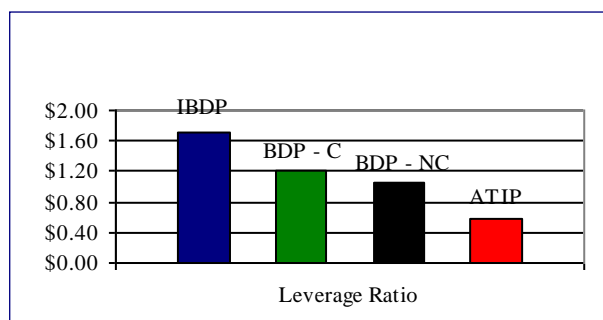
The major findings of the evaluation regarding the utilization of resources are as follows:

1. For the most part, the resources allocated to the Trade and Investment program sub-activities through the BDP, the ATIP, the IBDP G&C and O&M budgets are utilized efficiently. Projects are incremental and clients leverage funding from other sources.

When asked to rate how cost-effective the program sub-activities are for promoting trade development and attracting investment (on a scale of 1 to 5), ACOA staff provided an average rating of 4.0. This provides an indication that trade and investment projects are efficiently designed and delivered. As per projected staffing data for 2008-2009, there are 25 trade staff and seven investment staff in the five regional offices (measured in full-time equivalent units), accounting for \$1.9 million and \$0.5 million in salaries, respectively. While these projected figures do not represent the actual staff numbers and salaries during the five-year evaluation period, they provide context for a discussion surrounding efficiency by highlighting the relatively small staff component, particularly in relation to the breadth and depth of the TI activities undertaken by ACOA's regional offices, as described in previous sections.

Funding for projects/activities is pooled with funds from other sources, wherever possible. Figure 6 indicates the investments leveraged by IBDP, BDP Commercial, BDP Non-commercial and ATIP projects from other sources for every \$1.00 provided by ACOA during the evaluation period.

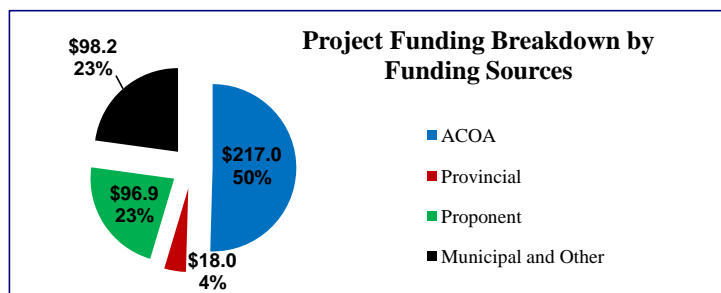
Figure 6: Leverage Ratio by Funding Program



Source: ACOA database.

On average, \$0.99 was invested by other sources for every \$1.00 invested by ACOA. Figure 7 provides a breakdown by source of funds for these projects.

Figure 7: Project Funding Breakdown by Funding Sources



Source: ACOA database.

As mentioned before, co-funders finance different activities or different phases of the same project in order to avoid duplication and ensure complementarity. The vast majority of commercial and non-commercial clients indicated a low likelihood that their projects would have proceeded in the absence of ACOA funding and support.

Furthermore, funding for projects/activities is provided in a strategic, holistic and long-term manner rather than through isolated, one-time projects. Each ACOA-supported trade and investment project forms part of a broader process, following-up on previous activities and/or leading to future activities.

In addition to funding, ACOA adds value via other types of support (e.g. assisting with planning and implementation of projects, helping define project scope and outcomes, supporting trade skills development, facilitating access to highly qualified personnel, providing market intelligence, leads/contacts and networking opportunities, building partnerships/coalitions). Clients characterized ACOA's role as more of a partner as opposed to just a funder. Such a comprehensive and coordinated suite of support better prepares SMEs to venture into export markets, which results in better returns on the funding provided by ACOA.

2. Targeted/focused missions and projects tend to be the most successful and efficient.

ACOA funds and supports a wide array of trade and investment activities, projects and programs. Staff at ACOA, partners/stakeholders and clients indicated that targeted/focused activities tend to provide the best returns regardless of their size or the nature of the undertaking. Because of their clearly and collectively defined and shared expected outcomes, such activities tend to be well-planned and coordinated, secure the necessary support and contributions from all key partners/stakeholders, and have a strong and competent staff component.

3. There are concerns about the allocation of ATIP funding among ACOA Head Office and the regions.

When asked to rate on the same 1 to 5 scale, how effective ACOA has been in allocating and coordinating resources across the regions with respect to the Trade and Investment program sub-activities, ACOA staff provided an average rating of 3.3. Staff at ACOA's regional offices feel an increased regional share is warranted because the regions directly interact and work with client organizations and, as a result, they are seen as in a better position to efficiently utilize any program delivery funds, including ATIP funds. Improved input from the regions, in addition to Head Office staff, on the disbursement of Head Office ATIP funds could also facilitate more efficient use of such funds.

4.3.4 Effectiveness, Efficiency and Economy: Best Practices, Lessons Learned and Opportunities for Improvement

The major findings of the evaluation regarding best practices, lessons learned and opportunities for improvement are as follows:

1. ACOA employs many of the best practices in trade and investment program delivery.

The following best practices, identified among similar organizations in other jurisdictions within and outside of Canada, have been adopted by ACOA:

- Client-focused: Effective trade and investment programming reflects client needs and priorities. For example, New Zealand Trade and Enterprise, recipient of the biennial “Best Trade Promotion Organization from a Developed Country” award (2008) from the World Trade Promotion Organization, supports the development of New Zealand businesses by providing “a conduit for input and advice from industry, trade unions, local government, regions, education and research organizations, potential investors, and individual enterprises on programs to implement the government’s policies for economic, industry and regional development.”³⁷ Likewise, ACOA activities and projects are designed to further the trade and investment objectives of its commercial and non-commercial clients. ACOA-supported projects/activities are client-driven or are based on extensive client consultation and involvement. ACOA’s trade and investment programming has evolved over time based on input from SMEs and sector and industry associations.
- Adaptable: Since trade and investment activities are global in nature, they are influenced by a complex mix of diverse macro and micro factors. As such, flexibility in programming is essential for success. UK Trade & Investment, one of the four finalists for the biennial “Best Trade Promotion Organization from a Developed Country” award (2008) from the World Trade Promotion Organization, highlights the importance of flexibility by stating that in order to be successful it “must add value to the trade efforts of the U.K.-based

³⁷ Statement of Intent, New Zealand Trade and Enterprise, 2009-2012.
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companies it works with and support them in new markets and with new strategies.”³⁸ Flexibility in programming and funding has enabled ACOA to quickly respond to developments and trends vis-à-vis local and global environments as well as the shifting priorities of the federal government and its partners/stakeholders.

- Collaborative: Successful trade and investment initiatives are collaborative in nature in order to achieve synergies and leverage resources. For example, Austrade (the Australian Trade Commission), identifies “working in partnerships” as a priority in its corporate plan and states that “a core principle underpinning Austrade’s strategy is to apply its resources to maximum effect by working in partnership across all levels of government and with extended networks in the private sector for the delivery of services, the development of strategies and to contribute to policy.”³⁹ UK Trade & Investment identifies partnership as a key theme in its five-year strategic plan and states that “we will use our resources to maximum effect by coordinating the work of central and regional government with that of the private sector.”⁴⁰ Likewise, ACOA delivers its trade and investment projects in collaboration with a large number of public-sector and private-sector partners and stakeholders within and outside Atlantic Canada, which helps complement programming, leverage resources, build networks, increase expertise and avoid duplication.
- Integrated: Harmonized investment promotion is an essential feature of a successful national or regional export strategy, particularly for smaller regions. It follows that the organizations concerned with investment promotion and those responsible for establishing and maintaining an internationally competitive investment environment for the region should be effectively integrated into the national-regional trade support network.⁴¹ While ACOA Head Office has recently started exploring the feasibility of integrating the Trade and Investment program sub-activities in order to better utilize resources in a coordinated manner, the regions have already been using an integrated approach informally. The extent of integration varies by region, and some regions have extended integration to other program sub-activities such as Innovation and Financing Continuum.

With respect to similar organizations within Canada, with the exception of Western Economic Diversification Canada (WD), all regional economic development organizations (e.g. the Federal Economic Development Initiative for Northern Ontario – FedNor – and the Canada Economic Development for Quebec Regions – CED-Q) provide direct assistance to SMEs. The recently established Federal Economic Development Agency for Southern Ontario (FedDev Ontario) has also adopted the ACOA model of working directly with businesses. Like ACOA, all these organizations work extensively with partner organizations in providing assistance to businesses. However, the breadth and depth of trade and investment activities carried out by these organizations are limited compared to ACOA (i.e. WD’s most recent trade facilitation portfolio has 12 projects in B.C.; the FedNor International Business Centre spends a little over \$2 million annually; and CED-Q regional offices only provide export development loans and referrals but

³⁸ *Autumn Performance Report*, UK Trade & Investment (2009).

³⁹ *Corporate Plan*, Austrade (2009-2010).

⁴⁰ *Five Year Strategy – Prosperity in a Changing World*, UK Trade & Investment (2006).

⁴¹ *Is Your Trade Support Network Working?* The International Trade Centre (2001).

does not have an investment attraction mandate).⁴²

2. A formal integrative trade model would be appropriate for ACOA given changing local and global environments as well as the potential to achieve greater efficiencies and improve performance measurement and tracking.

The movement to an integrative trade model would be consistent with the general trend toward integrative trade focused on value chains.⁴³ Table 20 outlines the key differences between the traditional and integrative trade approaches. Integrative trade can benefit SMEs targeted by ACOA's trade and investment endeavours by making them more competitive globally and allowing them to benefit from participation in global/regional value chains.

Table 20: Traditional Trade versus Integrative Trade

Traditional Trade	Integrative Trade
Trade mainly in goods	Trade in goods or services, and services linked to goods
Foreign markets are primarily end-users	Highly integrated value chains of exports and imports that cross borders many times during production
Exports are preferable to imports	Key imported inputs enhance competitiveness
FDI is regarded as trade substitution to avoid trade barriers	Growing recognition of the positive relationship between trade and FDI – inward and outward
Contracting out to local businesses	Offshore outsourcing takes advantage of lower cost structures in other countries

Source: Conference Board of Canada, 2010.

According to a study by the Conference Board of Canada, experienced SME suppliers that participate in global/regional value chains report increased revenues, enhanced corporate reputation, improved financial stability, expanded access to new markets and greater economies of scale.⁴⁴ In addition, an integrative trade approach contributes to a more effective currency hedging strategy⁴⁵ as businesses that operate on a global scale are more likely to form strategic partnerships with other firms and across industries to share resources, risk, expertise and capital in foreign markets. There is a growing consensus that Atlantic Canada businesses must change the way they look at global markets and value chains and diversify beyond the U.S. in order to

⁴² Source: Literature review and interviews with staff at the Regional Economic Development Organizations.

⁴³ A value chain is a chain of activities for a firm operating in a specific industry. The product passes through all activities of the chain in order, and at each activity the product gains value. The chain of activities gives the product more added value than the sum of added values of all activities. The value chain concept has been extended beyond individual firms to entire supply chains and distribution networks. A global/regional value chain may include the value chains of a firm's supplier (and their suppliers, all the way back), the firm itself, the firm's distribution channels, and the firm's buyers (and presumably extended to buyers of their products).

⁴⁴ *Small Companies, Big Connections: The Benefits and Challenges for SMEs in Working with MNCs*. The Conference Board of Canada (September 2009).

⁴⁵ *Dollar Volatility: Who Should Care?* The Conference Board of Canada (February 2010).

grow and prosper in an environment characterized by rapid globalization and the emergence of new economic powerhouses such as China.

Globalization is shifting economic focus from finding export markets for finished products to finding the right fit for Atlantic Canada's SMEs in global-regional value chains as suppliers, sellers, distributors, buyers, contractors or service providers vis-à-vis intermediate and finished products. For example, by offering the right product/service fit vis-à-vis the global value chain of a large multinational company, an Atlantic Canada firm can also attract investment from the multinational company to expand its capacity/operations. Similarly, other companies involved in the value chain may be attracted to make greenfield investments.

More specifically, formally applying an integrative trade and investment model at ACOA is relevant for the following reasons:

- The synergies between trade and investment activities - Trade and investment are becoming increasingly interrelated to the extent that a country/region can enhance its trade and investment performance by reforming similar structural and policy factors.⁴⁶ As such, the integrative approach recognizes that there are opportunities to leverage international activities to promote both trade and investment as they often overlap in terms of strategies employed, target audiences and activities carried out. Most FDI involves organizations active in international trade. Given the interrelationship between trade and investment, merging the two sub-activities could likely result in greater economies of scale by eliminating the need for separate processes and functions in the areas of funding, approval, reporting and evaluation.
- The comparatively low priority placed on investment by ACOA relative to trade - An integrated approach may be more consistent with the evolving role of ACOA and its relationships with other organizations, particularly with respect to investment. As mentioned before, the four Atlantic provinces have assumed an increasingly active role in attracting investment in their jurisdictions, while ACOA has taken a supportive or partnering role in order to reduce duplication of services. In particular, ACOA has been less active in promoting Atlantic Canada as an attractive place for investment and in generating leads to share with the provinces. In addition, ACOA does not have incentive funds set aside to use exclusively to attract investment to the region, unlike the provinces. (A company can receive assistance, however, under the BDP once it establishes operations in Atlantic Canada.) The Investment Sub-activity accounted for about 7% of ACOA's trade and investment budget between 2004-2005 and 2008-2009. Moving toward an integrative model is not likely to supersede the provinces' more active roles in investment attraction, as each province is focused on attracting investment in the form of new businesses setting up operations in its jurisdiction than on assisting existing businesses in Atlantic Canada to secure foreign investments.

⁴⁶ *The Influence of Policies on Trade and Foreign Direct Investment*, Organisation for Economic Co-operation and Development (2003).

- The potential to streamline performance measurement and tracking - Switching to an integrative trade model has the potential to streamline performance measurement and tracking by enabling ACOA to code activities and projects based on intended outcomes as opposed to program sub-activities (i.e. recognizing that outcomes may impact multiple areas, such as trade and investment, and reflecting that in how activities/projects are coded), which will provide a more holistic assessment of ACOA's trade and investment undertakings. It may also free up staff time for other activities that account for a larger portion of the trade and investment budget.
 - The practices of ACOA regional offices that are already using an integrative approach informally - Although the extent of integration varies in each region (i.e. some regions have taken integration beyond Trade and Investment to other program sub-activities such as Innovation and Financing Continuum), all ACOA regional offices have started moving toward an integrative approach in recent years.
3. Opportunities exist to further improve the delivery of ACOA's trade and investment programming based on lessons learned - ACOA staff, partners/stakeholders, and commercial and non-commercial clients provided a number of suggestions via both individual interviews and focus group participation to improve program delivery.

The major suggestions for improving the design and delivery of activities related to trade and investment are as follows:

- Stay focused on the mandate of assisting businesses. Continue to support industry-led, client-focused programming. ACOA activities and projects should always reflect, support and be tied to the growth objectives and strategic outcomes of the businesses in Atlantic Canada.
- Ensure that ACOA's trade and investment programming remains flexible to allow the regional offices to provide support tailored to the needs of each region as well as to take advantage of unique opportunities.
- Stay abreast of trends in globalization and global supply chains and adapt programming accordingly.
- Make funding criteria more flexible to increase access to multi-year/long-term funding, particularly for sector/industry associations.

- Further increase coordination and communication within ACOA as well as with existing and potential partners/stakeholders, clients and businesses. Focus on building longer-term, strategic relationships with partners/stakeholders as well as clients.
- Expand support for pre- and post-mission activities through better understanding of the businesses that participate in trade missions so that matchmaking services can be more targeted, more in-depth in-market education programs and market exploration prior to trade missions, enhanced post-mission follow-up, and greater concentration on sector/market specific missions as opposed to general missions.
- Continue to improve the EITG program by increasing the duration of internships, expanding the program to include graduates from other specialties, improving the selection and matching process for host organizations/interns, and tying internships to other ACOA trade and investment projects such as trade missions.
- Streamline and better define performance indicators, make performance reporting more consistent across funding programs and regions, and collect supplementary qualitative data, including success stories and best practices.
- Explore the feasibility of establishing a mentorship program for new or emerging industry/sector associations in order to facilitate their learning from industry/sector associations that have already been successful in export development.
- Continue to pursue opportunities to identify successful trade and investment projects/activities/initiatives on a regular basis, draft success stories highlighting the achievements of these projects/activities/initiatives along with the factors contributing to their success, and disseminate the success stories within ACOA and partner/stakeholder organizations (i.e. through a website or newsletter).

5.0 Conclusions and Recommendations

This section presents the conclusions and related recommendations arising from the evaluation.

5.1 Conclusions

The major conclusions of the evaluation are as follows:

5.1.1 Relevance

Continued Need for Program

1. There is a strong need for the support provided under the Trade and Investment program sub-activities.

Opportunities to further develop trade and attract investment to the Atlantic Canada region are significant. However, target groups such as SMEs and REDOs face considerable external and internal barriers to realizing these opportunities. They need the support provided under the Trade and Investment PSAs as they may not possess the knowledge, skills, capabilities and resources required to overcome barriers on their own. ACOA has the necessary processes and mechanisms in place to effectively identify and respond to emerging needs and markets with respect to developing trade and attracting investment.

Alignment with Federal Government Priorities, Roles and Responsibilities

2. The Trade and Investment program sub-activities are aligned with ACOA's plans and priorities as well as federal government priorities and strategies.

Along with the three other program sub-activities (e.g. Innovation, Entrepreneurship and Business Skills Development, and Financing Continuum), increasing exports and attracting foreign direct investment contribute to the intended outcomes of the Enterprise Development Program Activity, which aims to improve the growth and competitiveness of SMEs in Atlantic Canada. The PSAs are also aligned with an appropriate and necessary role for the federal government, as communicated through Advantage Canada and *Seizing Global Advantage*. SMEs are the major drivers of the economy and the federal government should support activities that assist SMEs in their growth and development. In addition, the federal government is well-positioned to facilitate coordination and collaboration among the provinces and various stakeholders/partners, which is necessary to carry out trade and investment activities effectively and efficiently.

3. ACOA's support for the Trade sub-activity is an appropriate and necessary role for the federal government. However, the respective roles and responsibilities of the federal government and the provincial governments with respect to attracting investment are less clearly defined.

SMEs are a major driver of the economy in Atlantic Canada, and as such, it is appropriate for the federal government to support activities that assist SMEs in their growth and development. In addition, the federal government is in the best position to facilitate coordination and collaboration among the various provinces and stakeholders/partners, which is necessary to carry out trade activities effectively and efficiently. Despite a well-aligned federal role in investment attraction, provinces compete with one another to attract investment and this dynamic creates both a potential for overlap with provincial governments as well as a need to clarify the role of ACOA in attracting investment in the region. All ACOA staff as well as the representatives of other government departments and almost all (96%) stakeholders and regional experts interviewed indicated that the Trade and Investment PSAs are aligned with an appropriate and necessary role for the federal government. ACOA management and staff, other government representatives as well as key stakeholders and experts agreed that there is no duplication in the programming of trade and investment activities in the regions as ACOA has a unique role.

5.1.2 Effectiveness: Achievement of Expected Outcomes

4. The Trade sub-activity has made significant progress toward the achievement of its objectives to increase export capacity and sales for SMEs in Atlantic Canada.

ACOA has been successful in targeting businesses in need of export development support and has been instrumental in helping them achieve their strategic business goals by enhancing their export readiness. Trade clients have participated in a suite of ACOA-supported trade development activities and reported significant impacts ranging from increased export sales to increased capacity and export readiness to improved cooperation and coordination across the various parties involved. For the latest fiscal year, an economic analysis based on the results of client surveys and case study interviews with trade clients demonstrates that the impact of ACOA support in terms of increased export sales is significant over time. The 130 trade commercial clients interviewed that received project funding reported increased annual export sales of \$161 million, which they attributed to the assistance received from ACOA (an average of \$1.24 million per company). These companies received an average of \$376,182 in project funding. As such, the increased export sales in the latest year alone attributed to ACOA assistance is equal to \$3.29 per dollar of funding provided. The assistance (financial and other) provided by ACOA is the factor most commonly identified as contributing to the success of projects. Clients reported that their projects would not have gone ahead at all or with a significantly reduced scope without ACOA support; and financial support obtained from ACOA was subsequently used to leverage an average of \$0.89 from other sources for every ACOA dollar invested. Conversely, economic conditions, including exchange rates, limited working capital, resources, and access to qualified staff, can serve as constraints.

5. While the Investment sub-activity has increased awareness of and interest in foreign direct

investment opportunities, it has had less of an impact given that investment attraction tends to be a more complex process, involving many players and intervening factors, and requiring longer time periods to be achieved.

Although some new investments have been generated under ACOA-supported projects, there are typically numerous players and intervening factors involved that make it difficult to attribute the results directly to the support provided by ACOA. The Investment sub-activity accounts for approximately 9% of the organizations and projects supported and 7% of all funding approved. While investment projects have achieved their intended outputs and immediate impacts, this has not directly led to many new investments over the time frame of this evaluation. Rather, projects have made progress in increasing awareness of Atlantic Canada in selected markets, increasing coordination in efforts to attract FDI to Atlantic Canada, generating investment contacts and leads, and increasing organization awareness of and interest in opportunities for FDI. Although some new investments have been generated, there are typically numerous players and intervening factors involved, which makes it difficult to attribute the results to support provided by ACOA. The role of ACOA, and particularly the role of Head Office, with respect to investment attraction has changed over time in response to provincial governments taking a more active role and the greater sense of competition that has evolved among the four provinces.

6. ACOA's close working relationships with partners/stakeholders has contributed significantly to the progress made in terms of the quality of the services provided to clients.

Assistance (financial and other) provided by ACOA is the factor most commonly identified by funding recipients as contributing to the success of the projects. Clients are satisfied with the support received from ACOA. The high level of satisfaction is due to the effectiveness of ACOA programming/funding in addressing client needs, the expertise of ACOA staff, the personalized, customized nature of the support received, and access to networking and partnership opportunities. The program sub-activities have also benefited from the close working relationships ACOA staff have with partner/stakeholder organizations. Factors that have served to constrain or slow progress include economic conditions (including exchange rates), limited working capital and resources, and access to qualified staff.

5.1.3 Demonstration of Efficiency and Economy

7. The decentralized structure of ACOA along with the autonomy afforded to the regions enhances program delivery but also poses challenges in coordinating activities across the organization.

The decentralized structure ensures that ACOA programming can reflect regional differences and adapt quickly to reflect local changes and developments as well as regional opportunities. However, there is a need to refine planning processes and improve communication. In the absence of effective communication and coordination mechanisms, the decentralized structure can result in overlapping activities within ACOA. Pan-Atlantic projects and activities funded and coordinated through the IBDP tend to be more inclusive and effective because the collaborative design of the IBDA requires all projects and activities to have the support of ACOA Head office,

ACOA regional offices, and the participating provinces from an early stage of development. While significant communication and coordination improvements have been noted over recent years, many employees feel that there is still room to improve efficiency and reduce the risk or perception of duplicated services between ACOA Head Office and regional offices. Staff and stakeholders agreed that good working relationships between ACOA and partner organizations ensure ACOA programming complements rather than duplicates other organizations' trade and investment efforts.

8. ACOA employs many of the best practices in trade and investment program delivery identified among similar organizations in other jurisdictions.

In particular, ACOA's trade and investment programming is client-focused, adaptable, collaborative, and increasingly integrated. Moving to a formal integrative trade model for ACOA would be appropriate given the increasing significance of global-regional value chains, the roles played by the provinces in attracting investment, the resulting operational efficiencies, and the fact that regions have already started using an integrative approach informally.

9. While processes and systems are in place within ACOA to routinely measure and track project outputs and outcomes, there is a need to enhance performance measurement and tracking, streamline performance indicators, and make reporting more consistent and compatible across funding programs and regions.

Staff at ACOA work with clients/funding recipients to clearly and collectively define project goals at the beginning of each project. Upon completion, project results are reported against the previously agreed-upon goals and corresponding performance measures. Nonetheless, the long-term nature of trade and investment objectives, the large number of indicators, and inconsistent interpretation and recording of indicators across ACOA regions, all pose challenges to complete and accurate performance measurement.

10. Resources allocated to the Trade and Investment program sub-activities are efficiently utilized.

The allocation of considerably greater resources to the Trade sub-activity appropriately reflects the opportunities and the role of ACOA vis-à-vis other organizations. Although there were some specific staff concerns around Atlantic Trade and Investment Partnership (ATIP) funding allocation levels, trade and investment projects are incremental and leverage funding from other sources. While targeted trade missions and projects were reported as being the most effective and efficient use of resources, funding for many projects/activities is also provided in a strategic, holistic, long-term manner in order to get the maximum long-term return. Projects and other activities are consistent with the intended outcomes.

5.2 Recommendations

ACOA's Trade and Investment PSAs are relevant, address a demonstrable need, and are in alignment with federal government priorities, roles and responsibilities. However, there remains an opportunity to clarify ACOA's role with regards to investment attraction. While both the trade and investment program sub-activities are largely achieving their intended performance objectives, a number of program delivery and coordination issues related to performance have been identified. The following specific recommendations are intended to address the issues raised in the conclusions above and further improve the effectiveness, efficiency and economy of the program design and delivery.

1. Refine the trade and investment planning, communications and coordination processes within ACOA.

Since ACOA's trade and investment activities are designed and delivered through a decentralized structure, it is imperative that robust planning, coordination and communication mechanisms be in place to reduce any perception or risk of duplication. The following should be undertaken to improve communication and coordination within ACOA:

- Refine the planning processes to better coordinate activities and share information across the regions and Head Office. The objective is to improve processes without increasing time and resources required.
- Create awareness of the refined processes among staff, including an understanding of how and where they can provide information as well as types of generated outputs.
- Continue efforts to develop online tools and other mechanisms to promote greater information sharing and exchange within ACOA.
- Create opportunities to discuss and share best practices related to the delivery of trade and investment programming. There are opportunities to share best practices between regions, working groups, and associations ACOA works with.

2. Continue to formalize the integration of the Trade and Investment program sub-activities.

When integrating the two sub-activities, it will be important to:

- ensure that staff who have worked exclusively on either trade or investment files in the past are provided with the necessary knowledge, skills and training to successfully combine trade and investment in their respective roles and service delivery to clients; and
- consider opportunities to extend the integrative approach to other program sub-activities wherever feasible, when it results in optimal resource use and ensures the most favourable outcomes for ACOA clients.

3. Collectively affirm/clarify ACOA's role in investment promotion and attraction.

Given the fundamental changes in ACOA's approach to investment promotion and attraction in recent years, it would be a valuable exercise to seek clarification and confirmation on ACOA's new investment direction. ACOA should initiate and lead a dialogue involving the four provinces, other federal government departments, and stakeholders/partners to more clearly define the role of ACOA, particularly Head Office, in investment promotion and attraction and its relationship with other organizations, including provincial government agencies.

4. Enhance the performance measurement system and better coordinate data collection and reporting activities across all ACOA funding programs, sub-activities and regions.

The following steps should be undertaken to enhance the performance measurement system:

- Take a more client-centred approach, emphasizing the aggregate impact of ACOA support for enterprises. Given that the majority of funding recipients/clients receive support from ACOA multiple times and under a variety of program sub-activities, better coordinate performance-measurement activities across funding programs and sub-activities to reduce the number of times individual businesses are surveyed as well as to ensure that common information is collected just once.
- Streamline and modify the number of indicators to reflect the transition to an integrative trade model. In an effort to streamline performance indicators, ACOA can adopt a hierarchical performance indicator system. A few core, high-level performance indicators can be applied to each trade and investment project. These standard indicators could be augmented, as necessary, by additional project-specific indicators to ensure that outcomes are adequately captured and reported back to ACOA. The types of supplemental project-specific indicators needed will vary depending on the nature and intended outcomes of a project.
- Clearly define and communicate each performance indicator in order to ensure that Head Office and regional staff interpret and apply them consistently.
- Make a clear distinction between short-term and long-term performance indicators as clients/funding recipients find it difficult to attribute specific trade or investment outcomes to specific ACOA projects because the impact of a project may not materialize immediately and there may be multiple contributing factors. The former may emphasize measures such as changes in exposure, awareness or knowledge level, the number of contacts/leads generated, ACOA's contribution as a facilitator, the level of satisfaction among clients, stakeholders and partners; the latter may focus on measures such as increased export sales and the value of investments attracted.
- Explore opportunities to mine the existing data systems to monitor performance, assess trends and inform future programming decisions. ACOA-assisted businesses are required

to submit information specific to their operations, including financial statements, which is recorded in QAccess. The data available on ACOA-assisted businesses are currently not utilized to the fullest extent when it comes to using data to inform future programming directions as analyses are limited to what is necessary to comply with reporting requirements.

- Collect and record qualitative information, wherever feasible, to complement and support the quantitative indicators.
- Ensure that all performance data can be captured. While the regions should continue to have flexibility in the way they deliver trade and investment programming (e.g. the use of operations and maintenance budgets), Head Office and the regions should work together to ensure that all performance data can be captured via corporate systems. Similarly, the IBDA reporting system should be revisited to make it compatible with the BDP.

Appendices

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
Relevance		
Demonstrable Need		
1. What are the key needs of the clients and stakeholders targeted by TI?	<ul style="list-style-type: none"> ▪ Definition of the target clients and stakeholders ▪ Opportunities identified to attract investment and develop trade ▪ Factors affecting the rates of export development and investment attraction ▪ Needs identified in existing strategies and other documents ▪ Needs identified by clients and stakeholders ▪ Changes in needs over time 	<ul style="list-style-type: none"> ▪ Document and literature review (e.g. regional and sectoral export development, and investment attraction strategies and studies) ▪ Survey of business and non-profit clients ▪ Interviews with ACOA management and staff, experts, OGD staff, and other stakeholders
2. What actions are being taken by ACOA to identify and respond to emerging needs and markets related to TI in Atlantic Canada?	<ul style="list-style-type: none"> ▪ Research undertaken and other sources of information used to identify emerging needs and markets ▪ Processes and mechanisms in place through which emerging needs and markets can be reflected in funding decisions ▪ Extent to which adjustments to the program sub-activities have been informed by research, monitoring and other evidence ▪ Changes over time in the characteristics of clients and projects that relate to emerging needs and markets ▪ Identification of specific examples where the program sub-activities responded to emerging needs and markets ▪ Perceptions of key informants regarding the effectiveness of the program sub-activities in identifying and responding to emerging needs and markets 	<ul style="list-style-type: none"> ▪ Project database analysis ▪ Project file review ▪ Interviews with ACOA management and staff ▪ Survey of business and non-profit clients ▪ Case studies

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
<p>3. To what extent are activities undertaken as part of the TI program sub-activities consistent with the needs of clients and stakeholders in Atlantic Canada and with the expected results?</p>	<ul style="list-style-type: none"> ▪ Factors affecting export capacity and sales for SMEs ▪ Plausibility of the linkages between the expected results of ACOA's trade strategy (e.g. Awareness; Trade Education and Skills Development; Capacity Building; Policy, Coordination and Partnerships) and the expected result of "increased export capacity and sales for SMEs in Atlantic Canada" ▪ Factors affecting the awareness of and interest in FDI opportunities ▪ Plausibility of the linkages between the expected results of ACOA's investment strategy (e.g. Investment Research; Market Intelligence and Information Dissemination; Awareness and Promotion; Investment Partnerships) and the expected result of "awareness of and interest in FDI opportunities" ▪ Characteristics of TI clients and intended beneficiaries including type of clients and stakeholders, organization size, sector, focus, and urban/rural distribution ▪ Comparison of the clients and the intended beneficiaries to the target clients and stakeholders ▪ Characteristics of projects and other activities including objectives, activities, outputs and intended outcomes ▪ Comparison of the projects and other activities to the needs of the clients and stakeholders ▪ Comparison of the projects and other activities to the expected results of ACOA's trade strategy and investment strategy ▪ Success of the projects in realizing their objectives 	<ul style="list-style-type: none"> ▪ Project database analysis ▪ Project file review ▪ Survey of business and non-profit clients ▪ Document review (i.e. comparison of objectives and eligibility criteria associated with the program sub-activities to identified needs) ▪ Interviews with ACOA management and staff, experts, OGD staff, and other stakeholders ▪ Case studies

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	<ul style="list-style-type: none"> ▪ Perceptions of clients and key informants regarding the success of projects in addressing the needs of clients and stakeholders ▪ Evidence of demand for funding under the program sub-activities 	
Alignment with Federal Government Priorities, Roles and Responsibilities		
<p>4. To what extent are the activities undertaken as part of the TI program sub-activities aligned with ACOA's plans and priorities as well as government-wide priorities and strategies?</p>	<ul style="list-style-type: none"> ▪ Stated priorities of ACOA and the federal government ▪ Comparison of stated priorities to the activities and intended outcomes of the TI program sub-activities ▪ Perceptions of ACOA and other federal government representatives regarding consistency of TI program sub-activities with ACOA and federal government priorities ▪ Specific contribution of program sub-activities to ACOA's PAA results 	<ul style="list-style-type: none"> ▪ Interviews with ACOA management and staff and OGD staff ▪ Document Review (e.g. Speech from the Throne, ACOA and Industry Canada RPPs, briefing notes, budget announcements)
<p>5. To what extent are the activities undertaken as part of the TI program sub-activities aligned with the Government of Canada's roles and responsibilities related to TI?</p> <p>a. Is there a legitimate and necessary role for ACOA in activities directed at increasing export capacity and sales of SMEs in Atlantic Canada?</p> <p>b. Is there a legitimate and necessary role for ACOA in trying to increase awareness of and interest in FDI opportunities?</p>	<ul style="list-style-type: none"> ▪ Mandate of the federal government with respect to TI ▪ Perceptions of ACOA management/staff regarding the extent to which the TI program sub-activities are consistent with federal roles and responsibilities as well as factors that contribute to the need for such a role ▪ Perceptions of other key informants as to whether TI program sub-activities represent an appropriate role for the federal government as well as to factors that contribute to the need for such a role 	<ul style="list-style-type: none"> ▪ Document review (review of the mandate) ▪ Interviews with ACOA management and staff ▪ Interviews with experts, OGD staff, and other stakeholders

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
Performance		
Achievement of Expected Outcomes		
6. How successful have the activities supported under the Trade sub-activity been in achieving the expected results?	<ul style="list-style-type: none"> ▪ Activities participated in and resources utilized (e.g. awareness sessions, missions, outreach events, mentoring, research, internships, training and skills development, partnering, coordination, financing, strategy development and implementation support, and marketing) ▪ Satisfaction with participation ▪ Direct funding received/numbers of projects ▪ Objectives of the funding/objective achievement ▪ First service or project that had a significant impact on their interest in and readiness to export ▪ Export status prior to above (e.g. interest, value of exports, per cent of revenues from exports) ▪ Export activity last year (e.g. value of exports, per cent of revenues from exports) ▪ Projected exports for the current year (e.g. dollar value, share per cent of revenues) ▪ Future plans with respect to exporting ▪ Extent to which change in plans can be attributed to the services/assistance provided ▪ Target organization/comments on impacts/examples ▪ Characteristics of the business (e.g. age, sector, rural/urban, region, ownership, revenues and employment) 	<ul style="list-style-type: none"> ▪ Interviews with business clients ▪ Interviews with non-profit clients
	<ul style="list-style-type: none"> ▪ Types of projects (e.g. awareness sessions, missions, outreach events, mentoring, research, internships, training and skills development sessions, partnering, coordination, financing, strategy development and 	

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	implementation support and marketing) <ul style="list-style-type: none"> ▪ Outputs generated ▪ Objectives of the project/objective achievement ▪ Target groups and beneficiaries ▪ Number and description of participants ▪ Target organizations/comments on impacts/examples ▪ Characteristics of the client organization 	
	<ul style="list-style-type: none"> ▪ Development of the project ▪ Likelihood of proceeding without ACOA support ▪ Description of activities undertaken (e.g. awareness sessions, missions, outreach events, mentoring, research, internships, training and skills development sessions, partnering, coordination, financing, strategy development and implementation support and marketing) ▪ Satisfaction with the activities ▪ Objectives for the project/objective achievement ▪ Target groups and beneficiaries ▪ Numbers and description of participants ▪ Respondent or target organizations/comments on impacts/quantified impacts ▪ Impacts on the development of new projects/follow-on investments ▪ Lessons learned/identification of best practices 	<ul style="list-style-type: none"> ▪ Case studies (i.e. file review and follow-up interviews with project proponents, participants and project representatives)
	<ul style="list-style-type: none"> ▪ Number of interns hosted/type of support provided ▪ Role/characteristics of the intern/host organization ▪ Objectives for participating ▪ Objective/outcome achievement ▪ Impacts on the host organization (e.g. export readiness, exports activities) 	<ul style="list-style-type: none"> ▪ Internship hosts

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	<ul style="list-style-type: none"> ▪ Interest in participating as a host again ▪ Recommendations for improvement 	
	<ul style="list-style-type: none"> ▪ Participation in projects ▪ Export status ▪ Change in export sales ▪ Expected change in the next 6 to 12 months ▪ Export plans ▪ Total sales ▪ Importance of ACOA support for export-readiness 	<ul style="list-style-type: none"> ▪ BDP exporters survey ▪ IBDA internal surveys
	<ul style="list-style-type: none"> ▪ Firms Assisted and Not Assisted by ACOA ▪ Economic impacts of program sub-activity expenditures 	<ul style="list-style-type: none"> ▪ Statistics Canada data ▪ Statistics Canada input-output model
	<ul style="list-style-type: none"> ▪ Prior exporting activity ▪ Target market ▪ Meetings attended/arranged by whom ▪ Impact of trade mission on exports to date, as well as projected ▪ Development of alliances with partners, distributors and agents ▪ Recommendations for improvement ▪ Rating of matchmaker 	<ul style="list-style-type: none"> ▪ TCA monitoring surveys
7. How successful have the activities supported under the Investment sub-activity been in achieving expected results?	<ul style="list-style-type: none"> ▪ Promotional strategy and tools developed and used to target FDI community ▪ Activity indicators (e.g. number of ads placed, Internet/direct mail, number of presentations at investment conferences and missions, and number of inquiries/website hits) 	<ul style="list-style-type: none"> ▪ QAccess ▪ Strategies and tools ▪ Media plans ▪ Case studies
	<ul style="list-style-type: none"> ▪ Number and type of investment contacts/prospects identified for follow-up ▪ Number/type of qualified suspects, leads and 	<ul style="list-style-type: none"> ▪ ACOA Leads Tracking System (LTS)

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	prospects	
	<ul style="list-style-type: none"> ▪ Collaborative, investment-related activities initiated by the PAICC ▪ Improved profile of the Atlantic region as a site for inward investment vis-à-vis the IPC, the DFAIT and FDI communities in the U.S. and the E.U. 	<ul style="list-style-type: none"> ▪ PAICC committee (minutes and interviews)
	<ul style="list-style-type: none"> ▪ Activities participated in/resources utilized (e.g. research, investment promotional events and activities, trade show and conference participation, partnering, training, familiarization tours and investment missions, lead identification and development, FDI research, and serving as a business ambassador) ▪ Satisfaction with the activities/resources utilized ▪ Direct funding received for projects ▪ Objectives of the funding/objective achievement ▪ Organization/comments on impacts ▪ Subsequent actions taken (e.g. follow-up on leads) ▪ Characteristics of the business (e.g. age, sector, rural/urban, region, ownership, revenues and employment) 	<ul style="list-style-type: none"> ▪ Survey of business clients

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	<ul style="list-style-type: none"> ▪ Familiarity with the investment activities supported by ACOA ▪ Types of projects delivered (e.g. research, investment promotional events and activities, trade show and conference participation, partnering, training, familiarization tours and investment missions, lead identification and development, FDI research, and serving as a business ambassador) ▪ Outputs generated ▪ Objectives of the project/objective achievement ▪ Target groups and beneficiaries ▪ Number and description of participants ▪ Rated impact on target organizations, comments on impacts, examples, and quantification where available ▪ Impacts in terms of the development of new projects/follow-on investments ▪ Characteristics of the client organization 	<ul style="list-style-type: none"> ▪ Survey of non-profit clients
	<ul style="list-style-type: none"> ▪ Familiarity with the activities supported by ACOA ▪ Activities personally participated in as well as resources and outputs utilized (e.g. research, investment promotional events and activities, trade show and conference participation, partnering, investment training sessions, familiarization tours and investment missions, lead identification and development, FDI research, and serving as a business ambassador) ▪ Usefulness/satisfaction with participation/outputs ▪ Rated impact of ACOA investment activities on target organizations, comments on impacts, and examples 	<ul style="list-style-type: none"> ▪ Key informants (ACOA management and staff, experts, OGD staff, and other stakeholders)

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Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	<ul style="list-style-type: none"> ▪ Development of the project ▪ Likelihood of proceeding without ACOA support ▪ Description of activities undertaken (e.g. research, investment promotional events and activities, trade show and conference participation, partnering, training, familiarization tours and investment missions, lead identification and development, FDI research, and business ambassador program) ▪ Satisfaction with the activities ▪ Objectives for the project/objective achievement ▪ Target groups and beneficiaries ▪ Number and description of participants ▪ Rated impact of project on respondent or target organizations, comments on impacts, and quantified impacts ▪ Impacts in terms of the development of new projects/follow-on investments ▪ Lessons learned/identification of best practices 	<ul style="list-style-type: none"> ▪ Case studies (e.g. file review and follow-up interviews with project proponents, participants and project representatives)
	<ul style="list-style-type: none"> ▪ Data on FDI ▪ Number of jobs created through FDI ▪ Economic impacts of program sub-activity expenditures 	<ul style="list-style-type: none"> ▪ Statistics Canada ▪ Conference Board of Canada's Atlantic Canada FDI Report Card ▪ Statistics Canada input-output model

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
8. To what extent are the results achieved through TI program sub-activities contributing to the achievement of ACOA's Strategic outcome of "A Competitive Atlantic Canada Economy"?	<ul style="list-style-type: none"> ▪ Strategic outcome of ACOA ▪ Comparison of the reported results of the program sub-activities to the strategic outcome 	<ul style="list-style-type: none"> ▪ Documentation on ACOA's strategic outcome ▪ Review of the reported results
9. What factors have facilitated and/or impeded on the success of TI activities? How have these factors impacted the evolution of ACOA's involvement in TI activities over time?	<ul style="list-style-type: none"> ▪ Perceptions of key informants regarding factors facilitating or impeding the success of TI (e.g. program clearly defined in terms of its objectives, target groups, activities, responsibilities, and accountabilities; flexibility/ability to tailor program to meet the needs of the regions; access to useful tools and information that support and improve program delivery; availability of staff and resources at the regional and provincial levels; access to adequate funding; access to programs; level of planning) ▪ Perceptions of clients regarding factors facilitating or impeding the success of particular projects, as well as the level of client satisfaction ▪ Assessment of more successful and less successful projects (i.e. documented evidence of the characteristics of and the activities/processes employed by successful projects and obstacles experienced by less successful projects) 	<ul style="list-style-type: none"> ▪ Interviews with ACOA management and staff, experts, OGD staff, and other stakeholders ▪ Client interviews ▪ Project database analysis ▪ Project file review ▪ Case studies ▪ Key informant focus groups
Demonstration of Efficiency and Economy		
10. What mechanisms are in place to promote communication, share information, and coordinate TI activities and resources within ACOA? How effective are these mechanisms in coordinating activities and limiting overlap	<ul style="list-style-type: none"> ▪ Description of the governance mechanisms in place (e.g. objectives, structure, and implementation) ▪ Perception of participants and other key informants regarding the effectiveness of the governance 	<ul style="list-style-type: none"> ▪ Review of program documentation ▪ Review of minutes and other outputs ▪ Interviews with ACOA management and staff and other stakeholders or committee members involved in

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
and duplication?	<p>mechanisms as well as the factors contributing to or constraining their effectiveness</p> <ul style="list-style-type: none"> ▪ Recommendations for improvement ▪ Assessment of success of the governance mechanisms in achieving their objectives ▪ Review of governance mechanisms identified with respect to similar programs in the Atlantic Canada region and in other jurisdictions ▪ Processes in place to allocate and coordinate resources across the regions ▪ Description of projects and activities focused on a Pan-Atlantic level or involving multiple regions ▪ Level of communication and information sharing between regions ▪ Level of coordination among regions/mechanisms in place to facilitate information sharing and coordination ▪ Factors contributing to and constraining information sharing, coordination and communication across regions ▪ Perceived success of the ACOA Head Office and regions in coordinating TI activities and resources on a Pan-Atlantic level ▪ Definition of mandate, objectives, activities, intended outcomes, program criteria and target client groups of the program sub-activities ▪ Degree of partnering, including funding, evident between the TI program sub-activities and with other federal and provincial programs and initiatives ▪ Levels and types of program activity for the TI program sub-activities and other similar federal and 	<p>governance</p> <ul style="list-style-type: none"> ▪ Key informant focus groups ▪ Interviews with OGD staff ▪ Project database analysis/project file review ▪ Case studies of multi-region projects ▪ Document review ▪ Client survey

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	provincial economic development programs and initiatives in Atlantic Canada <ul style="list-style-type: none"> ▪ Perception of key informants regarding the extent to which the TI program sub-activities overlap or duplicate each other 	
11. What mechanisms are in place to promote communication, share information, and coordinate TI activities and resources between ACOA and other federal and provincial organizations and programs? How effective are these mechanisms in coordinating activities and limiting overlap and duplication?	<ul style="list-style-type: none"> ▪ Description of the governance mechanisms in place (e.g. objectives, structure, and implementation) and comparison to similar jurisdictions ▪ Perception of participants and other key informants regarding the effectiveness of the governance mechanisms as well as the factors contributing to or constraining effectiveness ▪ Recommendations for improvement ▪ Assessment of success of the governance mechanisms in achieving their objectives ▪ Mechanisms in place to facilitate information sharing and coordination ▪ Definition of mandate, objectives, activities, intended outcomes, program criteria and target client groups of other federal and provincial economic development programs in Atlantic Canada with similar outcomes ▪ Degree of partnering, including funding, evident between the TI program sub-activities and with other federal and provincial programs and initiatives ▪ Levels and types of program activity for the TI program sub-activities and other similar federal and provincial economic development programs and initiatives in Atlantic Canada ▪ Perceptions of key informants regarding the extent to which the TI program sub-activities overlap/duplicate 	<ul style="list-style-type: none"> ▪ Review of program documentation ▪ Review of minutes and other outputs ▪ Interviews with ACOA management and staff and other stakeholders or committee members involved in governance ▪ Key informant focus groups ▪ Interviews with OGD staff ▪ Project database analysis/project file review ▪ Document review ▪ Literature review on other programs ▪ Interviews with representatives of other programs

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	other programs <ul style="list-style-type: none"> ▪ Evidence regarding areas and extent of overlap/duplication with other programs and initiatives ▪ Evidence regarding areas and extent of complementarity with other programs and initiatives 	
12. What are the lessons learned/best practices related to TI that could be considered as a means of improving program delivery?	<ul style="list-style-type: none"> ▪ Analysis of the implications for program delivery of the factors identified as facilitating or impeding the success of the TI activities at the sub-activity and individual project level ▪ Review of lessons learned and best practices identified with respect to similar programs in the Atlantic region and in other jurisdictions ▪ Review of the changes made in response to past evaluations 	<ul style="list-style-type: none"> ▪ Analysis by the evaluator ▪ Literature/documentation on other similar programs ▪ Interviews with representatives of other programs ▪ Case study following up on past evaluations
13. To what extent are the resources allocated to TI program sub-activities efficiently utilized? What improvements (e.g. alternative design/delivery options) can be made to increase efficiency?	<ul style="list-style-type: none"> ▪ Ratio of funding allocated to projects and used for administration of the TI program sub-activities ▪ Extent to which project funding is leveraged with funding from other sources during and subsequent to the projects ▪ Perception of key informants regarding the efficiency of the TI program sub-activities as well as of factors contributing to or constraining effectiveness ▪ Evidence regarding efficiency of the TI program sub-activities relative to other similar programs ▪ Views of key informants on ways to enhance efficiency 	<ul style="list-style-type: none"> ▪ Cost data for the program sub-activities ▪ Program database/client interviews ▪ Interviews with ACOA management and staff ▪ Focus groups ▪ Interviews with representatives of other programs
14. To what extent is performance measurement being undertaken and used to link outputs, expected results and outcomes for TI activities?	<ul style="list-style-type: none"> ▪ Description of the performance measurement strategies in terms of key indicators and data sources ▪ Description of processes in place to track outcomes ▪ Assessment of available database and file information 	<ul style="list-style-type: none"> ▪ Review of performance measurement strategies and processes ▪ Project database analysis

Appendix A: Evaluation Question Framework

Evaluation Issues and Questions	Indicators	Methodologies/Data Sources
	<p>data describing outputs, expected results and outcomes</p> <ul style="list-style-type: none"> ▪ Degree to which the TI program sub-activities and funding programs report on outputs, expected results and outcomes ▪ Comparison of the results reported in the case studies to the data reported through the PMS 	<ul style="list-style-type: none"> ▪ Project file review ▪ Interviews with ACOA management and staff ▪ Case studies
<p>15. Should the program structure be consolidated? What are the advantages and disadvantages of merging Trade and Investment into one single program sub-activity? Are two separate programs (i.e. the IBDP and the BDP) required to achieve the outcomes related to TI?</p>	<ul style="list-style-type: none"> ▪ Level of coordination and duplication between the program sub-activities and funding programs/presence of related projects ▪ Implications of the program and administrative structure on the effectiveness and efficiency of the program ▪ Perception of ACOA representatives and other key informants regarding advantages and disadvantages of the existing structure ▪ Recommendations for improvements ▪ Objectives of the funding programs ▪ Comparison of the objectives to the expected results of the TI program sub-activities ▪ Evidence of areas of overlap and difference ▪ Perception of the extent to which the objectives of the funding programs are aligned with the expected results of the TI program sub-activities 	<ul style="list-style-type: none"> ▪ Program database/client interviews ▪ Interviews with ACOA management and staff ▪ Key informant focus groups ▪ Document review (i.e. objectives and criteria of the funding programs, expected results of the TI activities)

Appendix B: Evaluation Methodology and Data Limitations

The evaluation of ACOA's Trade and Investment program sub-activities involved the collection and analysis of data from a variety of primary and secondary sources. The evaluation made use of multiple lines of evidence and qualitative and quantitative research methods.

Primary Data Sources

Primary data was data collected through interviews, focus groups and case studies. More specifically, primary data sources for this evaluation include interviews with key informants, clients, TCA mission participants, EITG program hosts and interns as well as focus groups in each Atlantic province and 39 case studies. The methodology used for each line of evidence is outlined below.

- Interviews
 - Interviews with 32 ACOA management and program staff were conducted in person or by telephone. The representatives were drawn from the regional offices across Atlantic Canada, with the majority from Head Office.

	Head Office	Newfoundland and Labrador	New Brunswick	Prince Edward Island	Nova Scotia	Cape Breton
Number of Representatives	11	6	6	3	4	2

- ACOA management and program staff have various roles with respect to the Trade and Investment program sub-activities. The majority (73%) of ACOA staff indicated having dedicated over 40% of their time to activities related to the TI program sub-activities. Most commonly, their involvement included:
 - Managing/supervising various Program activities (e.g., day-to-day operations, accounts, policy, budgets, organization of missions, reviewing project applications) (identified by 17 representatives);
 - Developing (planning, coordinating and executing) plans for key sectors (e.g., education, life sciences, aerospace, defence, renewable energy) (10 representatives);
- Interviews with 11 representatives from other government departments (OGDs). The OGD representatives were mainly drawn from regions across Atlantic Canada. The representatives interviewed held various positions within a range of organizations and included:
 - one executive director from Industry Canada;

- three trade/senior trade commissioners from the Department of Foreign Affairs and International Trade Canada;
 - one director from the Newfoundland Department of Tourism, Culture and Recreation;
 - two representatives from the Nova Scotia Department of Energy;
 - one senior policy advisor from Business New Brunswick;
 - one consul and senior trade commissioner from the Consulate General of Canada; and
 - two assistant deputy ministers (Trade and Export Development/Innovation) from the Government of Newfoundland.
- Interviews with 26 “other stakeholders and regional experts.” Almost four fifths (79%) of the stakeholders and regional experts interviewed indicated having participated in trade-related awareness sessions, missions, and outreach activities as well as project(s) funded by ACOA. Three quarters (75%) of the stakeholders and regional experts reported having co-funded one or more projects.

The stakeholders and regional experts reported having direct involvement in the activities or projects supported under ACOA by participating in ACOA-funded projects and investment-attraction-related promotional events and activities, trade shows and conferences. Almost half (46%) of the stakeholders and regional experts interviewed indicated they participated in investment-related project(s) funded by ACOA. Forty-two percent of the stakeholders and regional experts reported they participated in investment-attraction-related promotional events and activities, trade shows and conferences.

- Surveys

- Surveys with 146 commercial trade clients. One hundred and twenty-two commercial trade clients were interviewed by phone. The majority (89%) of their businesses were incorporated companies, with the rest being unincorporated proprietorships (3%), publicly traded companies (4%), partnerships (2%) or other types of business structures (2%). The largest proportion of clients (43%) identified their sector as manufacturing, followed by “other,” which included seafood processing; agriculture processing energy related; oil and gas; life sciences/biotechnology; software development; distributor (28%); and professional services (13%).
- Surveys with 54 non-commercial trade clients. These representatives were drawn from 31 industry associations; 18 non-profit organizations; 3 educational institutions; and 2 crown corporations. Representatives’ roles in the development, management and delivery of projects ranged from project management to proposal writing to financial management and administration.
- Surveys with 21 commercial and non-commercial investment clients. Seven commercial investment clients and 14 non-commercial investment clients were either interviewed by phone or they completed an online survey. Non-commercial and commercial investment clients received funding from ACOA for a range of investment-related projects.

Table 21 provides a breakdown of the funding recipients surveyed, by program sub-activity, client type, funding program, region, sector, and project objectives.

- Surveys with 25 interns in the Export Internship for Trade Graduates (EITG) program. Twenty-five EITG interns (former and current) were surveyed by telephone. Most interns interviewed (18) were between the ages of 25 and 34. Among those interviewed, most had business degrees, either a Bachelor of Commerce, Bachelor of Business Administration or an MBA.
- Most interns did not have any work experience in trade or exporting prior to the EITG program.

Table 21: Breakdown of Funding Recipients

Characteristics*		Trade		Investment	
		Commercial	Non-commercial	Commercial	Non-commercial
Funding Program	BDP	63	25	3	7
	IBDP	47	11	-	-
	ATIP	33	32	-	10
Region	N.S.	51	19	3	3
	N.B.	45	16	-	6
	N.L.	32	13	2	4
	P.E.I.	5	5	1	-
	H.O.	5	-	-	-
	C.B.	2			-
	Que.	-	1	-	-
Sector	Manufacturing	61	-	2	1
	Professional services	18	-	1	-
	Primary production	11	-	-	-
	Wholesale	7	-	-	-
	Retail	1	-	-	-
	Construction	1	-	-	-
	Community economic development organization/ Municipality	-	-	-	6
	Non-profit	-	15	-	3
	Education	-	3	-	1
	Industry association	-	20	-	2
	Other	40	16	-	-
Project Objectives	Marketing activities	60	16	2	7
	Research/study	40	3	1	1
	Improve production capabilities/facilities	23	-	3	1
	Acquire expertise	12	-	1	-
	Training/skills development	-	27	-	-
	Networking	3	9	-	2

*For funding program, region and project objectives, the responses are mutually inclusive.

Evaluation of the Trade and Investment Program Sub-activities

- Surveys with 27 host organizations for the Export Internship for Trade Graduates (EITG) Program. The hosts interviewed were from a variety of sectors, including:
 - IT/software
 - Food manufacturing
 - Aviation/aerospace
 - Seafood processing equipment manufacturing
 - Seafood harvesting, processing, and sales
 - Engineering services
 - Secondary seafood production
 - Tourism
 - Transportation, manufacturing, aviation consulting.
 - Potato packer and distributor
 - Building products
 - R&D, technical services
 - Commercial diving
 - Flooring products
 - Management consulting – international development

- Focus Groups

Six focus groups, with approximately 50 participants, were conducted. The focus groups involved representatives of ACOA, funded organizations, other stakeholder organizations, and other government representatives. One focus group was conducted with the IBDA sub-committee and another with ACOA staff – both in Moncton, N.B. Of the remaining four groups, one was held in each Atlantic province (in Halifax, St. John's, Charlottetown and Fredericton). The primary focus of the sessions was a discussion regarding the structure of the sub-activities, lessons learned, the need for ACOA-type programming and opportunities for improvement.

- Case studies

Thirty-nine case studies were conducted to obtain an in-depth analysis of the projects funded, including program and service delivery trends at the project management level. The case studies were selected, based on suggestions from the regions and specific client interviews, to include a cross-section of projects by region and focus (e.g. impact on particular businesses, sectors and services). Most case studies involved specific activities funded under the BDP (14), the AIP (13) and the IBDP (9). Each case study involved a set of interviews and a review of documents such as reports and promotional materials. In total, 70 interviews were conducted as part of these case studies.

Secondary Data Sources

The secondary data sources include a document review, a literature review and a review of administrative and financial data. Descriptions of each secondary data source are provided below.

Evaluation of the Trade and Investment Program Sub-activities

- Document review. The goal of the document review was to extract information to address the issues outlined in the Evaluation Question Framework. This activity was completed in Phase I of the evaluation and included an examination of project outputs, project files and database analyses, official documents (e.g., reports on plans and priorities, briefing notes, annual reports), the BDP exporter surveys and the IBDA internal surveys, ACOA performance reports, cost data for the program sub-activities and Statistics Canada data obtained by ACOA on ACOA-assisted firms.
- Literature review. A literature review was completed to gain further insight into topics that surfaced in the field research and to obtain contextual data on the business environments in which the program sub-activities operate. The review also covered the results of other research regarding factors affecting export development and investment attraction and profiles of comparable programs operating in Atlantic Canada as well as in other jurisdictions. Information reviewed also included economic data, secondary reports and strategy documents relevant to regional and sectoral export development and investment attraction, and the Conference Board of Canada's *Atlantic Canada FDI Report Card*.

Appendix C: Trade and Investment Logic Model

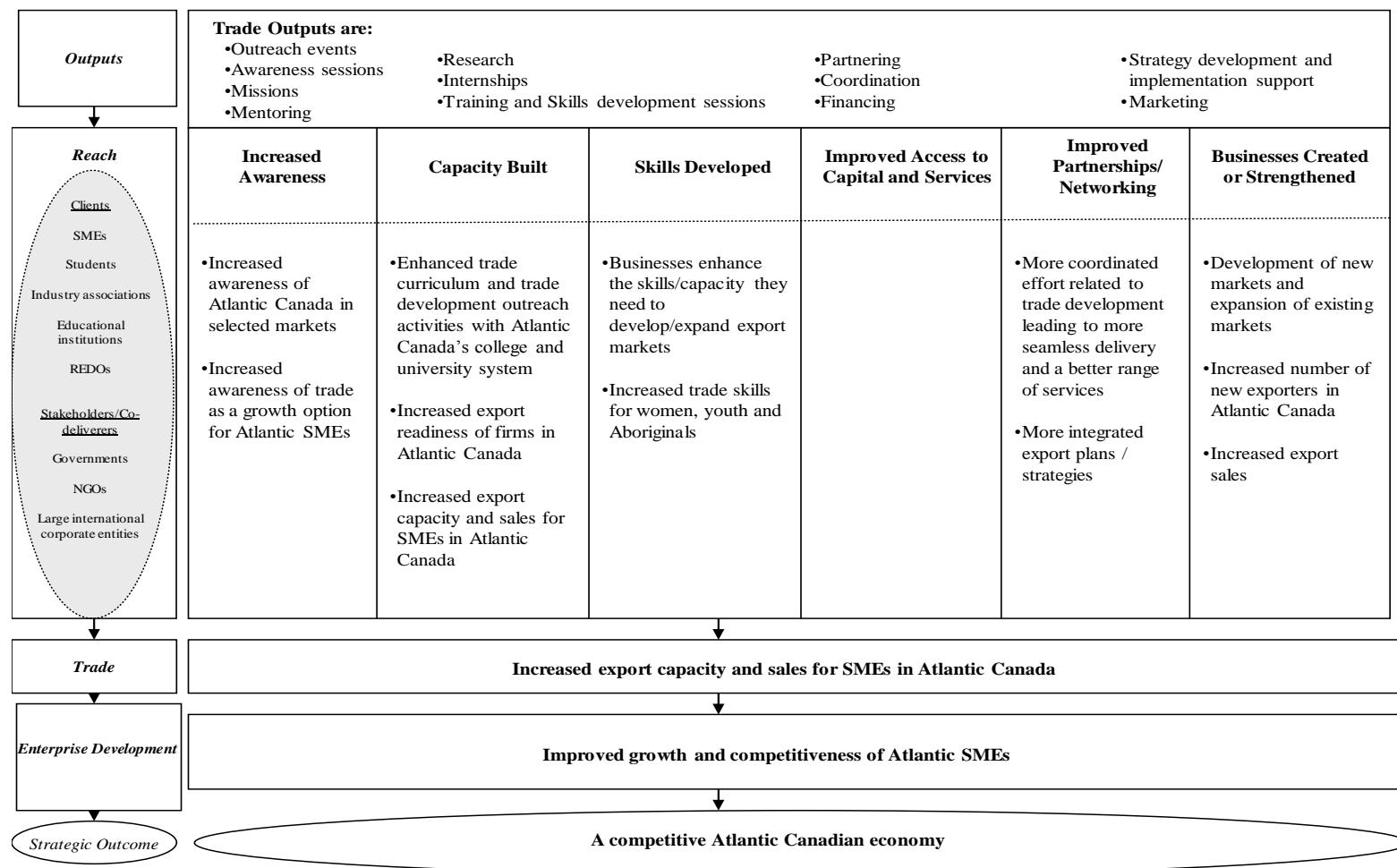
Logic Model

The logic model for the Trade sub-activity is defined in terms of outputs, reach (clients and stakeholders), objectives, strategic processes to achieve those objectives, and outcomes.

The Trade sub-activity outputs encompass outreach events, awareness sessions, missions, mentoring, research, internships, training and skills development sessions, partnering, coordination, financing, strategy development and implementation support, and marketing, as shown in the figure on the following page.

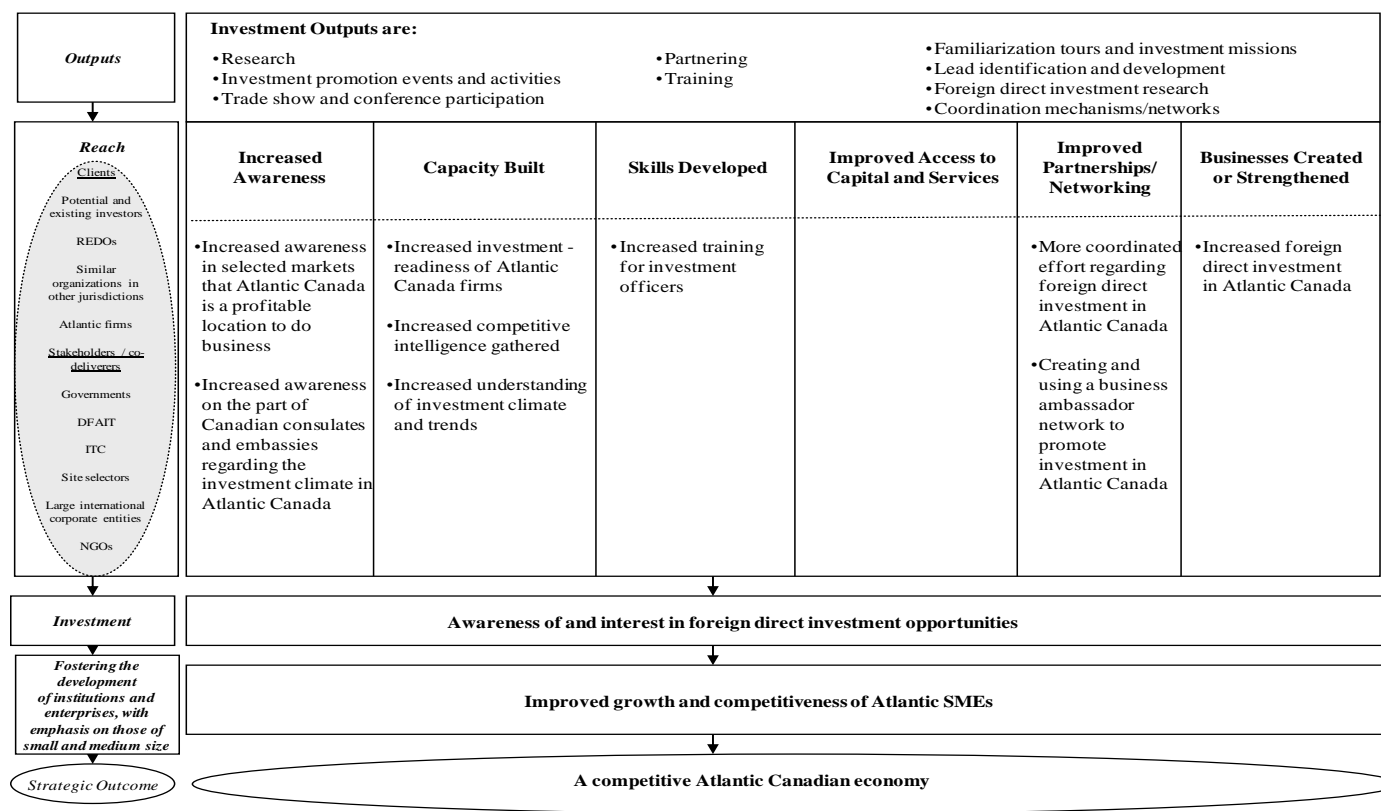
The logic model for the Investment sub-activity is defined in terms of outputs, reach (clients and stakeholders), objectives, strategic processes to achieve those objectives, and outcomes.

Logic Model for the Trade Program Sub-activity



Source: Trade and Investment Program Sub-activity Logic Models (April 1, 2009).

Logic Model for the Investment Program Sub-activity



Source: Trade and Investment Program Sub-activity Logic Models (April 1, 2009).

Appendix D: Funding Programs Supporting Trade and Investment

Funding for the Trade and Investment program Sub-activities is primarily provided through the following funding programs:

- the Business Development Program (BDP), which includes the Atlantic Trade and Investment Partnership (ATIP); and
- the International Business Development Program (IBDP).

These two funding programs are further described below.

The Business Development Program

Introduced in 1995, the BDP is one of ACOA's main funding programs for providing financial assistance to Atlantic Canada SMEs. The flexible nature of the BDP allows it to be a tool to fund activities that span many ACOA sub-activities or to fund initiatives that are targeted at specific program sub-activities.

The BDP is designed to encourage the growth, modernization and expansion of SMEs by offering them access to capital in the form of unsecured, interest-free, repayable contributions. In addition, funding is available for business studies, training, marketing and quality assurance to help in bidding for and acquiring public and private procurement contracts, or to develop an innovative product or service. Non-profit organizations providing support to the business community and not-for-profit activities that support economic development in the region are also eligible for funding under the BDP.

The BDP has four objectives aimed at supporting ACOA's mandate, which is to increase the number of jobs and the earned income of Atlantic Canadians:

- Increase the number of successful business startups
- Increase the successful expansion and modernization of SMEs
- Increase the number of jobs (new and maintained)
- Enhance the business environment in Atlantic Canada

The BDP is delivered using a decentralized process through ACOA's regional offices and Enterprise Cape Breton Corporation (ECBC). The role of ACOA's Head Office lies in the areas of policy development, program delivery for pan-Atlantic projects, and overall risk management. Since the delivery of the BDP is decentralized at the regional office level, accountability for the BDP lies with the regional vice-presidents and the chief executive officer of ECBC. Each vice-president and the chief executive officer are responsible for ensuring that BDP guidelines are followed for project approval, financial matters related to the project, and project monitoring and follow-up.

The BDP is application-driven, with an ACOA account manager being the primary point of client contact. Regional vice-presidents can approve financial assistance for commercial and non-commercial projects with a level of assistance up to \$500,000. The ACOA president may approve contributions from \$500,000 to \$1 million, and only the Minister may approve contributions in excess of \$1 million. The maximum level of assistance under the BDP is as follows.

Costs eligible for up to 50% of financing include:

- the construction or acquisition of a building;
- machinery and equipment needed for a project;
- working capital requirements related to an establishment or expansion project;
- site improvements, such as land paving and clearing, required for a project;
- leasehold improvements required for a project;
- infrastructure, such as sewer and water, needed for a project;
- self-built assets;
- intangible assets such as patents, licences or trademarks; and
- start-up costs such as interest and insurance capitalized during construction.

Costs eligible for up to 75% of financing include:

- Marketing - includes the development of a marketing plan, the hiring of marketing expertise to implement the plan, and related marketing activities such as labelling, packaging, promotional materials, advertising, product demonstrations and participation in trade shows.
- Training- includes the development of a training plan, the hiring of expertise to implement the plan and related activities such as training materials, seminar fees and wages during the time that employees receive off-the-job training.
- Productivity/quality improvement- includes the development of a productivity or quality improvement plan, the hiring of expertise to implement the plan, and related activities such as obtaining a recognized quality certification, such as International Organization for Standardization (ISO) standards, and the cost of needed technical equipment.
- Innovation- includes costs related to researching or developing new or improved products, services and processes, such as the labour costs of expertise, materials, special equipment testing and patents.
- Consultant advice- includes the cost of hiring a qualified consultant to prepare a business plan or feasibility study, investigate licensing opportunities, to conduct a venture-capital search or a technology transfer search, or to provide advice to improve business skills.

- Contract bidding- includes the cost of improving the competitive ability to bid on and acquire public-sector and private-sector contracts.
- Business proposal development- includes the cost of turning ideas into viable business proposals (e.g. the completion of a feasibility study, prototype development, or gathering information) on markets and raw material suppliers. Maximum contribution is \$10,000 for this activity.
- Business support- non-profit organizations may qualify for assistance toward activities that support the business community, entrepreneurship or economic development.

The Atlantic Trade and Investment Partnership

The BDP is also used as a funding program to support five key trade and investment initiatives, which are collectively known as the ATIP. Through the ATIP, ACOA works in partnership with the private sector, academia, provincial governments and other federal government departments to develop initiatives aimed at building an export economy in Atlantic Canada and attracting foreign direct investment (FDI) to the region. The ATIP provides a framework to respond to the needs and opportunities that have been highlighted as crucial to encouraging more SMEs to become engaged in exporting, to helping improve the performance of existing exporters, and to promoting more inward FDI on a pan-Atlantic and region-specific basis.

The ATIP was first announced in 2000 under the umbrella of the Atlantic Investment Partnership. Initially a \$54 million, five-year initiative, ATIP was renewed in 2005 for an additional five years with funding of \$65 million. ATIP-funded initiatives are subject to the terms and conditions of the BDP as well as some additional eligibility criteria. All projects funded through the ATIP are non-commercial (i.e. non-repayable).

The key objectives of the ATIP are to:

- promote increased trade and FDI through targeted Team Canada Atlantic trade and investment missions;
- support the development and implementation of sector-specific export market strategies;
- provide skills development and trade training activities to improve SMEs' potential for success in entering and expanding export activity;
- support trade internship by placing university and college graduates with new and existing export firms; and
- promote increased FDI activity through investment research, promotional activities and investment development partnerships.

The corresponding ATIP activities are described below.

Team Canada Atlantic Missions

Atlantic Canadian companies that are export ready and interested in tapping into an international market can apply to participate in Team Canada Atlantic missions as a business or associate delegate. Team Canada Atlantic missions offer export-ready businesses in Atlantic Canada the training, partnerships and connections they need to successfully enter international markets, particularly those in the U.S. and other strategically selected international markets. These missions also provide the opportunity to promote the region among key decision-makers as a profitable place to do business.

Atlantic Canadian trade specialists identify a target market in the U.S. or another strategically selected international market. ACOA and its partners recruit export-ready companies in two categories: businesses (10 from each Atlantic province) and associate delegates. Team Canada Atlantic missions travel to a selected target market up to three times within a 24-month period. Typically, the first mission involves pre-arranged meetings with potential customers, networking events and a Taste of Atlantic Canada reception. A second mission offers participants a minimum of six prearranged meetings with potential customers and partners from the area and a Taste of Atlantic Canada reception. The third mission is usually sector specific and geared to further explore the target market.

ACOA provides financial assistance for up to 75% of eligible costs for the mission, including logistics, matchmaking services, meeting rooms, networking events, promotional activities, pre-mission training and support, and post-mission follow-up consultation service. Participating companies pay a registration fee that covers the cost of air and ground transportation. Companies are responsible for all costs related to their own accommodation and meals during the mission.

Sector Export Strategies

The Sector Export Strategies initiative is open to industry associations, trade organizations and other non-profit groups with an export mandate. Under the initiative, ACOA works with industry associations and other stakeholders to develop and implement sector-specific export strategies. While the initiative is primarily targeted at the knowledge-based and value-added resource sectors, other high-growth industry sectors may also qualify. ACOA encourages proposals that have a pan-Atlantic focus. Strategies identifying specific provincial priorities may also be considered. The initiative provides support through two key options:

- Sector export strategy development and review involves the identification and assessment of export opportunities and the development of export-development strategies based on proposals from industry associations and other organizations.
- Strategy implementation involves the implementation of trade development and promotion activities identified in the export strategies.

ACOA normally contributes up to 100% toward eligible costs for industry consultation, market

research and export-strategy development. Eligible costs include consultant expenses, company surveys, market research, and communications activities. ACOA normally contributes up to 75% of eligible costs associated with the implementation of the export strategies. Eligible costs include promotional materials, market studies, trade missions and training activities.

Trade Education and Skills Development (TESD)

Industry associations, post-secondary educational institutions, community business development organizations, and other non-profit organizations with a mandate to assist SMEs expand their export activity are eligible to apply for funding under this initiative. SMEs interested in exporting are encouraged to contact their industry associations, post-secondary educational institutions or their nearest ACOA office to access these training opportunities.

The objective of the TESS initiative is to increase the number of SMEs in Atlantic Canada capable of successfully exporting to international markets. To do this, the initiative offers a variety of training and skill-related activities across the region. These activities may include:

- Trade awareness and skills development training - ACOA partners with regional trade and industry associations, educational institutions, community business development groups and others to deliver trade-awareness and skills-development training to current and potential exporters.
- Enhanced curriculum and outreach programs at universities and colleges - ACOA helps post-secondary educational institutions in Atlantic Canada enhance their international trade and investment curriculum. Funding is also available to the institutions to develop business outreach programs, which include trade training, counselling and mentoring services to rural and small-town business communities.
- Trade training for small-business counselors - In partnership with the Acadia Centre for Social and Business Entrepreneurship, ACOA offers advanced trade and investment training to the region's small-business counsellors to improve their export advisory skills.
- Trade missions - Some regions fund trade missions through the TESS element of the ATIP.

Although ACOA can fund up to 100% of eligible costs, applicants are encouraged to fund at least 25% of project costs from other sources. Assistance may be provided for projects such as trade awareness and training seminars, workshops, conferences, sector-based trade missions and trade mentoring.

Export Internship for Trade Graduates Initiative

This initiative is designed to provide training and employment opportunities to international trade specialists graduating from Atlantic Canadian universities and colleges. In addition, it helps SMEs to acquire the in-house expertise they need to successfully develop and implement an international marketing plan.

Eligible companies work with ACOA and the relevant post-secondary institution to select a qualified graduate with training in international business. Working together, the employer and the intern develop and implement a strategic exporting plan for the company. Those eligible to participate in the initiative include:

- students in their final years of formal training related to international trade;
- companies that demonstrate the commitment and means to create and implement a successful international export strategy; and
- Atlantic Canadian universities and colleges that offer a degree or a diploma or specialized courses in international business.

ACOA provides 75% of salary and benefit costs (to a maximum of \$25,000) for each trade graduate during his or her internship. At the conclusion of the internship, the employer may apply under the BDP for assistance to retain the graduate's services as a marketing manager for up to three additional years.

Atlantic Investment Strategy

Any non-profit economic development or business organization in Atlantic Canada can participate in this initiative. Applicants must have an investment plan in place and demonstrate the ability to complement existing federal and provincial investment activities. The Atlantic Investment Strategy aims to enhance the benefits of FDI by attracting new foreign direct investment to Atlantic Canada through five key activities:

- Awareness and promotion - Whether it's through targeted advertising, attendance at investment conferences or presentations to potential investors, ACOA works to raise Atlantic Canada's profile as a profitable place to invest.
- Intelligence dissemination - Acting as an investment intelligence information clearing house, ACOA and its partners share valuable information on trends, activities and investment opportunities.
- Investment research - Working together with its partners, ACOA researches international investment trends and the key factors influencing investment location decisions made by foreign corporations.

- Investment partnerships - ACOA works to build closer relationships between federal and provincial partners to strengthen coordination and increase the impact of investment development activities.
- Lead identification and development - ACOA is putting systems in place to identify and pursue potential foreign direct investors.

ACOA normally contributes up to 70% of eligible costs, which include training, website development, promotional campaigns, video and CD production, and investment conferences.

The International Business Development Program

The IBDP is a pan-Atlantic initiative, which involves four provincial governments (New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island) and other federal government partners (DFAIT, Industry Canada and ITC) in addition to ACOA. The primary objectives of the IBDP are to prepare companies to enter the export market, assist established exporters enter new markets, help established exporters increase sales in existing markets, and promote a stronger culture of exporting in Atlantic Canada. The IBDP only funds trade projects and initiatives.

The IBDP was established for the sole purpose of supporting the ACOA-led horizontal initiative known as the Canada/Atlantic Provinces Agreement on International Business Development (IBDA). The IBDA was first signed in May 1994 for three years with \$3 million in funding and extended in March 1997 for a further three years with \$2 million in funding. A second, \$8 million extension supported international business development activities for a further four years, from 2000 to 2004. A \$10 million agreement is currently in place and will continue to support the work of the funding partners through 2010. Funding for the IBDA is shared between the federal and provincial governments on a 70/30 ratio as indicated below:

- Federal Government:
 - ACOA (lead department 70%);
 - DFAIT (non-funding partner); and
 - Industry Canada (non-funding partner).
- Provincial Government:
 - Business New Brunswick (11%);
 - Newfoundland and Labrador Department of Innovation, Trade and Rural Development (5%);
 - Nova Scotia Business Inc. (11%); and
 - Prince Edward Island Business Development (3%).

The IBDP focuses on the following four areas of programming to meet its mandate:

- International business development activities - to undertake business activities that support export development strategies and contribute to contacts, alliances and ultimately sales for both existing and new exporters.
- Planning and research - to develop longer-term strategies and implementation plans for international business development and undertake supporting research on companies' needs and best practices.
- Training and awareness - to expose companies and sector stakeholders to export market opportunities and ensure that they are well-prepared, with the capability, knowledge and information required to develop international business.
- Market information and intelligence - to assist sectors and companies by obtaining market intelligence and contacts, identifying international market opportunities, and applying this knowledge to trade development activities.

The IBDP prioritizes projects that target the sectors and markets listed below. Projects that do not target these sectors and markets but otherwise have the potential to contribute to the objectives underlying the IBDP (e.g. prepare companies to enter the export market, assist established exporters enter new markets, help established exporters increase sales in existing markets, and promote a stronger culture of exporting in Atlantic Canada) may also be considered.

Targeted Sectors

- Aerospace and Defence
- Building Products and Construction
- Business/Professional and Educational Services
- Energy
- Consumer Products – Wholesale
- Cultural Industries
- Environmental Industries;
- Food (agri-food and seafood)
- Fish and Aquaculture Technology
- Information Communications Technology (ICT)
- Life Sciences
- Ocean Industries
- Plastics and Metals

Targeted Markets

- Active market focus: U.S. Eastern Seaboard, Western Europe and the Caribbean
- Some Development Focus: U.S. Midwest, Nordic Countries and Japan

- Emerging Markets of Interest: China, Mexico, Chile and India

The IBDP does not provide funding directly to individual companies or other commercial entities such as Crown corporations. Instead, the IBDP provides financial assistance to non-profit and non-commercial organizations to deliver support services and resources to Atlantic Canadian exporters. Eligible applicants for IBDP funding include:

- non-profit corporations;
- business associations;
- post-secondary educational institutions; and
- municipal and provincial governments.

A management committee comprised of ACOA, DFAIT, Industry Canada and the four Atlantic provincial governments are responsible for the overall management of the IBDP, which includes establishing procedures, approving all projects (by consensus), appointing sub-committees, evaluating the program or project, and reporting results. The committee is supported by a secretariat housed at ACOA Head Office in Moncton, which looks at the day-to-day operations and administration of the IBDP (including issuance of contracts, payments, reporting and surveys). The provincial partners transfer their contributions (30% of the total budget) to ACOA on an annual basis for appropriate disbursement to IBDP-approved projects.

Because of the nature of the IBDP, with its multiple partners, extensive stakeholder involvement and variety of projects, there is considerable emphasis placed on reporting. The IBDA Secretariat, which plays a key role in ensuring quality and timely reporting, uses the following programs for performance reporting and dissemination:

- end-of-project reports and follow-up project results reports by project leads (including trade/sector officers and industry associations) on results against previously agreed project performance measures;
- quarterly project status and budget updates to the management committee;
- annual survey of IBDP projects and participating clients;
- an annual performance report;
- monthly reports by ACOA to its executive committee and to its minister;
- a bi-monthly electronic newsletter by the IBDA Secretariat;
- an annual report by the IBDA Secretariat on ACOA's Report on Plans and Priorities;
- quarterly updates by the provincial partners, Industry Canada and ITC to their senior management; and
- a mid-term external evaluation and a final summative external evaluation.

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