

# MANAGEMENT RESPONSE AND ACTION PLAN—FINAL EVALUATION OF THE SOUTHERN ONTARIO DEVELOPMENT PROGRAM

## 25 November 2015

RECOMMENDATION		MANAGEMENT RESPONSE AND ACTION PLAN <i>State “Agreed”/ “Disagreed” and describe course of action</i>	MANAGEMENT ACCOUNTABILITY <i>Identify responsible Office/Executive</i>	ACTION COMPLETION DATE
#1	<b>Administrative Processes</b> a) Recipient concerns about the administrative processes, including simplifying and speeding up the application, assessment and approval processes and streamlining the reporting process, should be addressed to the extent possible, while meeting the minimum needs of program administration.	Agreed. In advance of the launch of its new suite of programming, FedDev Ontario examined its existing intake, assessment, decision and contracting phases to identify improvements and efficiencies. This resulted in simplified forms and expedited processes, which were received positively by applicants.	DG, Infrastructure & Business Development DG, Innovation & Community Development Director, Business Development Programs Director, Commercialization	Completed in November 2013
		The Business Innovation and Community Development (BICD) Branch established a Modernizing Our Business (MOB) Working Group, composed of a cross-section of Agency staff, to continuously review and improve administrative processes and practices.	Director, Business Development	Ongoing: MOB Working Group meets bi-weekly to seek ways to improve the efficiency of internal program-level processes
		BICD's Program Services is monitoring progress and identifying efficiencies for application assessment and approval timelines.	Vice President, BICD	BICD Placemat Review to be completed by March 2016
	b) Implementing initiative service standards and information and communications technology (ICT) solutions to improve performance should be considered.	The Agency is reviewing contribution agreement processes and templates and establishing engagement protocols with the Department of Justice, offering more streamlined services to clients.	Director, Commercialization	December 2015
		Agreed. Prior to the launch of the SOPs, FedDev Ontario established a Service Charter that was posted on the Agency's website.	Vice President, BICD	Completed November 2013

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	Service standards will assist program management in advising applicants of the time required for project approval.	The Agency is developing a revised Service Charter.	Vice President, BICD	31 March 2016
		FedDev Ontario is partnering with Treasury Board Secretariat and other federal partners to develop an Enterprise Grants and Contributions Solution that will support tracking of service standards.	Chief Financial Officer and Vice President, BICD	Underway. This is a complex project given the number of federal partners involved. A completion date for the system is currently planned for 31 March 2017.
#2	<b>Third-Party Delivery</b> a) Consideration should be given to increasing the 5 percent administration fee provided for third-party delivery, particularly if it results in better performance, such as improved reporting; greater promotion to ultimate recipients; increased outreach; and targeted outreach in geographic areas requiring additional effort. The specific percentage of increase should take into account the parameters of the initiative being delivered and the expectations related to delivery.	Agreed. In recognition of concerns raised by previous recipients, FedDev Ontario adjusted the guidelines for its new suite of programming, allowing for up to 10 percent of third-party delivery project costs to support outreach and project administration.	Vice President, BICD	Completed November 2014.
	b) FedDev Ontario should request that delivery partners increase the prominence of FedDev Ontario as the source of funding in their program communications with ultimate recipients.	Agreed. Communications Branch will continue to advise funding recipients, including third-party delivery partners, on federal visibility requirements. The Communications Branch is working with BICD to provide all third-party delivery partners with clearer direction to ensure FedDev Ontario receives adequate visibility for all investments and that third-party recipients comply with the Government of Canada Communication Policy.	Director General, Communications	March 2016
	c) FedDev Ontario should establish a database of third-party funding recipients	Agreed. The Agency has developed a database of direct and ultimate recipients of FedDev Ontario support through	Vice President, BICD	August 2014

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	to facilitate the management of the Agency's third-party delivery projects. The database would identify SMEs receiving contributions for multiple projects and provide contact information for research purposes.	<p>the Southern Ontario Prosperity Initiatives, Advanced Manufacturing Fund, and Eastern Ontario Development Program. The database indicates whether recipients have received support under multiple programs and whether any financial adjustments have been made. The Communications Branch is also developing success stories of selected program recipients to profile publicly.</p> <p>FedDev Ontario is partnering with Treasury Board Secretariat and other federal partners to develop an Enterprise Grants and Contributions Solution that will support a systematic approach for maintaining a database of clients and ultimate beneficiaries.</p>	Chief Financial Officer and Vice President, BICD	Underway. This is a complex project given the number of federal partners involved. A completion date for the system is currently planned for 31 March 2017.
#3	<b>Ongoing Support</b> a) FedDev Ontario management should undertake research and analysis into mechanisms that would provide longer term support to recipients. Mechanisms may be needed to assist clusters to realize their full potential and become self-sustaining beyond FedDev Ontario's current fixed five-year funding cycle.. Additional support could also be used to assist potential SME users wishing to use the facilities but lacking the financial resources to do so. Due to the timeframes involved, the five-year lifecycle of FedDev Ontario programs may be an impediment to implementing this recommendation.	<p>Agreed in principle. As part of renewal discussions, the Agency will undertake research and analysis considering the extent to which programming gaps exist and the feasibility of longer term support. Longer term funding will be at the discretion of the government.</p> <p>The Agency will continue to identify programming options that may be appropriate for the client's situation. For example, Canada Business Ontario (CBO) and FedDev Ontario program officers support businesses and not-for-profit organizations by identifying other government programming consistent with the Agency's role as a collaborator and convener.</p>	Vice President, PPPM (lead) and Vice President, BICD	Research and analysis will take place between 2015/16 and 2017/18.
	b) To aid in future cluster planning, a review	Agreed. A review of cluster projects will be included in the	Senior Manager, Evaluation	SOPI Interim Evaluation

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	of cluster projects should be undertaken after approximately three years of operation to assess their ongoing sustainability, evaluate their success, identify barriers to achieving anticipated results, and document lessons learned.	methodology for the SOPI interim evaluation. It will be considered a separate line of evidence. The Evaluation Directorate will consult with BICD to ensure that contact information and performance data are available.	(lead) Directorate & Director, Business Development Programs & Director of Commercialization	has been identified in the Evaluation Plan for 2015/16 to 2019/20.
	c) Consideration should be given to addressing barriers identified by SMEs in the survey that limit their ability to fully exploit their project achievements. This could involve additional assistance, financial or other, to help them address key barriers. If the barriers are known prior to the initial funding support, they should be identified as part of the funding application and taken into account in the funding approval decision.	<p>Agreed. In preparing FedDev Ontario's new suite of SOPIs, the Agency took into consideration issues identified by SMEs in the SODP evaluation survey. For example, the renewed Investing in Business Innovation initiative provides support to new entrepreneurs in the form of seed financing, as well as training in business and market development skills. The initiative supports early-stage enterprises with contributions toward business development, including building high-performance teams; adopting best management practices, processes and systems; and improving governance and investment readiness. It also supports late-stage product development geared toward market diversification and growth, customer and market development, and marketing and distribution strategies.</p> <p>FedDev Ontario continues to engage with SODP and SOPI clients to proactively identify barriers and offer assistance. Engagement activities include implementation of project monitoring plans, updating of project risk profiles, and identification of program pathways and approaches.</p> <p>Results from FedDev Ontario's current suite of programs will in turn be used to refine future programming.</p>	DG, Infrastructure & Business Development & DG, Innovation & Community Development & Director, Business Development Programs & Director of Commercialization	<p>Completed for current suite of initiatives in November 2013.</p> <p>Ongoing cycle of improvement required for new programs and initiatives.</p>
#4	Program Funding	Agreed. The Agency will continue the dialogue with the	Vice President, PPPM (lead)	2015/2016 to 2017/18

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	a) As part of third mandate renewal, FedDev Ontario management should ensure the five-year funding envelope aligns with project funding needs on an annual basis. This would address the difficulty of implementing projects that collectively have funding requirements matching the flat-lined five-year program funding, particularly in the first two years when projects are being assessed, approved and getting underway.	central agencies to profile program funding to match project funding needs. The program funding profile will also be examined during the discussions on Agency and program renewal.	Vice President, BICD Chief Financial Officer	In advance of Agency and program renewal, PPPM will proactively engage with stakeholders to ensure the development of an optimal program funding profile for the Agency's third mandate.  Initial engagement to begin in 2016.
	b) As part of third mandate renewal, FedDev Ontario management should consider requesting continuous program funding. Continuous funding would better meet stakeholder requirements, improve internal efficiency, and facilitate strategic investment planning.	Agreed. Continuous program funding will be considered an option during the discussions on Agency renewal.	Vice President, PPPM	2015/2016 to 2017/18 In advance of Agency and program renewal, PPPM will proactively engage with relevant federal departments and agencies to assist in developing a business case for continuous program funding.
#5	<b>Ultimate Outcomes</b> a) The Statistics Canada study <i>Business Performance Measurement of FedDev Ontario Program Beneficiaries</i> should be repeated in the future to assess how project outcomes will have contributed to the long-term performance of supported SMEs. The timing of the study would be based on at least three years' experience after project completion and the availability of data for the analysis in	Agreed. The Evaluation Directorate is working with the Strategic Policy Directorate on the Cross-Agency Demonstrating Impact project, looking at various methodologies to tell the impact story of FedDev Ontario. A follow-up to the Statistics Canada project is under consideration as part of the renewal story to be developed over the coming years.	Senior Manager, Evaluation Directorate	Strategic Policy is leading a working group to identify and implement strategies to strengthen the Agency's ability to demonstrate its impact on the southern Ontario economy. The working group includes members from BICD and the Evaluation Directorate.

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<p>Statistics Canada databases. To the extent possible, future research should look at each initiative separately or in a group of similar initiatives in comparing assisted and unassisted firms.</p>			<p>As part of the overall work plan, FedDev Ontario will work closely with Statistics Canada and target completed results of the matching analysis by early 2017.</p>
<p>b) In addition, other methods of assessing ultimate outcomes should be considered, to provide additional lines of evidence to complement the Statistics Canada modelling.</p>	<p>Agreed. Strategic Policy, jointly with other FedDev Ontario branches, will be exploring and identifying data requirements, methods and techniques, such as input–output analysis, that can be used to provide evidence for Agency impact in the southern Ontario economy across key metrics.</p>	<p>Director General, Strategic Policy and Evaluation</p>	<p>Strategic Policy is leading the Demonstrating Impact project that will consist of these stages:</p> <p>2015/16—initiate a review of data availability and additional coding opportunities and implement required processes and coding activities.</p> <p>2016/17—explore and undertake, if required, further follow-on surveys of recipients (particularly consortia-related projects) and the impact of investments for those regions and businesses.</p> <p>2016/17—contract Statistics Canada to</p>

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			<p>undertake matching analysis of FedDev Ontario recipients vs. non-recipients.</p> <p>2016/17—explore the potential for undertaking input–output and growth accounting modelling of FedDev Ontario investments.</p> <p>2016/17 and 2017/18—develop an integrated impact story.</p>