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INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM
PROGRAM EVALUATION FRAMEWORKS
EXECUTIVE SUMMARY

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INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM:

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OCTOBER, 1984

INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM:

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EXECUTIVE SUMMARY

1.0 INTRODUCTION

1.1 The Industrial and Regional Development Program

Many instruments are available to the Department of Regional and Industrial Expansion to promote economic development in all regions of Canada. The Industrial and Regional Development Program (IRDP) is the department's principal means to deliver direct federal assistance to industry, and constitutes DRIE's major funded support initiative. IRDP is also the primary programming tool to be used for assisting the development of the tourism industry in Canada. It consists of six program elements, each corresponding to a specific stage of the corporate development cycle:

- Industrial Development Climate,
- Innovation,
- Establishment
- Modernization and Expansion,
- Marketing, and
- Restructuring

The overall objective of the IRDP is to assist eligible businesses to increase competitiveness and sustain growth in order to contribute to economic prosperity in all regions and to reduce economic disparity across Canada. Sub-objectives of the program which constitute objectives for each of the elements are:

- a. To help create a climate conducive to economic and regional development and growth through the provision of infrastructure improvement and other services to the business community and

financial assistance to institutions, associations and other levels of government.

- b. To contribute to the achievement of a diversified and internationally competitive product mix in Canada by encouraging the development and maintenance of innovation capabilities in Canadian industry through the support of commercially viable product and process innovation.
- c. To promote the selected establishment of viable facilities in response to regional development opportunities and needs within the context of national priorities.
- d. To contribute to the achievement of international industrial competitiveness through productivity improvements.
- e. To facilitate the identification and exploitation of domestic and international market opportunities.
- f. To assist firms in coping with exceptional problems of adjustment in such a way as to reduce the negative social and economic impacts of adjustment.

Exhibit 1.1 presents the overall program objective along with objectives for each element, the activities supported for each and the anticipated impacts and effects.

The following table presents a break-down of the estimated resources devoted to the program and each of its elements.

EXHIBIT 1.1 THE INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM: OBJECTIVES, ACTIVITIES, IMPACTS AND EFFECTS

Overall Objective: To increase overall industrial, commercial and tourism activity in all parts of Canada, thereby increasing competitiveness, and sustaining growth and reducing disparity across Canada.

	<u>INDUSTRIAL DEVELOPMENT CLIMATE</u>	<u>INNOVATION</u>	<u>ESTABLISHMENT</u>	<u>MODERNIZATION & EXPANSION</u>	<u>MARKETING</u>	<u>RESTRUCTURING</u>
<u>Program Elements Objectives</u>	<ul style="list-style-type: none"> To create a climate for development and growth through infrastructure, services and financial assistance 	<ul style="list-style-type: none"> To encourage innovation capabilities in Canadian industry through support of product and process innovation 	<ul style="list-style-type: none"> To promote establishment of viable facilities in response to regional needs 	<ul style="list-style-type: none"> To enhance competitiveness through productivity improvements 	<ul style="list-style-type: none"> To facilitate identification and exploitation of market opportunities 	<ul style="list-style-type: none"> To assist firms in coping with problems of adjustments
<u>Supported Activities</u>	<ul style="list-style-type: none"> Studies, scholarships, course development Specialized services, information dissemination Non-profit centres Infrastructure development 	<ul style="list-style-type: none"> Studies Product/process development & projects Pollution reduction innovation projects 	<ul style="list-style-type: none"> Studies New facility establishment 	<ul style="list-style-type: none"> Studies Modernization & expansion projects Micro-electronic devices projects 	<ul style="list-style-type: none"> Studies Market research & analysis Information collection/dissemination Special events, conferences, tradeshows Promotion of Canadian standards Promotion/advertising 	<ul style="list-style-type: none"> Studies Transaction costs Investment in restructuring/rationalization
<u>Impact & Effects</u>	<ul style="list-style-type: none"> Improved managerial and technological skills Improved availability of information for business Access to common services and new technologies Better government planning & decision Improved business capability Increased competitiveness Private sector investment Increased economic activity (employment, sales production) 	<ul style="list-style-type: none"> Risk reduced Investment in innovation New products & processes Proprietary technology Technology transfer Pollution abatement Innovation capacity created Diversified, competitive product mix Increased employment, competitiveness, investment 	<ul style="list-style-type: none"> Enhanced knowledge of project feasibility & sources of capital Reduced risk Establishment in disparate regions Investment in tourism facilities & production capacity Economic base Increased employment Increased sales 	<ul style="list-style-type: none"> Risk reduced Increased project viability Investment More productive facilities Expanded production facilities Increased competitiveness, production, sales Job creation/maintenance 	<ul style="list-style-type: none"> Risk reduction Increased knowledge Improved planning Increased awareness of services/products Market access Increased demand Improved marketing capacity Job creation/maintenance Import replacement Increased tourists Increased sales Increased investment 	<ul style="list-style-type: none"> Improved financial position Improved product mix Improved production economics Profitability Competitiveness Sustained employment & sales Reduced negative impacts on community/region

IRDP RESOURCES

IRDP Element	1984/85 National Resources	
	P.Y.s	Total (\$000)
Development Climate	27	25,843
Innovation	67	64,608
Establishment	73	69,986
Modernization and Expansion	94	91,107
Marketing	7	6,461
Restructuring	67	65,034
TOTAL	335	323,039

Source: Operational Plans and Accountability Budgets, 1984-85.

1.2 Program Evaluation Frameworks

The departmental policy on program evaluation calls for the identification of future evaluation requirements in the design and implementation stages of new programs. In order to enable the department to adequately evaluate a new program at some time in the future, program evaluation frameworks are prepared, containing a descriptive profile of the program and an evaluation study design. This approach is intended to ensure that the purpose of the program is clear and that the quality of the future evaluation study

findings is improved through the on-going collection of relevant program data and information. The frameworks also provide the basis for program designers and managers to reexamine the structure and logic of the program, as well as to identify strengths and weakness in program delivery.

This document builds on the earlier evaluation frameworks to update them and reflect the changes made to the IRDP during 1983. The description of issues for a future evaluation is intended to be broad so as not to limit the scope of information considered for ongoing data collection.

1.3 Contents of the Report

An individual framework has been produced for each of the IRDP elements. Each one contains a profile of the element, followed by an evaluation design. The profile begins with a section on the environment, mandate, objectives and operational description of the element. This is followed by a section on the element's activities, outputs, and impacts and effects. A casual model illustrates the structure of the program element and the implicit rationale linking its activities, outputs and effects.

The second part of the framework, the evaluation design, first identifies issues that could be addressed in any future evaluation study of an IRDP element. Then related indicators and data required to address each issue are listed. Where necessary, recommendations are formulated regarding suggested changes to current data collection initiatives, as required from a program evaluation perspective. The last portion of the evaluation design presents options for a future evaluation study, including resource and timing considerations.

2.0 Program Elements: Overview and Casual Models

2.1 Industrial Development Climate

Funding under this element is offered to encourage development of the institutional framework and technological and physical infrastructure crucial to industrial growth and development in all regions.

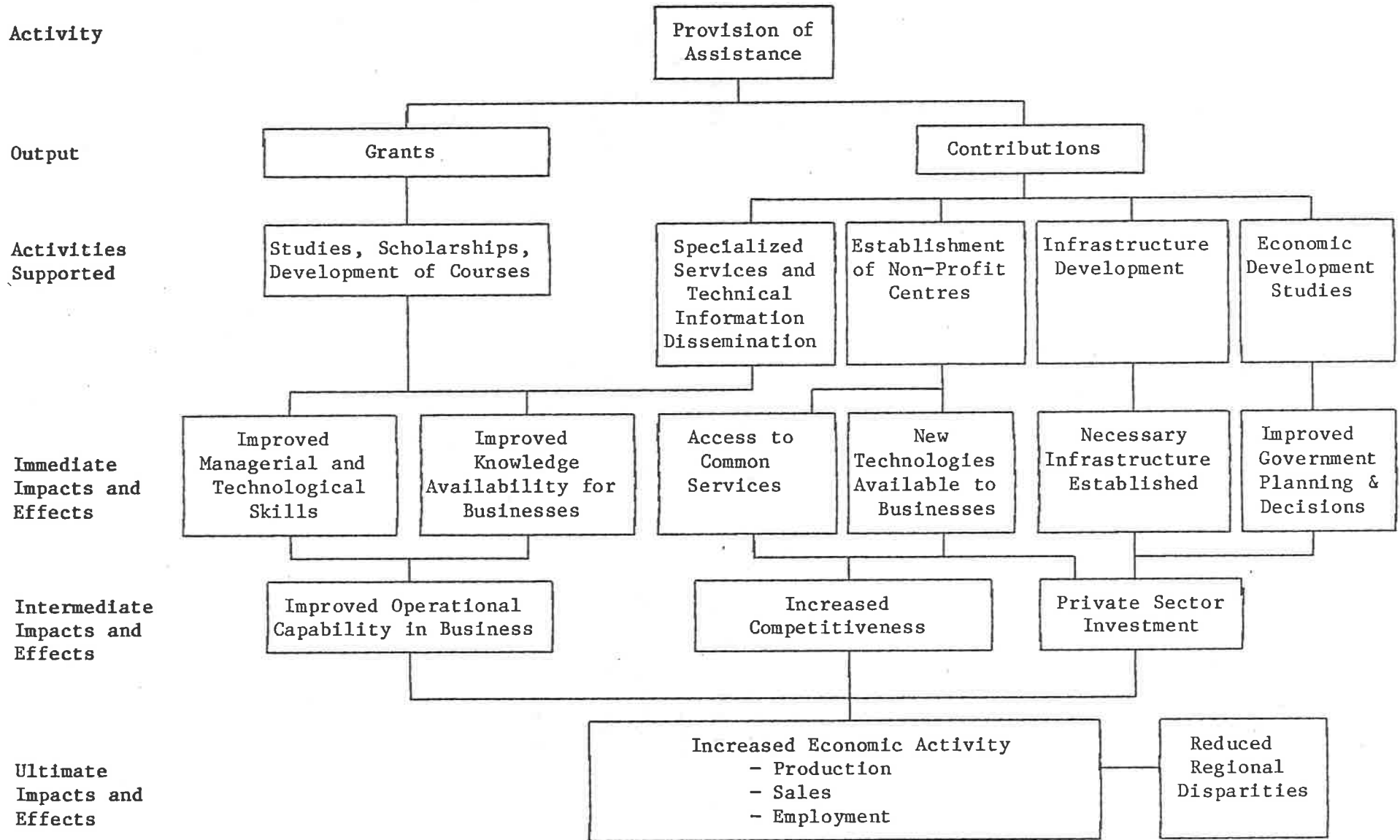
The Industrial Development Climate element provides grants and contributions for the following eligible items:

- studies, scholarships and courses related to industrial development;
- the establishment of non-profit centres or institutes related to industrial development;
- specialized services and dissemination of information related to industrial development;
- economic development studies; and
- infrastructure development.

Development Climate support is currently available to "eligible persons", i.e. non-profit organizations such as industrial associations, tourism institutes and educational institutions which support commercial operations, but not companies or commercial operations. Individuals would also qualify as eligible persons if the non-profit criterion is fulfilled.

Exhibit 2.1 shows the activities supported and linkages with intended impacts and effects.

Exhibit 2.1: IRDP Industrial Development Climate Element: Causal Model



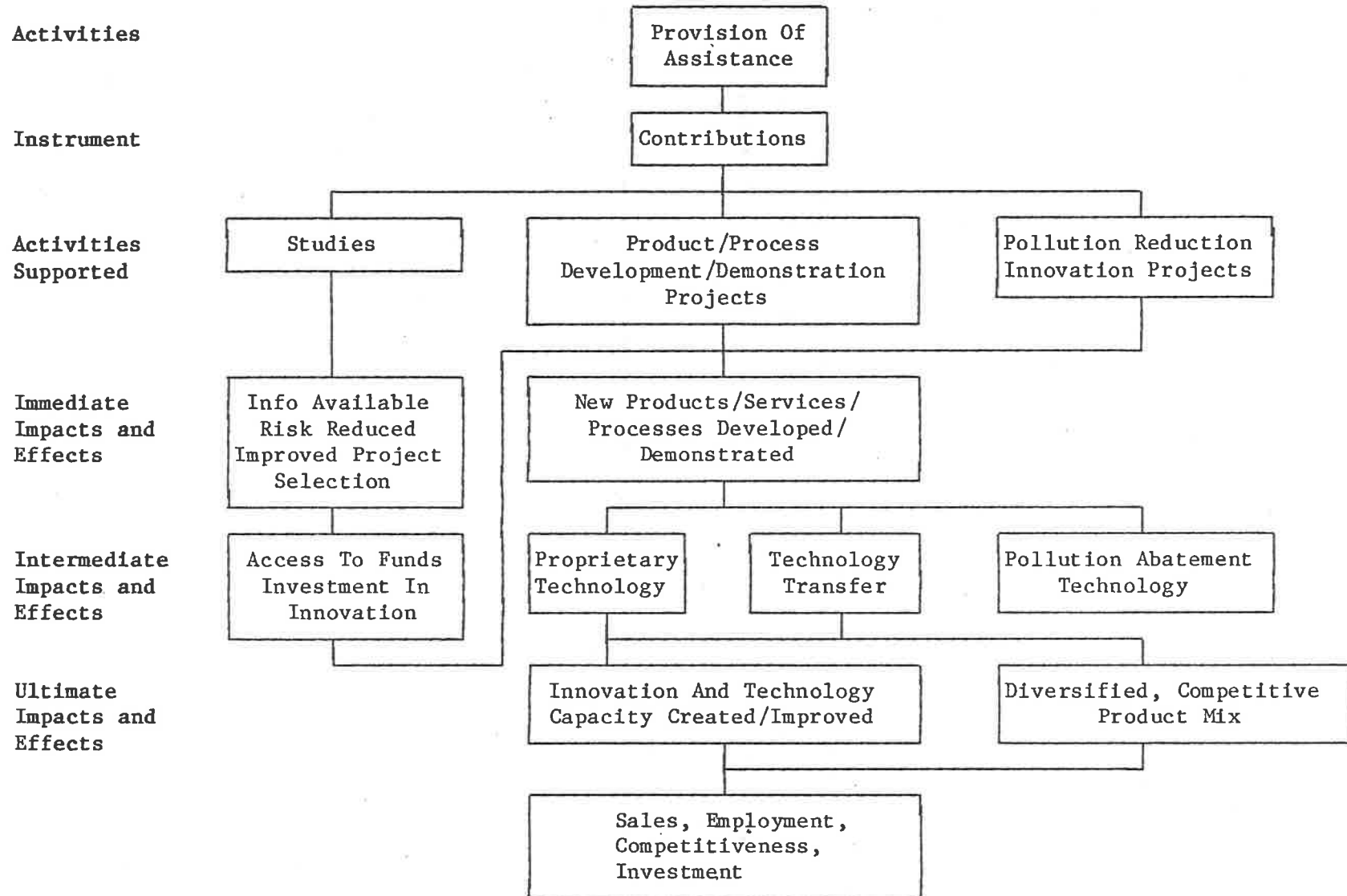
2.2 Innovation

The Innovation element provides financial assistance to commercial operations and eligible persons towards the cost of developing new or improved products or processes, developing technological capability, carrying out research and development for pollution elimination or reduction, executing demonstration and engineering projects and engaging consultants for prospective innovation projects. The assistance may take the form of a contribution (if the project entails significant technological risk or does not lead directly to identifiable sales), or a repayable contribution (where the project does not entail significant technical risk and there is a good prospect for commercial exploitation). The latter is repayable upon successful commercial exploitation of the results of the project.

Eligible applicants include commercial operations (manufacturers, processors, tourism operations and designated service industries) and eligible persons (non-profit organizations that support commercial operations collectively or on a broad base -- e.g., economic, business or technological institutes or centres, municipal corporations or municipal industrial development corporations).

Exhibit 2.2 shows activities supported under this element and linkages with intended impacts and effects.

Exhibit 2.2: IRDP Innovation Element: Causal Model



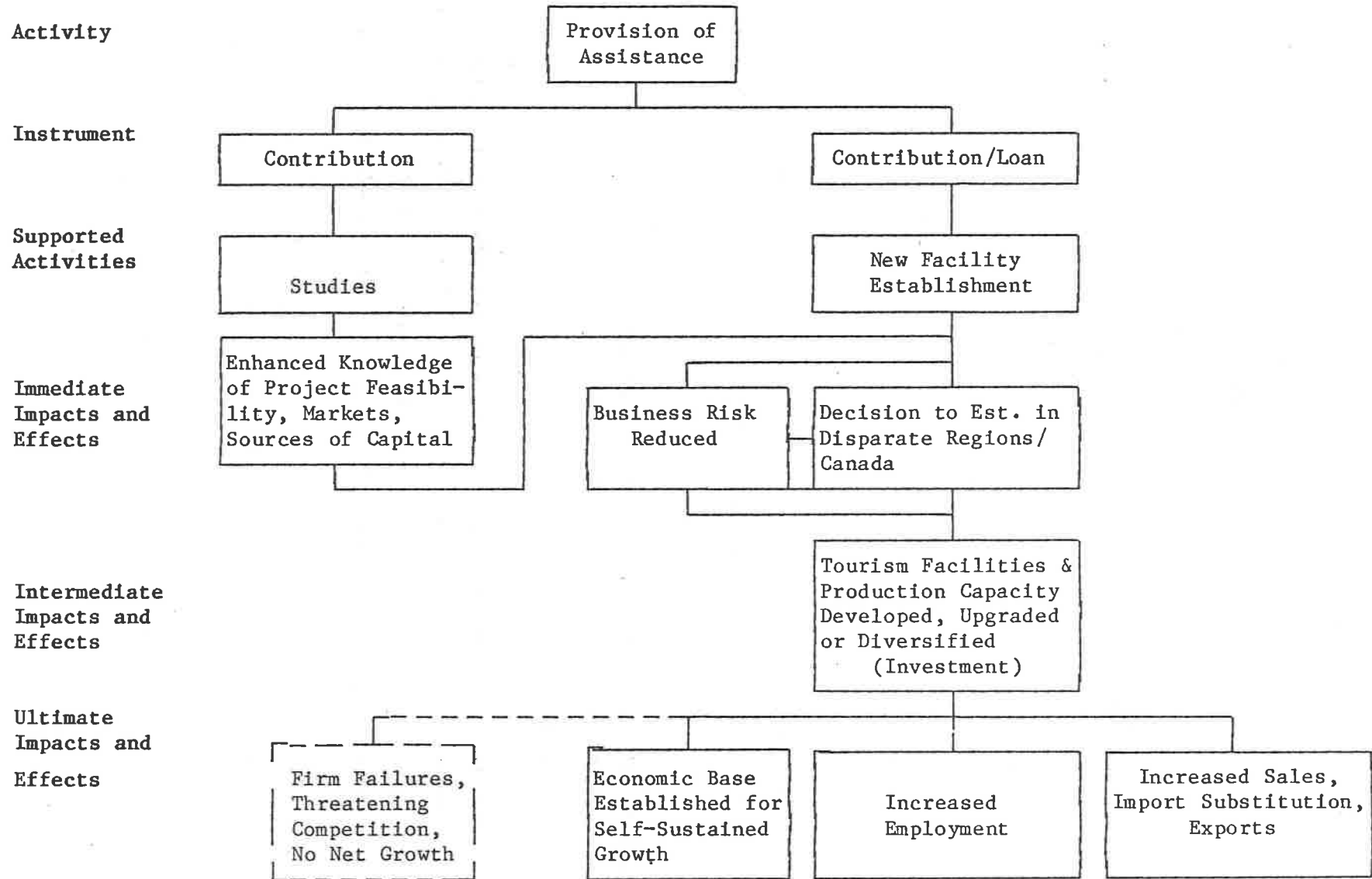
2.3 Establishment

The Establishment element provides financial assistance to commercial operations towards the cost of engaging a consultant to conduct a study relating to the establishment of a facility and in support of the capital costs of establishing a new facility, including accommodation or dining facilities for tourism operations. Assistance is provided in the form of contributions or participation loans in which the terms of the loan allow the Minister to participate in the success of the applicant by means of a stock option, a royalty on sales or production, or otherwise. "Establishing a new facility" may include the purchase of the assets of an existing facility if the commercial production in the facility has ceased or is about to cease.

Eligible applicants under this element are commercial operations. "Commercial operation" is defined as a manufacturing or processing operation, a tourism operation, or the operation of a designated service industry.

Exhibit 2.3 shows Establishment activities and linkages with intended impacts and effects.

Exhibit 2.3: IRDP Establishment Element: Causal Model



2.4 Modernization and Expansion

Modernization or expansion of facilities aims at improving the operating efficiency and productivity of Canadian business in a world of constantly evolving technologies. Linked to this goal is the transfer across industrial sectors or provinces of industrial innovations that are achieved either domestically or internationally.

Funding under the Modernization and Expansion element is offered for capital costs which will significantly improve the productivity and level of production of existing companies, as well as for encouraging the adaptation of microelectronics technology across all industrial sectors.

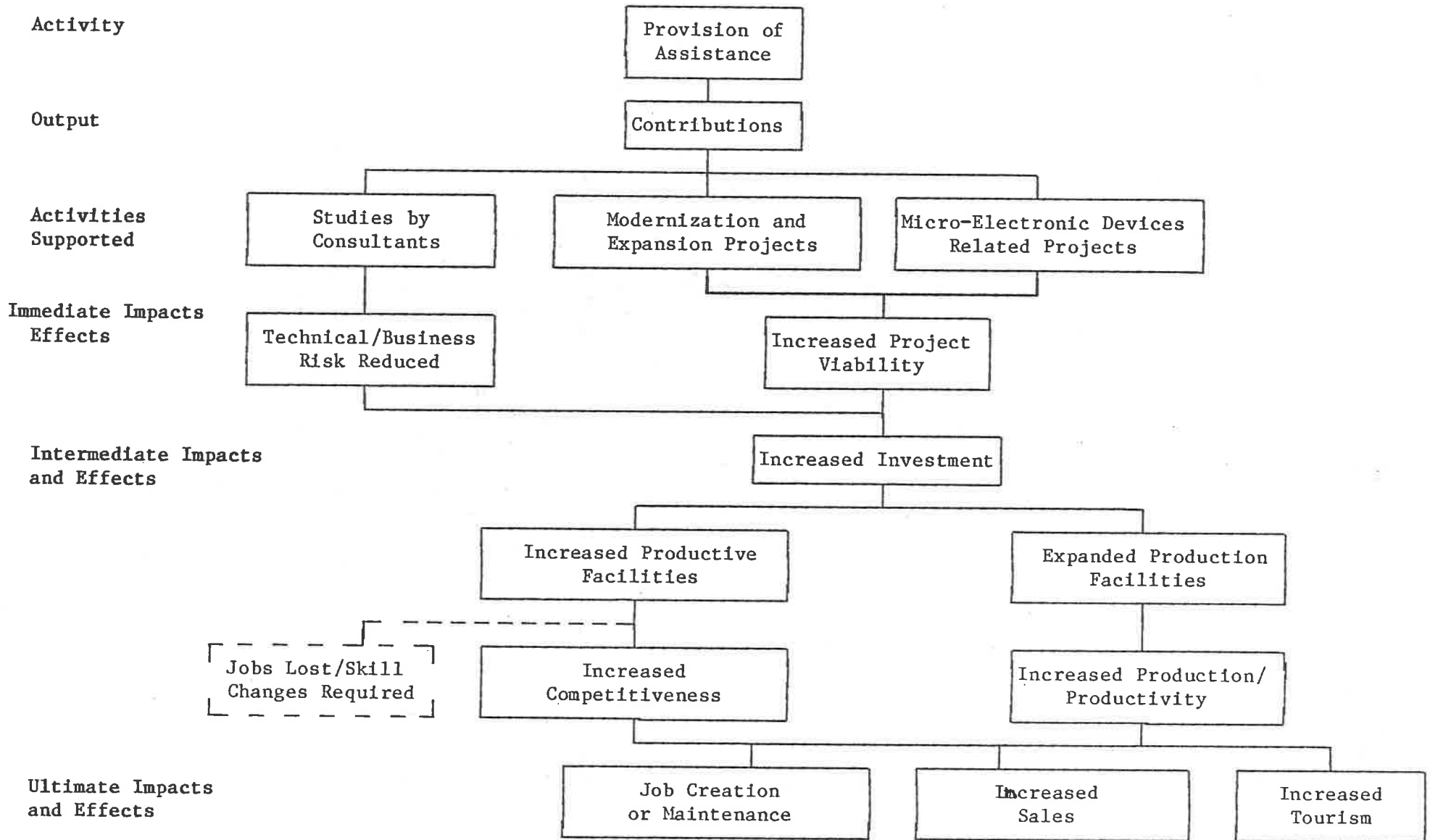
The Modernization and Expansion element is intended to provide different kinds and levels of support for the following activities:

- studies
- adaptation of micro-electronic technology
- modernization/productivity improvement
- expansion.

Eligible applicants under this element are commercial operations -- manufacturers, processors, tourist operations and designated service industries -- and can include individuals, corporations, partnerships, cooperatives and non-profit organizations.

Exhibit 2.4 shows activities supported under this element and their linkages with intended impacts and effects.

Exhibit 2.4: IRDP Modernization and Expansion Element: Causal Model



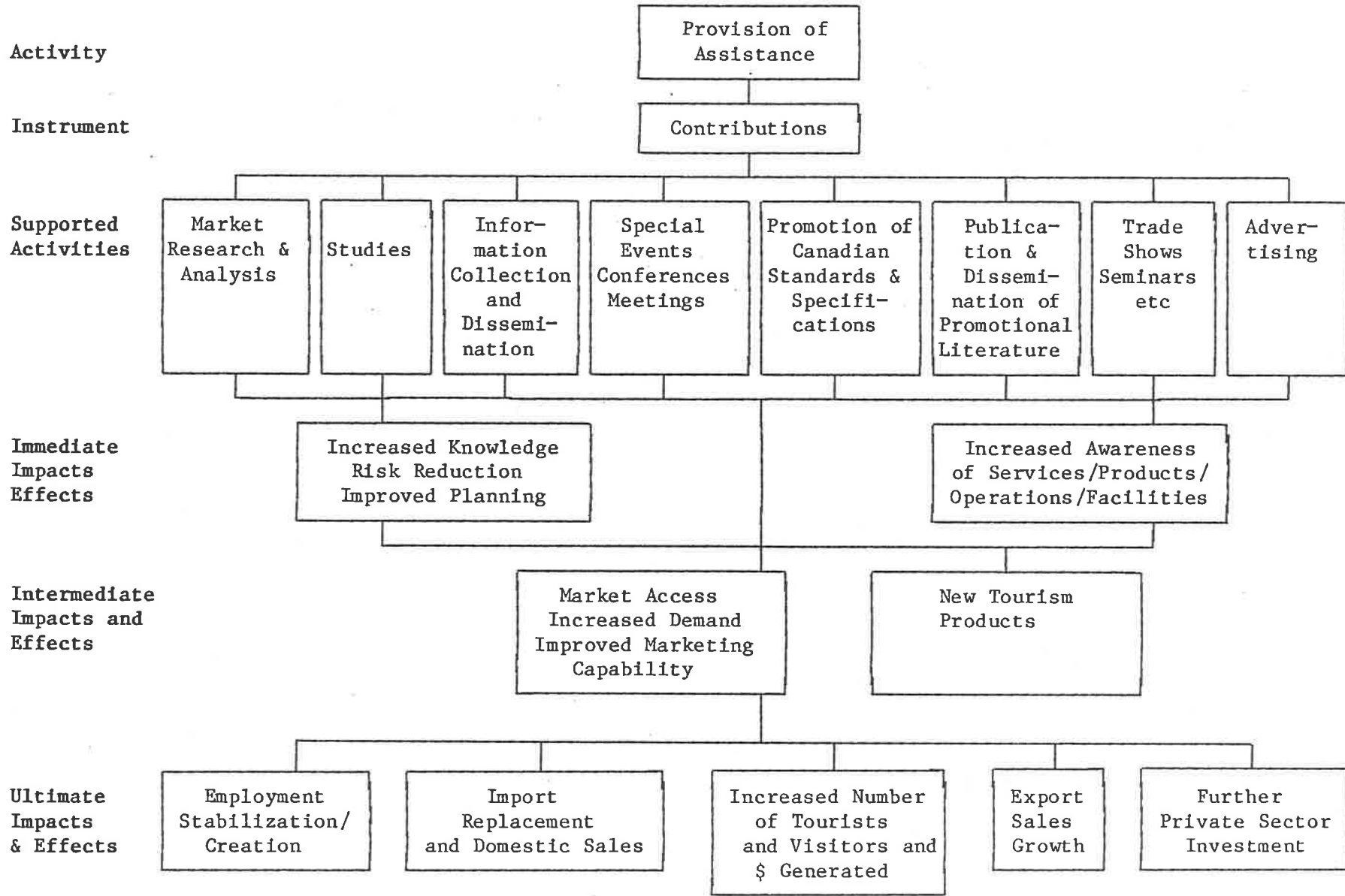
2.5 Marketing

The IRDP Marketing element offers financial assistance, in the form of contributions, to tourism operations and to eligible recipients such as economic, business, or technological centres. Tourism operations may receive assistance for activities that develop their market or for arranging events, conferences or meetings that will attract visitors or tourists. Eligible persons may receive funding for a variety of activities, such as market research, the promotion of Canadian standards and specifications, and arranging events, meetings or conferences, the purpose of which must be to increase the marketing of the products or services of commercial, and in certain instances, tourism operations. Assistance is also available for hiring consultants to carry out studies in support of marketing projects. The level of assistance available varies with the location (Tier group) of the projects being considered for assistance.

Candidates for assistance under the IRDP Marketing element include tourism operations and eligible persons. Regulations restrict marketing assistance to commercial operations in the tourism industry. "Eligible persons" includes those who carry on activities that support commercial operations, economic, business or technological institutes or centres, and in certain instances, depending on the activity or project to be supported, municipal corporations and municipal development corporations. Manufacturing companies benefit from the program only indirectly through the support they receive from "eligible persons".

Exhibit 2.5 shows the activities supported under the Marketing element and their linkages to indented impacts and effects.

Exhibit 2.5: IRDP Marketing Element: Causal Model

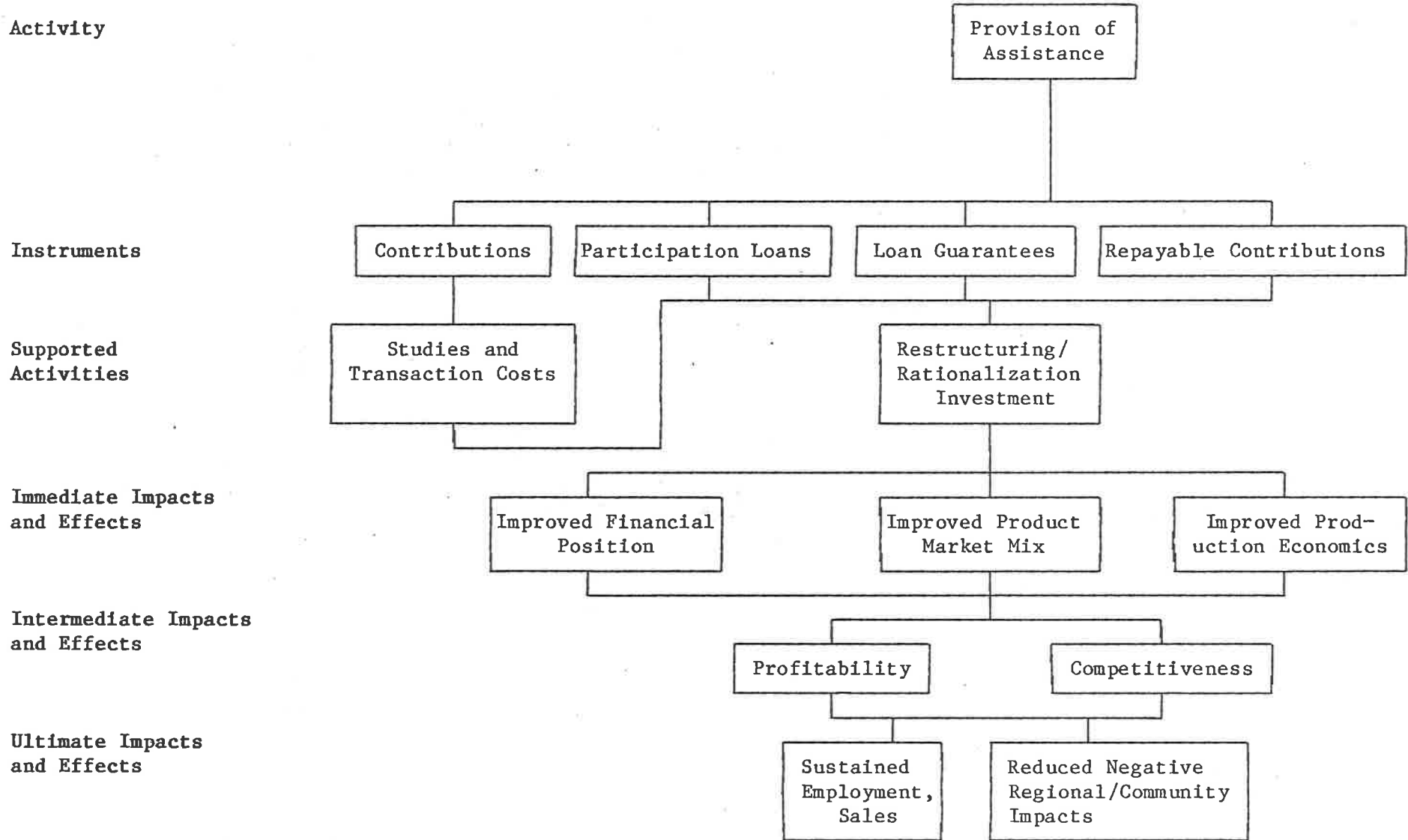


2.6 Restructuring

The Restructuring element pertains to eligible manufacturing, processing, tourism operations and designated service industries that wish to restructure their operations in order to enhance their viability or to meet an export or import replacement opportunity. The usual sources of financing for this purpose have generally proved to be either inadequate or not available for the firm. Although of significant economic or social benefit to Canada, the project may have an inadequate private return on investment to proceed without assistance.

Exhibit 2.6 illustrates the intended linkages between Restructuring activities and intended impacts and effects.

Exhibit 2.6: IRDP Restructuring Element: Causal Model



3.0 EVALUATION ISSUES AND DATA SOURCES

3.1 Introduction

The program evaluation framework for each element develops a set of evaluation issues based on the following categories:

- ° Program Rationale - To what extent are the objectives and mandate of the program still relevant?
 - Are the activities and outputs of the program consistent with its mandate and plausibly linked to the attainment of the objectives and the intended impacts and effects?
 - In what manner and to what extent does the program complement, duplicate, overlap or work at cross-purposes with other programs?
- ° Program Results: - What impacts and effects, both intended and unintended, resulted from carrying out the program?
 - In what manner and to what extent were appropriate program objectives achieved as a result of the program?
- ° Program Delivery: - Has the program been delivered in a manner consistent with program criteria and priorities?
 - What impact has the program delivery process (including promotion, application, assessment and monitoring) had on program demand and results?

- ° Program
Alternatives
 - Are there more cost-effective programs which might achieve the intended program impacts and effects?

 - Are there more cost-effective ways of delivering the existing program?

After developing a set of issues within each of the above categories, indicators are identified for each. An indicator is a measure that will provide the evidence necessary to address the issue in question. For example, an indicator of the effectiveness of program promotion would be the proportion of the sample surveyed that reported awareness of the program. Indicators in turn are further elaborated where necessary in terms of the information needed to constitute the identified measure.

To determine the feasibility of addressing each issue through the indicators and related information requirements, potential data sources are then identified for each. In some instances, multiple sources are shown.

Exhibit 3.2 - Industrial Development Climate Element: Evaluation Issues and Data Sources

3.2 Industrial Development Climate

Program Evaluation Issues	Interviews with Program Managers	Review of Project Files	PRISM	Survey of Industry ¹	Case Studies of Assisted Firms	Interviews with Industry Experts	Review of Literature/Documentation	Review of Sector Data
Program Rationale								
1. Real need	x	x		x	x			
2. Plausibility	x			x	x	x	x	
3. Coverage of activities	x	x		x	x			
4. Target population	x	x		x	x		x	
5. Program criteria	x	x		x	x			
6. Other programs	x			x	x	x	x	
Program Results								
7. Information sharing and awareness of opportunities				x	x	x	x	
8. Availability of new technologies and common services			x	x	x	x		
9. Improved managerial and technological skills				x	x			
10. Impact of infrastructure development on investment	x	x		x	x			
11. Impact of infrastructure on location decisions				x	x			
12. Competitiveness of firms		x		x	x			
13. Incremental effects on production, sales and employment		x	x	x	x			
14. Impact on needs of regions and sectors	x		x			x	x	x
Program Delivery								
15. Application burden	x	x	x	x	x		x	
16. Promotion of element	x	x	x	x	x		x	
17. Consistency with priorities	x	x	x	x	x		x	
18. Project monitoring	x	x	x	x			x	
19. Cost sharing for infrastructure projects	x	x						
20. Approval for research centres	x	x	x	x			x	
21. Actual vs intended clientele	x	x	x					
Program Alternatives								
22. Other Instruments	x		x	x		x		
23. Budget Increase/decrease	x			x		x		

¹Participants and non-participants

Exhibit 3.3 - IRDP Innovation Element: Evaluation Issues and Data Sources

PROGRAM EVALUATION ISSUES	Interviews with Program Managers	Review of Project Files	PRISM	Survey of Industry ¹	Case Studies of Assisted Firms	Interviews with Industry Experts	Review of Literature/Documentation	Review of Sector Data
Program Rationale								
1. Real need	x	x	x	x	x			
2. Plausibility	x				x	x	x	
3. Target population	x	x	x			x	x	
4. Coverage of activities	x	x		x	x			
5. Regional skewing	x		x	x	x			x
6. Instruments	x	x		x	x	x		
7. Program criteria	x			x	x			
8. Other programs	x			x	x	x	x	
Program Results								
9. Innovation capabilities			x	x	x			
10. Product & process innovation			x	x	x	x		
11. Incrementality		x		x	x			
12. New technologies				x	x	x		
13. Investment funds		x		x	x	x		
14. Risk reduction	x	x		x	x	x		
15. Pollution reduction				x	x	x		x
16. Effects of studies	x	x		x	x			x
17. Proprietary technology			x	x	x			
18. Product mix, level of sales employment			x	x	x			
19. Competitiveness		x		x	x	x		
20. Project/firm viability		x	x	x	x			
21. Tier system	x		x	x	x	x		x
Program Delivery								
22. Application burden	x	x	x	x	x		x	
23. Consistency with priorities	x	x	x				x	
24. Promotion of element	x	x	x	x	x		x	
25. Project monitoring	x	x	x	x	x			
26. Actual vs intended clientele	x	x	x					
Program Alternatives								
27. Other Instruments	x			x	x	x		
28. Budget Increase/decrease	x				x	x		

¹ Participants and non-participants

Exhibit 3.4 - IRDP Establishment Element: Evaluation Issues and Data Sources

3.4 Establishment

Program Evaluation Issues	Interviews with Program Managers	Review of Project Files	PRISM	Survey of Industry ¹	Case Studies of Assisted Firms	Interviews with Industry Experts	Review of Literature/Documentation	Review of Sector Data
Program Rationale								
1. Real need	x	x	x	x	x			
2. Plausibility	x		x		x		x	
3. Target population	x	x	x			x	x	
4. Coverage of activities	x	x		x	x			
5. Regional skewing	x		x	x	x			x
6. Instruments	x	x		x	x	x		
7. Program criteria	x	x		x				
8. Other programs	x			x	x	x	x	
Program Results								
9. Establishment in relation to regional/national priorities	x	x	x	x	x			x
10. Risk sharing	x	x		x	x			
11. Impact on location decisions				x	x			
12. Impact on foreign investment	x			x		x	x	
13. Project feasibility	x	x		x	x		x	
14. Production capacity			x	x	x			
15. Economic base	x			x		x		x
16. Employment		x	x	x	x			x
17. Sales			x	x	x			
18. Economic and commercial viability		x	x	x	x			
19. Tier System	x		x	x	x	x		x
Program Delivery								
20. Application burden	x	x	x	x	x		x	
21. Consistency with priorities	x	x	x				x	
22. Promotion of element	x	x	x	x	x		x	
23. Project monitoring	x	x	x	x	x			
24. Actual vs Intended clientele	x	x	x					
Program Alternatives								
25. Other Instruments	x			x	x	x		
26. Budget increase/decrease	x				x	x		

¹ Participants and non-participants

Exhibit 3.5 - IRDP Modernization and Expansion Element: Evaluation Issues and Data Sources

Program Evaluation Issues	Interviews with Program Managers	Review of Project Files	PRISM	Survey of Industry ¹	Case Studies of Assisted Firms	Review of Literature/Documentation	Interviews with Industry Experts	Review of Sector Data
Program Rationale								
1. Evidence of need	x	x	x	x			x	
2. Relationship between market share and investment				x	x	x	x	x
3. Target population	x		x	x				x
4. Coverage of activities	x			x	x		x	
5. Plausibility of achieving effects				x	x		x	
6. Program criteria	x	x		x	x	x		
7. Other programs	x			x		x	x	
Program Results								
8. Effects of studies	x			x	x	x		
9. Effects of contributions for investment		x	x	x	x			
10. Investment impact of studies	x			x	x			
11. Impact of investment on productivity			x	x	x			x
12. Impact of modernization on competitiveness			x	x	x			
13. Impact of expansion			x	x	x			
14. Impact on sales			x	x	x			x
15. Impact on jobs and skill requirements			x	x	x			x
16. Project/firm viability			x	x	x			x
17. Impact of Tier system	x		x	x	x			x
Program Delivery								
18. Application burden	x	x	x	x	x	x		
19. Consistency with priorities	x	x	x			x		
20. Promotion of element	x	x	x			x		
21. Monitoring and follow-up	x	x	x	x	x			
22. Compliance with criteria	x	x	x			x		
23. Actual vs intended clientele	x	x	x			x		
Program Alternatives								
24. Other instruments	x			x	x		x	
25. Budget increase/decrease	x				x		x	

¹ Participants and non-participants

Exhibit 3.6 - IRDP Marketing Element: Evaluation Issues and Data Sources

Program Evaluation Issues	Interviews with Program Managers	Review of Files	PRISM	Survey of Industry	Case Studies of Assisted Firms	Interviews with Industry Experts	Review of Program Documentation	Review of Sector Data
Program Rationale								
1. Real need	x	x	x	x	x			
2. Plausibility					x	x	x	
3. Target population	x	x	x		x		x	
4. Appropriate Coverage	x	x	x		x			
5. Regional skewing	x		x	x				x
6. Instruments		x		x	x			
7. Program criteria	x	x		x	x			
8. Other programs								
Program Results								
9. Identification of opportunities			x	x	x			
10. Product awareness			x	x	x			
11. Knowledge of market		x		x	x			
12. Export markets		x		x	x			
13. Purchasing policies				x				
14. Marketing capability		x		x	x	x		
15. Risk reduction		x		x	x			
16. Improved planning		x	x	x	x			
17. Tourism	x					x		x
18. Demand for goods and Services			x	x	x			
19. Economical commercial viability		x	x	x	x			
20. Tier System	x		x	x	x			x
Program Delivery								
21. Application burden	x	x	x	x	x		x	
22. Consistency with priorities	x	x	x				x	
23. Program promotion	x		x	x			x	
24. Project monitoring	x	x	x					
25. Program clientele		x	x	x				
Program Alternatives								
26. Other Instruments	x				x	x		
27. Budget increase/decrease	x		x		x			

¹ Participants and non-participants

3.7 Restructuring

Exhibit 3.7 - IRDP Restructuring Element: Evaluation Issues and Data Sources

Program Evaluation Issues	Interviews with Program Managers	Review of Project Files	PRISM	Survey of Industry ¹	Case Studies of Assisted Firms	Interviews with Industry Experts	Review of Literature/Documentation	Review of Sector Data
Program Rationale								
1. Real need	x	x	x	x	x		x	x
2. Plausibility	x	x		x				
3. Target population	x			x	x	x		
4. Program criteria	x			x	x			
5. Opportunity cost	x			x	x			
6. Instruments	x	x		x	x			
7. Other programs	x			x	x			
Program Results								
8. Financial and production improvements	x	x	x	x	x			
9. Profitability and competitiveness	x	x	x	x	x			
10. Incrementality	x	x		x	x			
11. Outcomes of studies	x	x		x	x			
12. Reallocation of resources for higher productivity	x	x		x	x			
13. Required adjustments	x	x		x	x			
14. Sustained employment	x	x	x	x	x			
15. Social and economic impacts	x	x		x	x			
16. Financial risk	x	x		x	x			
17. Long-term problems	x	x		x	x			
18. Competitors of assisted firms	x			x	x			
19. Tler system	x			x	x			
Program Delivery								
20. Impact of delivery process	x	x	x	x	x			
21. Promotion of element	x		x	x	x			
22. Consistency with priorities	x		x	x	x			
23. Project monitoring	x	x	x	x	x			
Program Alternatives								
24. Other instruments	x			x	x			
25. Budget increase/decrease	x	x	x	x	x			

¹ Participants and non-participants

3.8 Summary

At this stage of evaluation planning, development of issues for the six IRDP elements varies primarily in the areas of program rationale and results. Each element represents a set of program activities designed to provide support at a defined stage of the business cycle. As a consequence, we can expect the intent and outcomes of each to vary, while questions related to delivery and alternative funding instruments retain a certain degree of commonality.

Exhibit 3.8 displays the set of evaluation issues identified for each element. A review of the columns shows the similarities and differences between the four issue categories and specific items.

Since future evaluation methodology is outlined in only a preliminary way in the framework process, the data sources identified often relate generally to several indicators and evaluation issues. Again, considerable commonality exists between elements. For example, the data sources suggested for addressing issues of program rationale, delivery and alternatives are essentially the same. More detailed specification of the terms of reference for a future evaluation would reveal differences related to industry populations sampled, literature and sector data reviewed, and recognized experts to be interviewed.

Across all elements, the key data sources for addressing issues of program results are typically project files, PRISM, surveys of participants and non-participants and case studies of assisted firms. Potential use of industry experts, sector data, documentation and program managers varies somewhat more.

4.0 Evaluation Options and Timing

4.1 Evaluation Options

The evaluation design provides the strategy to link the indicators with the related evaluation issues. That is, to be meaningful, the indicators or measures must be taken in such a way that they clearly provide evidence that allows effects to be attributed to the program. To do so, most designs should incorporate some attempt at comparison. For example, recipient firms might be measured before and after receiving grants. The confidence in making causal inferences about the program might be further enhanced by including comparisons with similar firms not participating in the program. Essentially, then, the evaluation design or strategy sets out the approaches for producing evidence of program effects.

Three options are identified for future evaluation of the elements. Each option sets out the issues to be addressed, the methodologies to be used and estimates of timing and resources. Option A begins with the minimum level of effort in order to generate a meaningful assessment of the element. Options B and C represent enhancements in terms of the issues addressed, the methodologies employed and hence the richness and reliability of the data. Exhibit 4.1 shows the issues, methodologies, resources and approximate timing for each. The suggested level of resources -- both for staff time and travel -- represent preliminary estimates only based on past experience and the current assessment of available data sources.

At this point, the general structure of available options is similar for all elements, as are estimates of required resources. A review of program take-up for each element at the time of its evaluation assessment may lead to revision in both strategies and resources.

Exhibit 4.1 - IRDP Elements: General Evaluation Options

OPTION	EVALUATION ISSUES	METHODOLOGIES	RESOURCES	TRAVEL	COVERAGE
A	<ul style="list-style-type: none"> ◦ Program Rationale ◦ Program Results¹ 	<ul style="list-style-type: none"> ◦ Interviews with program managers/officers ◦ Review of files and information systems 	<ul style="list-style-type: none"> ◦ 2 person months ◦ 4 person months 	Interviews and file reviews - approximately \$5,000 per year	<ul style="list-style-type: none"> ◦ Rationale - medium ◦ Results - low
B	<ul style="list-style-type: none"> ◦ Program Rationale ◦ Program Results ◦ Program Delivery 	<ul style="list-style-type: none"> ◦ Interviews with program managers/officers ◦ Review of files and information systems ◦ Survey of participants and non-participants ◦ Case studies of assisted firms 	<ul style="list-style-type: none"> ◦ 2 person months ◦ 6 person months ◦ 4 person months ◦ 3 person months 	As above plus approximately \$3,000 to pre-test case study methodology and \$10,000 to implement on a one-time basis	<ul style="list-style-type: none"> ◦ Rationale - Medium/high ◦ Results - Medium/high ◦ Delivery - High
C	<ul style="list-style-type: none"> ◦ Program Rationale ◦ Program Results ◦ Program Delivery ◦ Program Alternatives 	<ul style="list-style-type: none"> ◦ Interviews with program managers/officers ◦ Review of documentation and sector data ◦ Panel of Industry experts ◦ Review of files and information systems ◦ Survey of participants and non-participants ◦ Case studies of assisted firms 	<ul style="list-style-type: none"> ◦ 2 person months ◦ 2 person months ◦ 3 person months ◦ 4 person months ◦ 6 person months ◦ 3 person months 	As above plus approximately \$5,000 to review regional documentation/data annually and \$10,000 for panel expenses	<ul style="list-style-type: none"> ◦ All Issues - High

¹ Includes Impacts, effects and objectives achievement.

The approach to future evaluation is on an element-by-element basis. Although ultimate objectives of improved economic activity are similar for all elements, it is not meaningful to aggregate the outcomes of all six elements as a measure of overall program performance. Rather, by evaluating the effectiveness of each element as the program matures, the key issue of certain types of support at certain stages of the corporate development cycle can be addressed.

4.2 Evaluation Timing

The approximate timing for future evaluation varies between elements as shown in Exhibit 4.2.

Timing recommendations are based on two factors:

- the need for some level of ongoing program monitoring, while allowing a sufficient amount of time to observe program effects; and
- consideration of timing proposed in the draft long range evaluation plan.

Pre-testing of survey instruments could take place as part of an evaluation assessment in the same or preceding fiscal year. Coordination between elements is required in order to avoid duplication of samples and to benefit from parallel methodologies and data collection.

Exhibit 4.2 - Estimated Timing of Evaluation

IRDP ELEMENTS	ANNUAL MONITORING	OUTCOME EVALUATION - SURVEYS, CASE STUDIES, PANELS			
		1985-86	1986-87	1987-88	1988-89
Industrial Development Climate	X		X		
Innovation	X			X	
Establishment	X	X			
Modernization/ Expansion	X		X		
Marketing	X				X
Restructuring	X			X	

5.0 Implications for Data Collection

The options shown above represent a combination of ongoing monitoring and final outcome evaluation techniques. The ideal design for isolating the incremental impact of the program -- i.e., those effects attributable specifically to the program -- would involve before and after measures for participating firms and comparisons with a matched control group of non-participating firms. Since the program is underway, baseline measures for successful and unsuccessful applicants to date essentially comprise those data elements entered into PRISM at the time of application.

These data offer a minimum set of baseline measures, but do not capture such indicators as investment, production capacity, market share, return on investment, number/mix of products and processes, number of customers, and mix of employment. A desirable strategy would be for the Program Evaluation Branch to work with the Program Procedures and Information Branch to operationally define and link baseline and benefit measures. In this way, PRISM can offer a significant cost saving while enhancing the quality of data for evaluation.

Control groups for program participants raise another set of methodological issues. Two potential comparison groups exist -- firms that have applied to and been rejected or have withdrawn their application and firms that have not applied to the program.

Since non-successful applicants had pursued similar objectives in applying to the program, they represent a reasonable control group for participants. Any differences identified later between the groups would require that the analysis separate the effects of the program from the reasons for non participating.

A control group of firms that have not applied to the program would allow comparisons between participants and other members of the same sector that have not sought government assistance. The key methodological concern is that non-participants will generally have little incentive to comply with requests to participate in an evaluation. For this reason, use of available databases of firm and sector information would be preferable.

The feasibility of replicating the work carried out to date by the Quebec Regional Office to link various databases of firm/industry profiles on a national basis should be addressed. Once complete, the Program Evaluation Branch would have a data framework for future sampling and data collection. This, in turn, would indicate the scope of additional data gathering required at the time of evaluation.

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