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**MANAGEMENT RESPONSE TO
THE FORMATIVE EVALUATION OF THE
COMMUNITY FUTURES PROGRAM
IN ONTARIO**

**FINAL EVALUATION REPORT
PRESENTED TO FEDNOR BY
PERFORMANCE MANAGEMENT NETWORK
March 31, 2003**

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Background

This evaluation study was undertaken in accordance with Treasury Board policies and guidelines, as part of Industry Canada/FedNor's ongoing efforts to continuously improve the effectiveness of the Community Futures (CF) program in Ontario. Performance Management Network (PMN), a consulting firm with extensive experience in the area of evaluation and performance measurement, was engaged to conduct the formative evaluation on behalf of the Audit and Evaluation Branch of Industry Canada and FedNor.

The evaluation study, which focussed on all elements of the Community Futures program in Ontario, was conducted to address lessons learned with respect to the program and inform senior management decision-making regarding program design and delivery. The evaluation study addressed a series of issues categorized according to the Treasury Board evaluation guidelines of:

- ▶ **Rationale/Relevance** - Is there still a need for the CF program? Does the CF program complement, duplicate or overlap other federal government programs?
- ▶ **Objectives Achievement** - Are the objectives of the CF program still relevant? To what extent has the CF program achieved its objectives? Are the objectives of the Community Futures Development Corporations (CFDCs) consistent with the objectives of the CF program, Industry Canada and FedNor? How in tune are the CF program objectives with other government priorities?
- ▶ **Program Design Delivery** - Has the CF program contributed to an increased awareness of government programs and services by businesses, business intermediaries and communities? Has the CF program contributed to an increased awareness of local issues? Are the objectives and desired outcomes of the CF program clearly identified and agreed upon? What activities have been added, modified or discontinued in terms of the CF program? Are there adequate resources for these activities? What has worked in the CF program and what could be improved? To what extent is there federal visibility in the delivery of programs / services? What factors have facilitated / impeded implementation of the CF program? Is the CF program the most appropriate approach to achieve the objectives and intended results? Has Industry Canada / FedNor taken the necessary measures to meet its intended objectives (i.e., planning and training)?
- ▶ **Performance Monitoring / Data Capture** - To what extent have realistic targets / performance measures been established? What are the key results indicators for the CF program? These issues were addressed using sound evaluation practices, utilizing multiple lines of evidence for each issue.
- ▶ **Results / Impacts and Effects** - To what extent has the CF program increased take-up / utilization of programs / services / information? To what extent have CFDCs assisted businesses to take better advantage of commercial opportunities and increased leverage of additional financing for clients? How many new businesses have been directly established

due to the CF program? How many jobs have been directly created due to the CF program? To what extent has the CF program supported community economic development and assisted communities to develop and diversify through community strategic planning, business services, and access to capital? To what extent have CFDCs provided enhanced / focussed services to special target groups and communities (e.g., youth, women, Aboriginal people, and Francophones)? Have there been any unintended impacts and effects? Are the results being achieved in the most cost-effective manner within existing resource levels? How do clients rate specific aspects of the services received? To what extent are CFDCs reaching their intended audiences / target groups?

- ▶ **Lessons Learned** - What specific lessons have been learned with respect to the CF program? What specific best practices have been generated with respect to the CF program? What factors have facilitated / impeded the implementation of the CF program, achievement of CF program objectives, ongoing performance monitoring / data collection, and obtaining results / success? How and to what extent are best practices shared at the CF program delivery level with associations (provincial and regional), coordinating / portfolio partners, and CFDCs?
- ▶ **Sustainable Development** - Does the CF program contribute to the goal of sustainable development (economic, environmental, social)?

Because of the fairly long list of issues developed for national comparison agreed by all four regional agencies delivering the Community Futures program across Canada, the evaluation provides the following brief summary overview of their conclusions under the three issue categories in the recently revised Treasury Board Secretariat Evaluation Policy:

- ▶ **Relevance:**

The overall conclusion regarding relevance is that ***the program is relevant***. There is a need for the CF program to provide community capacity building at the community level through Community Economic Development (CED) and strategic planning services, business development services to SMEs, entrepreneurs and individuals, as well as access to capital. These needs are best filled by the CFDCs because of their local knowledge and presence as well as their ability to provide services that address the range of aforementioned needs. Given the blend of services offered through the CF program and the low or lack of local presence of other governmental and non-governmental organizations in the areas covered by the program in Ontario, the program does not duplicate or overlap others. It does, however, complement a wide range of federal as well as some provincial initiatives.

- ▶ **Success:**

Again, the overall conclusion regarding this issue category is that ***the program is successful***. The program is becoming more visible through enhanced promotional activities. It is reaching youth, women, Aboriginal people and Francophones, where there

has been an identified need to reach these groups. Its geographic coverage is adequate. And, most importantly, the program is making a difference: it has resulted in new businesses being created, others being maintained or expanded; it had resulted in new jobs being created (over a period of less than three years, the jobs created as a result of the CF program in Ontario represent almost 1% of the total labour force in non-metropolitan regions of Ontario!) and in jobs being maintained. Those receiving services from the CFDC are well satisfied with these services. In addition, there were no significant negative impacts and effects identified.

► **Cost-Effectiveness:**

Again, the overall conclusion is that this *program is cost-effective*. While there are areas of improvement, the program does not duplicate others. Its delivery, through a network of 57 CFDCs throughout Ontario, relies on hundreds of volunteers giving thousands of hours of their time to help this program be successful. This makes the program cost-effective. The program has undergone some growing pains as a result of its delivery structure, implementation of a performance measurement system, and other federal requirements, such as meeting the requirements of the *Official Languages Act*. However, it appears that Industry Canada / FedNor management, in collaboration with the CFDCs, has implemented solutions to many of these problems.

The key recommendations stemming from the evaluation are to continue the program with its existing delivery structure and range of services through CFDCs and to ensure that it is appropriately resourced to do so. Other recommendations resulting from this evaluation are aimed at helping management improve in specific aspects of design and delivery.

Industry Canada/FedNor management accepts and supports the conclusions of the evaluation study and will respond to each of the recommendations set as follows.

Management Response to Conclusions and Recommended Areas for Follow-up

Recommendation 1: It is recommended that the CF program in Ontario be continued with its existing delivery structure and range of services offered through CFDCs.

Management Response: *Agreed.*

This very positive endorsement of the program is based on the evaluation's conclusion that the CF program is relevant, successful and cost-effective as per the Treasury Board Secretariat Evaluation Policy. The program is very important to the economic development and well-being of communities in rural and Northern Ontario. Industry Canada/FedNor will maintain the current delivery structure and range of CFDC services while continuing to make improvements to program administration on an ongoing basis.

Recommendation 2: It is recommended that Industry Canada/FedNor continue to make efforts, both at the program level and with individual CFDCs, to help improve the quantity and quality of promotional activities. Existing promotional activities at the provincial level should continue to be offered and enhanced.

Management Response: *Agreed.*

Industry Canada/FedNor is committed to supporting Ontario CFDCs through a comprehensive series of communications initiatives both at the provincial and local levels. Communications efforts will continue to be planned and implemented in active collaboration with the Ontario Association of Community Futures Development Corporations (OACFDC), Regional CFDC Networks, and individual CFDCs. IC/FedNor will use the newly established Shared-Cost Communications Initiative (SCCI) Advisory Committee more frequently as a sounding board when developing and implementing our communications initiatives.

Key corporate communications initiatives planned for 2003-2004 include:

- Participation at the 2003 Pan Canadian Conference (St. John's, Newfoundland - May 28 - June 1, 2003) and OACFDC Annual Conference (Sudbury - June 12-14, 2003);*
- Development of a multi-media promotional CD;*
- Production of a CFDC Success Story booklet;*
- Development of CFDC Day (October 19-25, 2003) activities and communications support tools.*

Recommendation 3: It is also recommended that Industry Canada/FedNor monitor the effectiveness of some of the newer promotional initiatives such as marketing funds, clearer agreements with CFDCs, and the common identifier initiative to gauge their impacts at the program level as well as for individual CFDCs.

Management Response: *Agreed.*

Industry Canada/FedNor understands the importance of evaluating its communications activities, as well as those of CFDCs, in order to provide solid points of reference for the planning and development of future communications efforts. The Common Identifier Initiative as well as the first year of the Shared-Cost Communications Initiative, including progress made by individual participating CFDCs, will be evaluated during 2003-2004. All other communications efforts are monitored and evaluated as a normal business practice, as activities are carried out and completed.

Recommendation 4: It is recommended that Industry Canada/FedNor encourage more emphasis on youth by providing opportunities for sharing best practices in regard to youth-related initiatives and integrating youth initiatives into reporting requirements.

Management Response: *Agreed.*

IC/Fednor recognizes the contribution CFDCs currently make in addressing the needs of youth within rural and Northern Ontario by using FedNor Youth Internships and implementing other local youth initiatives. Through a recently announced Youth Task Force, IC/FedNor will promote recruitment of youth to CFDC boards of directors and/or board committees, thereby enabling this important segment of the community to participate in local decision-making and to ensure their needs and issues are addressed. In addition, through regional networks, the OACFDC and other communications efforts, IC/Fednor will continue to highlight the successful youth initiatives being undertaken by individual CFDCs and promote these as best practices. Youth activity will continue to be tracked through the CFDC regular reports. Youth, for the first time, are being recognized for their accomplishments with an award at the 2003 OACFDC annual conference.

Recommendation 5: Industry Canada/FedNor should continue to monitor the appropriateness of the size (geographic area or population) of individual CFDC catchment areas and, where required, either provide additional resources or change the geographic boundaries.

Management Response: *Agreed.*

IC/FedNor staff continuously monitor the appropriateness of CFDC service areas through ongoing dialogue with CFDC boards and staff; by reviewing the performance of CFDC lending activities; and through the review of CFDC business plans. Program policies and procedures related to the establishment of new CFDCs clearly articulate the need to evaluate these factors as part of the assessment process. Established policies and procedures will continue to be used to address requests to adjust/expand CFDC service area boundaries in consultation with affected communities. IC/FedNor will continue to provide up to an additional \$20,000 per year to those CFDCs operating in remote areas

to address the additional costs of travel in these areas.

Recommendation 6: It is recommended that new non-discretionary activities be added to the CF program only as they are directly related to the specific objectives of the program or required because of government policies. Additional resources should be sought to fully cover the costs associated with new activities such as bilingual services as well as ongoing services.

Management Response: *Agreed.*

IC/FedNor recognizes that additional activities have the potential to put strain on existing CFDC resources or divert them from the core objectives of the program. New initiatives for CFDCs introduced by IC/FedNor will continue to be directly related to program objectives and generally, whenever possible, offered on a voluntary basis with accompanying resources. IC/FedNor has provided significant funding to support new initiatives including:

- ▶ *the Common Identifier and other marketing initiatives;*
- ▶ *activities to increase innovation and adaptation to the knowledge-based economy; and*
- ▶ *transitional costs of developing capacity within CFDCs to provide services in both official languages where required to comply with the Official Languages Act (OLA).*

Although transitional funding is being provided for OLA compliance it must be recognized that this is a non-discretionary area where no ongoing additional resources are currently available to the program. In May, 2000 Treasury Board approved additional funding to support the provision of enhanced core services and other activities until 2005. The funding needs of all CFDCs are assessed on an ongoing basis and an average of an additional \$50,000 in annual operating costs contributions has been provided. IC/FedNor will continue to collaborate with regional development agencies delivering Community Futures in other regions to assess the resources necessary to support CFDCs on an ongoing basis.

Recommendation 7: It is also recommended that Industry Canada/FedNor develop and implement a mechanism to enhance recognition of the work done by the large number of volunteers serving on the Boards of Directors of this program.

Management Response: *Agreed.*

In an effort to recognize the tremendous contribution volunteers make toward the success of Ontario CFDCs, Industry Canada/FedNor, in partnership with the OACFDC, will implement a number of communications initiatives including:

- ▶ *production of an annual volunteer recognition booklet;*
- ▶ *distribution of volunteer recognition care packages; and,*
- ▶ *development and coordination of CFDC Day special events (including Secretary of State events).*

Recommendation 8: It is recommended that a more clearly defined structure for requesting reports

and other information from CFDCs be put in place. This structure should identify one central point of contact for specific information requirements to avoid excessive and / or duplicate reporting requirements from the CFDCs. This does not alleviate the need for reporting, since it is recognized that such information is critical.

Management Response: *Agreed.*

Reporting on program activities and their results is critical to accountability for use of public funds and sound performance management of the program. The need for accountability is becoming even more important due to the higher public profile the program has achieved in Ontario through enhanced communication. The IC/FedNor program officer assigned to each CFDC serves as the single point of contact for requesting reports and other information in most cases. On occasion, CFDCs receive ad hoc corporate requests for information from IC/FedNor related to specific issues (eg. softwood lumber). IC/FedNor will continue to limit such requests to exceptional circumstances. IC/FedNor will continue to pursue improvement, streamlining and automation of its information and data collection systems to ensure data integrity with a minimum of administrative burden on CFDCs.

Recommendation 9: Industry Canada/FedNor, in cooperation with the OACFDC and the individual CFDCs, should continue ongoing work on improving The Exceptional Assistant software to ensure that the reporting burden continues to be managed as much as possible, as well as to maximize the access to high quality timely information for decision-making purposes.

Management Response: *Agreed.*

The Exceptional Assistant (TEA) is a portfolio management and reporting software that provides the facility to produce CFDC quarterly reports for IC/FedNor electronically and a number of other performance and management reports for CFDCs' own use. IC/FedNor has funded the development of the software, implementation and training at individual CFDC sites, user site licences and customer support services for CFDCs since the software was first introduced. TEA was recently upgraded to better meet CFDC operational needs and to increase the capacity and flexibility of the database. Training on the upgraded software is being provided to CFDCs on a regional basis. A working group consisting of OACFDC, CFDC and IC/FedNor representatives has been re-established to oversee future developments of the software. This working group is currently negotiating a three-year support and training agreement with the supplier.

Recommendation 10: It is recommended that Industry Canada/FedNor continue to support the existing planning and training endeavours in place, such as the annual OACFDC conference and the meetings of the regional networks. In addition, Industry Canada/FedNor should continue to gauge the need for new or renewed training for all involved with this program, be they Industry Canada/FedNor staff, CFDC staff, or CFDC Board members.

Management Response: *Agreed.*

IC/FedNor recognizes that planning, training and networking are essential to the continuous improvement of the CF Program. IC/FedNor will continue to support shared learning and best practices, as well as training and development activities through the OACFDC and related mechanisms (eg: the annual conference, regional network meetings, the Pan-Canadian CF Network). IC/FedNor is providing funding for the development of an e-learning initiative by the OACFDC for its member organizations. This will facilitate opportunities for professional development and the sharing of economic development and business related information. Training and development measures for CFDCs and IC/FedNor staff will continue to be supported to ensure program objectives are met. Recent initiatives include regional training workshops on standardized accounting procedures and quarterly reporting obligations, the TEA software and three-year contribution agreements. IC/FedNor will continue to use its existing working group, as well as other collaborative mechanisms involving CFDC participation, to identify and respond to training and program development priorities. IC/FedNor will continue to place a high priority on training and development for its CF staff and is committed to holding province wide staff meetings on a regular basis.

Recommendation 11: It is recommended that Industry Canada/FedNor in collaboration with the OACFDC and the individual CFDCs define more relevant and useful indicators of performance for CED/community strategic planning initiatives.

Management Response: *Agreed.*

IC/FedNor established a working group comprised of CFDC representatives and IC/FedNor staff to review existing CFDC reporting mechanisms. A priority for this working group will be to identify quantitative and qualitative performance measures to enhance the reporting of CED/strategic planning initiatives.

Recommendation 12: It is recommended that Industry Canada/FedNor encourage inclusion of more specific targets in the annual plans of CFDCs, not only for youth as previously recommended, but also, as appropriate, for women, Aboriginal people, and Francophones as well as any other target group of the individual CFDCs. CFDCs should also be encouraged to report to Industry Canada/FedNor (through the quarterly reports) the extent to which they have reached these groups.

Management Response: *Agreed.*

New guidelines were developed for the preparation of CFDC business plans, annual operating plans

and annual performance reports. These guidelines stress the importance of monitoring and tracking CFDC services provided to the identified client groups. IC/FedNor program officers will continue to reinforce the need for CFDCs to serve the full range of clientele and for boards to be representative of the demographics and diversity of interests within their communities. CFDC quarterly reports include a client breakdown by each of the identified client groups for business services and investment fund activities.

Recommendation 13: It is recommended that Industry Canada/FedNor continue to negotiate new agreements with CFDCs that are more than one year in length.

Management Response: *Agreed.*

IC/FedNor adopted three-year agreements to reduce the administrative requirements and provide a longer planning horizon for CFDCs. As of April 2003, 24 of the 57 existing CFDCs were on three-year agreements. More CFDCs will be given three-year agreements as they demonstrate their readiness through superior management and performance standards.

Management Accountability

These program related recommendations will be addressed within operational plans and delivery strategies to be undertaken by Industry Canada/FedNor in 2003-04 and beyond.

Leadership in implementing these recommendations is to be provided by the Industry Canada/FedNor Management Team in cooperation with partner organizations, and is to be overseen by the Assistant Deputy Minister of Operations, Industry Canada.

