

Management Response to Conclusions and Recommended Areas for Follow-up

Recommendation 1: FedNor should continue to adapt the NODF to the changing economic development needs of Northern Ontario. In particular, it should continue to develop strategic approaches that address pan-Northern and/or sectoral needs.

Management Response: *Agreed*

NODF has been designed with a flexible set of program authorities and considerable scope to allow the program to evolve and adapt to changing economic realities and community needs. The recently updated regional development strategy focuses on six strategic priorities: Community Economic Development; Information and Communications Technology; Innovation; Human Capital; Trade and Tourism; and Business Financing Support. These priorities were established in light of formal and informal consultations with other Departments, Northern Ontario's community leaders, special clients groups, advocates within key Northern Ontario sectors including mining, forestry and tourism, northern exporters and entrepreneurs. This programming will be supported by a new Sectoral Strategies Unit responsible for the development of strategies for supporting key priorities and sectors.

FedNor will continue to consult with stakeholders to build on the success of NODF and to remain responsive to new challenges and opportunities as they emerge.

Recommendation 2: FedNor should ensure that program officers are aware of the extent of their roles and responsibilities, and that they recognize the areas where flexibility is required versus the areas where consistency is needed. This could be done through more frequent communications via various policy bulletins, training, meetings and other forms of communications amongst program officers as well as between officers and management.

Management Response: *Agreed*

FedNor is committed to provide opportunities for information exchange and program training so as to ensure the optimum level of flexibility and consistency in the area of program delivery. FedNor will continue to encourage the sharing of information including best practices and lessons learned among officers and management through regular unit and organization-wide meetings; formal and informal training sessions; and annual planning retreats. These opportunities will be further supported by the provision of reference materials such as policy bulletins and other written communications documents.

Recommendation 3: FedNor should assess the workload distribution of program officers in terms of the time they spend on NODF project planning activities, project implementation and monitoring activities, and project follow-up activities. This assessment should also examine the time spent on other non-NODF activities and tasks. Based on the result of this assessment, FedNor should make the appropriate adjustments, as required, to ensure an appropriate balance in the time spent on these tasks.

Management Response: *Agreed*

FedNor's recognition of the significant workload pressures in the field offices recently resulted in staffing actions whereby additional resources were dedicated to the geographic delivery offices. FedNor will ensure that the new workload distribution of program officers allows the appropriate amount of time to be spent on project planning activities; project implementation and monitoring; and project follow-up activities.

Recommendation 4: FedNor should continue to monitor various aspects of its services and to adapt its service improvement priorities as required. The recommendations included in the 2004/05 Service Improvement Initiative report are still relevant in that, not much improvement can be achieved in terms of client satisfaction. Nevertheless, client expectations could be better managed through the establishment of published service standards.

Management Response: *Agreed*

Building on the existing high level of client satisfaction, FedNor will continue to introduce processes that will further enhance services to its clients. FedNor's Service Improvement Plan, a dynamic tool which embraces the concept of continuous improvement, will be adjusted to reflect the results of the 2005 Client Satisfaction Survey and other client feedback. With input from FedNor's Service Improvement Initiative Team, service standards in key service areas will be reviewed and communicated to staff and clients. Performance against set standards will continue to be monitored and reported on.

Recommendation 5: FedNor should continue to address the economic development needs of Northern Ontario through its broad range of strategic priorities as these are contributing to the wide-ranging impacts of the NODF.

Management Response: *Agreed*

See response to Recommendation #1.

Recommendation 6: FedNor should keep the requirement for high involvement of other partners and communities in the NODF-funded projects as these are also important to the success of the projects and program.

Management Response: *Agreed*

FedNor recognizes that one of the keys to the success of NODF is the development of alliances with communities and organizations; the private sector; and other levels of government throughout Northern Ontario. These collaborations result in projects which have broad, community-based support that address current local or regional issues and capitalize on opportunities. Cost-effectiveness of NODF programming is also enhanced as NODF funding levers significant financial contributions toward these projects by co-funders.

Recommendation 7: FedNor should also enhance its support of sectoral initiatives as these are important to the economic development of Northern Ontario communities.

Management Response: *Agreed*

FedNor recently formed a new Sectoral Strategies Unit which is responsible for the development of sectoral strategies in key industry sectors including forestry, mining, Aboriginal economic development, innovation and ICT. FedNor's International Business Centre will continue to focus on the Trade and Tourism sectors. These units will gather and develop sectoral intelligence; collaborate with community stakeholders, business leaders and other levels of government; and develop and support the implementation of approved sectoral strategies and communications plans.

Recommendation 8: FedNor should continue its practice of appropriately balancing its requirements that NODF funding be incremental to the recipient organization's ability to undertake the projects as well as requiring an appropriate level of leveraging on projects.

Management Response: *Agreed*

FedNor staff will continue to exercise comprehensive due diligence to ensure that strategically-needed projects proceed with an appropriate combination of contributions from the applicant, NODF and other sources of funding. Supporting this, FedNor will continue to extensively collaborate with other organizations to ensure that NODF funding complements rather than duplicates other sources of funding.

Recommendation 9:

FedNor should further refine the NODF RMAF to more accurately reflect the program priorities. The performance reporting systems and tools should also be refined to meet the requirements outlined in the RMAF. In brief, the NODF RMAF would benefit from the following enhancements:

1. A closer integration of the logic model with the expected results, which are priority driven.
2. An integrated performance measurement and evaluation strategy which:
 - ▶ is directly linked to the logic model;
 - ▶ provides assurance that every aspect of the logic model is measured at some point in time (not necessarily ongoing);
 - ▶ recognizes the variable level of risk associated with the projects and clients;
 - ▶ provides a more direct link between the evaluation success issues and the program's logic model; and,
 - ▶ identifies the tools that are in place or needed to meet the performance measurement and evaluation strategy.

The revised RMAF should feed directly into the revisions of existing tools and systems as well as the development of new tools and systems as required. For example, the outcomes captured on NODF projects in the departmental system should match the outcomes in the RMAF. This is not presently the case. For example, the database captures community capacity, connectedness, e-commerce, export, knowledge-based, tourism and trade outcomes. These are currently not directly linked with neither the program priorities nor the outcomes identified in the program logic model. Similarly, what is measured in the project outcomes scoresheet is not reflective of the logic model outcomes nor of the indicators in the performance measurement plan.

Specific instructions on how to specifically complete the project outcomes scoresheets as well as on what is required from the program officer to ensure that the ratings in the scoresheet are reliable must be developed and a means for ensuring data quality and integrity needs to be implemented.

Management Response: *Agreed*

FedNor recognizes that reporting on program activities and their results is critical to the accountability of the use of public funds and sound performance management of the program. FedNor is committed to revising the NODF RMAF, in accordance with the above recommendations, by fall 2006. It is proceeding with the development of new data collection tools and an accompanying guide which will align with and reflect the expected results of the current program priorities.

Recommendation 10: FedNor should consult with Audit and Evaluation Branch (AEB) and the Information Management Branch (IMB) which is responsible for GCRS and CMIS to ensure that the departmental systems provide FedNor management with the flexibility it requires to appropriately capture the performance information it needs to better meet its monitoring and accountability requirements. If the required flexibility cannot be incorporated into the existing/new system, then FedNor should discuss other options with AEB and IMB regarding linking the FedNor system to ensure that all monitoring and accountability information can be captured and linked without requiring duplication.

Management Response: *Agreed*

FedNor will continue to consult with AEB and IMB regarding the design of the departmental information systems. FedNor is represented on the Industry Canada Working Group for the G&C Replacement by staff from finance, program delivery and policy who are providing input on specific areas such as monitoring and accountability so that the new system will meet FedNor's needs.

Recommendation 11: The new group responsible for gather market intelligence for FedNor and helping to develop strategies in light of this market intelligence should take due consideration of this lesson learned.

Management Response: *Agreed*

Sectoral strategies will be supported by communication plans which strive to enhance the awareness, on the part of clients and key stakeholders, of NODF's priorities, strategies and successes.

Recommendation 12: FedNor should continue to have regular organization-wide or strategically driven events aimed at sharing best practices and lessons learned.

Management Response: *Agreed*

See response to Recommendation #2.

Recommendation 13: While there are currently no alternative service delivery approaches for NODF, FedNor should further explore the possibilities of involving third parties more extensively in the delivery of the NODF to ensure that it continues to maximize its cost-efficiency.

Management Response: *Agreed*

FedNor will assess the possibilities of involving third parties more extensively in the delivery of NODF. This assessment will be conducted within the parameters of the Treasury Board Policy on Transfer Payments.

Recommendation 14: FedNor should ensure that, to the extent feasible, all Northern Ontario CFDCs are invited to participate in its NODF trade missions, particularly if clients in their delivery region are participating.

Management Response: *Agreed*

FedNor views the CFDC networks as partners in export development. In the Northwest region, FedNor has contracted with the Northwestern Ontario Development Network (NODN), a network of CFDCs, municipal and provincial membership, to deliver the Export Development Initiative. The NODN membership is actively involved in the recruitment and referral of clients for trade missions and trade services. Currently, FedNor is working with the Northeast CFDC network to coordinate their involvement as one of two host organizations for the Export Development Initiative.

Recommendation 15: Recognizing that the Youth Internship Program has evolved extensively over time, as a result of ongoing monitoring of the effectiveness of this program, FedNor should further explore the implications of expanding the NODF Youth Internship Program.

Management Response: *Agreed*

As part of the ongoing process of responding to the changing economic development needs of Northern Ontario, FedNor will continue to assess the objectives and design of the Youth

Internship Program and modify accordingly. This assessment would include an analysis of comparable programs, particularly those offered by the Province of Ontario, and budgetary constraints.

Recommendation 16: FedNor should continue to work toward integrating the needs of the Official Language Minority Communities (OLMCs) into its NODF programming.

Management Response: *Agreed*

In May 2005, FedNor staffed its first dedicated Official Languages Coordinator position to provide dedicated support to planning and promotional activities relative to OLMCs. A new OLMC Consultation Plan is being developed to enhance dialogue with OLMCs, foster a common understanding of the that OLMCs would like FedNor to take into account when developing programs and services, and enhance the awareness of FedNor programs among OLMCs. Consultation findings will be shared with FedNor management and staff to inform them of OLMC needs and priorities.

Management Accountability

These program-related recommendations will be addressed within operational plans and delivery strategies to be undertaken by Industry Canada/FedNor in 2006-07 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.