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NORTHERN ONTARIO DEVELOPMENT PROGRAM FINAL EVALUATION REPORT

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TABLE OF CONTENTS

- EXECUTIVE SUMMARYi
- PROGRAM OVERVIEWi
- EVALUATION PURPOSE AND METHODOLOGYi
- FINDINGSi
- 1.0 INTRODUCTION 1
- 1.1 REPORT OVERVIEW 1
- 1.2 PROGRAM CONTEXT 1
- 1.3 PROGRAM DESCRIPTION 2
- 1.4 LOGIC MODEL 4
- 2.0 METHODOLOGY 5
- 2.1 EVALUATION APPROACH 5
- 2.2 OBJECTIVE AND SCOPE 5
- 2.3 EVALUATION ISSUES AND QUESTIONS 5
- 2.4 DATA COLLECTION METHODS 6
- 2.5 LIMITATIONS 7
- 3.0 FINDINGS 9
- 3.1 RELEVANCE 9
- 3.2 PERFORMANCE 13
- 4.0 CONCLUSIONS AND RECOMMENDATIONS 24
- 4.1 RELEVANCE 24
- 4.2 PERFORMANCE 24
- 4.3 RECOMMENDATIONS 24
- Appendix A: Case Studies 26

LIST OF ABBREVIATIONS AND ACRONYMS

ACOA	Atlantic Canada Opportunities Agency
AFNOO	Association des Francophones du Nord Ouest de l'Ontario
BG&C	Business Growth & Competitiveness
CANNOR	Canada Northern Economic Development Agency
CED	Community Economic Development
CTC	Community Telemedicine Coordinator
EDI	Economic Development Initiative
EMA	Economic Multiplier Approach
FedDev	Federal Economic Development Agency for Southern Ontario
FEDNOR	Federal Economic Development Initiative for Northern Ontario
FRR	Final Results Report
G&C	Grants and Contributions
GCRS	Grants and Contributions Reporting System
GDP	Gross Domestic Product
ICT	Information Communication Technology
INN	Innovation
ISED	Innovation, Science and Economic Development Canada
KO	Keewaytinook Okimakanak
KOeTS	Keewaytinook Okimakanak eHealth Telemedicine Services
NEMI	Northeastern Manitoulin and the Islands
NOA	Northern Ontario Angels
NODF	Northern Ontario Development Fund
NODP	Northern Ontario Development Program
NOHFC	Northern Ontario Heritage Fund Corporation
OECD	Organization for Economic Cooperation and Development
O&M	Operations and Maintenance
RDA	Regional Development Agency
RPP	Report on Plans and Priorities
SMEs	Small and Medium Enterprises
WD	Western Economic Diversification Canada
FTE	Full-time Equivalent

LIST OF TABLES

TABLE 1:	RDA, Population, Land Area & Population density
TABLE 2:	Comparison of Real Gross Domestic Product Growth 1987-2013, Chained 2007 Dollars
TABLE 3:	Total NODP Completed Project Outcomes April 1, 2011 – March 31, 2015
TABLE 4:	NODP Completed Project Outcomes by Funding Stream
TABLE 5:	NODP Funding, Applications and Rejections by Stream
TABLE 6:	Percentage of 2012-2013 Spending by Strategic Outcome
TABLE 7:	Special Population Groups
TABLE 8:	NODP Budget (millions)
TABLE 9:	Completed Projects by Priority (2011-12 to 2014-15)
TABLE 10:	NODP NEMI Funding
TABLE 11:	Annual Economic Impact – Annual Comparison
TABLE 12:	Cruise Ship Visits – Port of Little Current

LIST OF FIGURES

FIGURE 1:	NODP Logic Model
FIGURE 2:	KO Telemedicine Services in Northwestern Ontario
FIGURE 3:	NOA Deals Sector Coverage September 2009 – September 2015

EXECUTIVE SUMMARY

PROGRAM OVERVIEW

Economic growth in Northern Ontario is slow relative to the rest of Ontario and Canada as a whole¹. The region's economy has historically been concentrated in natural resource sectors, driving a need for economic diversification and the transition to a knowledge economy. However, challenges include stagnating population growth, lower levels of education², as well as limited municipal resources available to invest in economic growth³. Furthermore, while Northern Ontario encompasses 90% of Ontario's land mass, it represents only 6.5% of the province's population⁴, which creates difficulties for both economic growth and program delivery.

FedNor, under Innovation, Science and Economic Development Canada (ISED), is the Government of Canada's economic development organization for Northern Ontario. The Northern Ontario Development Program (NODP) is FedNor's primary program for encouraging economic growth, diversification, job creation and self-reliant communities in Northern Ontario. To achieve these objectives, the NODP provides financial support to economic development projects led by municipalities, small and medium-sized enterprises (SMEs), not-for-profit organizations, and other community groups, including First Nations communities⁵. From 2011-2012 to 2014-2015, NODP Grants and Contributions (G&C) totalled approximately \$130M.

EVALUATION PURPOSE AND METHODOLOGY

In accordance with the *Policy on Evaluation* and the *Directive on the Evaluation Function*, the purpose of this evaluation was to assess the core issues of relevance and performance of the NODP. The evaluation findings and conclusions are based on the analysis of multiple lines of evidence. The methodology included a document review, literature review, interviews, financial analysis and case studies.

FINDINGS

Relevance

Given the relatively slow growth of the Northern Ontario economy, there is a continued need for a program like the NODP that supports community-specific approaches to strengthen and diversify the region's economy.

¹ In terms of real Gross Domestic Product growth between 1987-2013. Real GDP statistics for Canada and Ontario were obtained from Statistics Canada tables 380-0064 and 384-0038 respectively. Real GDP statistics for Northern Ontario were provided by the Conference Board of Canada.

² Southcott, C. 2011. *Demographic Trends in Northern Ontario: Challenges and Opportunities for FedNor Investments*. Department of Sociology, Lakehead University.

³ Rural Ontario Municipal Association. 2015. *The Rural and Northern Lens & A Voice for Rural and Northern Ontario*.

⁴ Industry Canada. 2015. *Northern Ontario Economic Overview*.

⁵ FedNor. 2015. *Northern Ontario Development Program*. Retrieved from: <http://fednor.gc.ca/eic/site/fednor-fednor.nsf/eng/fn02348.html>

The objectives of the NODP are consistent with federal government priorities related to supporting economic growth and regional economic development. The NODP is also consistent with ISED priorities related to developing competitive Canadian businesses and communities.

The program's objectives align with the roles and responsibilities of the federal government to reduce regional disparities, as stated in the *Constitution Act of 1982*. The NODP complements other federal and provincial programs designed to promote economic development in Northern Ontario.

Performance

The NODP has achieved progress towards its immediate outcomes by providing Northern Ontario communities and businesses with financial resources needed to respond to economic development opportunities. The majority of NODP funding is concentrated in Community Economic Development Projects, which reflects current demand in the region. Given recent government priorities related to innovation and building on competitive regional advantages, FedNor may wish to examine the appropriate balance of funding across streams. Recipients indicate that without NODP funding their projects would not have been able to proceed or they would have been smaller in scope.

The two-year follow-up reports are showing a net increase in Full-time Equivalents (FTE) and businesses created over the intermediate term. These reports are a useful tool for assessing longer-term outcomes, and FedNor is encouraged to continue to emphasize their importance to recipients. Case studies illustrate that the NODP is having a positive impact in Northern Ontario in terms of increasing economic activity, jobs and access to capital.

Overall, the program demonstrates economy and efficiency. Funding lapses during the evaluation period were beyond the control of the program and were not a result of insufficient demand. The NODP also continued to deliver the program efficiently, despite yearly reductions in O&M and staffing levels. Administration costs are within the range of other RDAs. Leveraging from other sources for NODP projects was \$2.16, indicating that the NODP is a catalyst in attracting outside sources of funding. Since the last evaluation, the program has initiated new administrative procedures, which have helped to meet service standards.

Recommendations

The findings and conclusions of the evaluation lead to the following recommendations:

1. Based on demand in Northern Ontario, the majority of NODP funding has understandably been provided under the Community Economic Development stream. Given the recent government emphasis on innovation, FedNor should explore opportunities to encourage a greater number of applications under the other streams.
2. FedNor should continue to encourage recipients to complete and submit the two-year follow-up reports in order to better track longer term outcomes. In addition, the program should conduct regular analysis of these reports to improve program management and communicate results.

1.0 INTRODUCTION

1.1 REPORT OVERVIEW

This report presents the results of an evaluation of the Federal Economic Development Initiative for Northern Ontario's (FedNor's) Northern Ontario Development Program (NODP). The purpose of the evaluation was to assess the relevance and performance of NODP. The report is organized into four sections:

- Section 1 provides the program context and profile of NODP;
- Section 2 presents the evaluation methodology along with a discussion of data limitations;
- Section 3 presents the findings pertaining to the evaluation issues of relevance and performance; and
- Section 4 summarizes the study's conclusions and provides recommendations.



1.2 PROGRAM CONTEXT

Regional Development Agencies (RDAs) across Canada help to address key economic challenges by providing regionally-tailored programs, services, knowledge and expertise that:

- Build on regional and local economic assets and strengths;
- Support business growth, productivity and innovation;
- Help small and medium-sized businesses effectively compete in the global marketplace;
- Provide adjustment assistance in response to economic downturns and crises; and
- Support communities⁶.

Economic growth in Northern Ontario is slow relative to the rest of Ontario and Canada as a whole⁷. The region's economy has historically been concentrated in natural resource sectors, driving a need for economic diversification and the transition to a knowledge economy. However, challenges include stagnating population growth and lower levels of education⁸, as well as limited municipal resources available to invest in economic

⁶ FedDev Ontario. 2014. *Regional Development Agencies Across Canada*. Retrieved from: <http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/01690.html>

⁷ In terms of real Gross Domestic Product growth between 1987-2013. Real GDP statistics for Canada and Ontario were obtained from Statistics Canada tables 380-0064 and 384-0038 respectively. Real GDP statistics for Northern Ontario were provided by the Conference Board of Canada.

⁸ Southcott, C. 2011. *Demographic Trends in Northern Ontario: Challenges and Opportunities for FedNor Investments*. Department of Sociology, Lakehead University.

growth⁹. Furthermore, while Northern Ontario encompasses 90% of Ontario's land mass, it represents only 6.5% of the province's population¹⁰, which creates challenges for both economic growth and program delivery.

1.3 PROGRAM DESCRIPTION

FedNor, under Innovation, Science and Economic Development Canada (ISED), is the Government of Canada's economic development organization for Northern Ontario. FedNor has a decentralized delivery model, with program staff located in six offices in Northern Ontario (Sudbury, Thunder Bay, North Bay, Timmins, Sault Ste. Marie, and Kenora). The NODP, established in 1996, is FedNor's largest program, representing approximately 80% of their estimated G&C spending for 2014-15. From 2011-2012 to 2014-2015, NODP Grants and Contributions (G&C) totalled approximately \$130M. FedNor's funding for Operations and Maintenance (O&M) was approximately \$34M over the same four-year period.

The NODP's objectives are to encourage economic growth, diversification, job creation and self-reliant communities in Northern Ontario. To achieve these objectives, the NODP provides financial support to economic development projects led by municipalities, small and medium-sized enterprises (SMEs), not-for-profit organizations, and other community groups, including First Nations communities¹¹.

The NODP is an application-based funding program. Applications for funding are assessed and approved based on the extent to which the proposed project demonstrates economic benefits for Northern Ontario¹². According to new program guidelines which came into effect in 2011, project proposals must fall into at least one of three funding streams: community economic development, business growth and competitiveness, or innovation¹³. Each funding stream involves a unique set of expected results and eligible project activities.

Community Economic Development¹⁴:

This funding stream focuses on building strong and sustainable communities in Northern Ontario in order to create the conditions necessary for economic growth and development. Examples of eligible project activities include:

- Strategic and business planning, sector or industry analysis, feasibility, marketing and engineering studies, recovery plans, workforce attraction and retention strategies, community investment readiness plans, inventories of community assets and community profiles;
- Strengthening communities' economic foundations, including industrial and commercial assets and industrial/business parks, downtown revitalization, and waterfront development; and
- Implementation of priority initiatives identified in economic development plans that demonstrate strong economic results.

⁹ Rural Ontario Municipal Association. 2015. *The Rural and Northern Lens & A Voice for Rural and Northern Ontario*.

¹⁰ Industry Canada. 2015. *Northern Ontario Economic Overview*.

¹¹ FedNor. 2015. *Northern Ontario Development Program*. Retrieved from: <http://fednor.gc.ca/eic/site/fednor-fednor.nsf/eng/fn02348.html>

¹² NODP Terms and Conditions. 2011.

¹³ <http://fednor.gc.ca/eic/site/fednor-fednor.nsf/eng/fn02348.html>

¹⁴ FedNor. 2015. *Community Economic Development*. Retrieved from: <http://fednor.gc.ca/eic/site/fednor-fednor.nsf/eng/fn03440.html>

Business Growth and Competitiveness¹⁵:

This funding stream focuses on fostering economic growth and increasing the competitiveness of Northern Ontario's businesses. Examples of eligible project activities include:

- Business management capacity development, such as planning, training, research, access to business management expertise and export readiness;
- Access to new markets outside Northern Ontario with emphasis on foreign markets, such as trade and export development advisory services, supply chain integration, trade missions; and
- Industry collaboration and support for SMEs, such as business incubators, industry networks, and regional and sectoral initiatives.

Innovation¹⁶:

This funding stream focuses on encouraging communities and businesses to become more innovative. Examples of eligible project activities include:

- Commercialization of intellectual property;
- Creating, acquiring or enhancing assets and capacity to support technological innovation, industrial R&D, and creation, adoption or adaptation of technology; and
- Linking stakeholders in the innovation system to create synergies optimize information sharing and collaborative working relationships and create or strengthen technology and research clusters.

Funding Conditions:

Funding conditions include the following provisions:

- The amount of the contribution will generally be determined based on the minimum amount and sharing ratio required to ensure that the project proceeds taking into consideration the proposed timing, scope and location of the project and the attainment of program objectives and expected results.
- Assistance available from FedNor includes repayable and non-repayable contributions. Contributions will normally be repayable where proposed projects generate profits for the eligible applicant.
- Generally, NODP contributions will be limited to 50% for capital investment projects and 75% for other types of projects.
- Eligible applicants are expected to contribute a minimum of 10% of project costs.

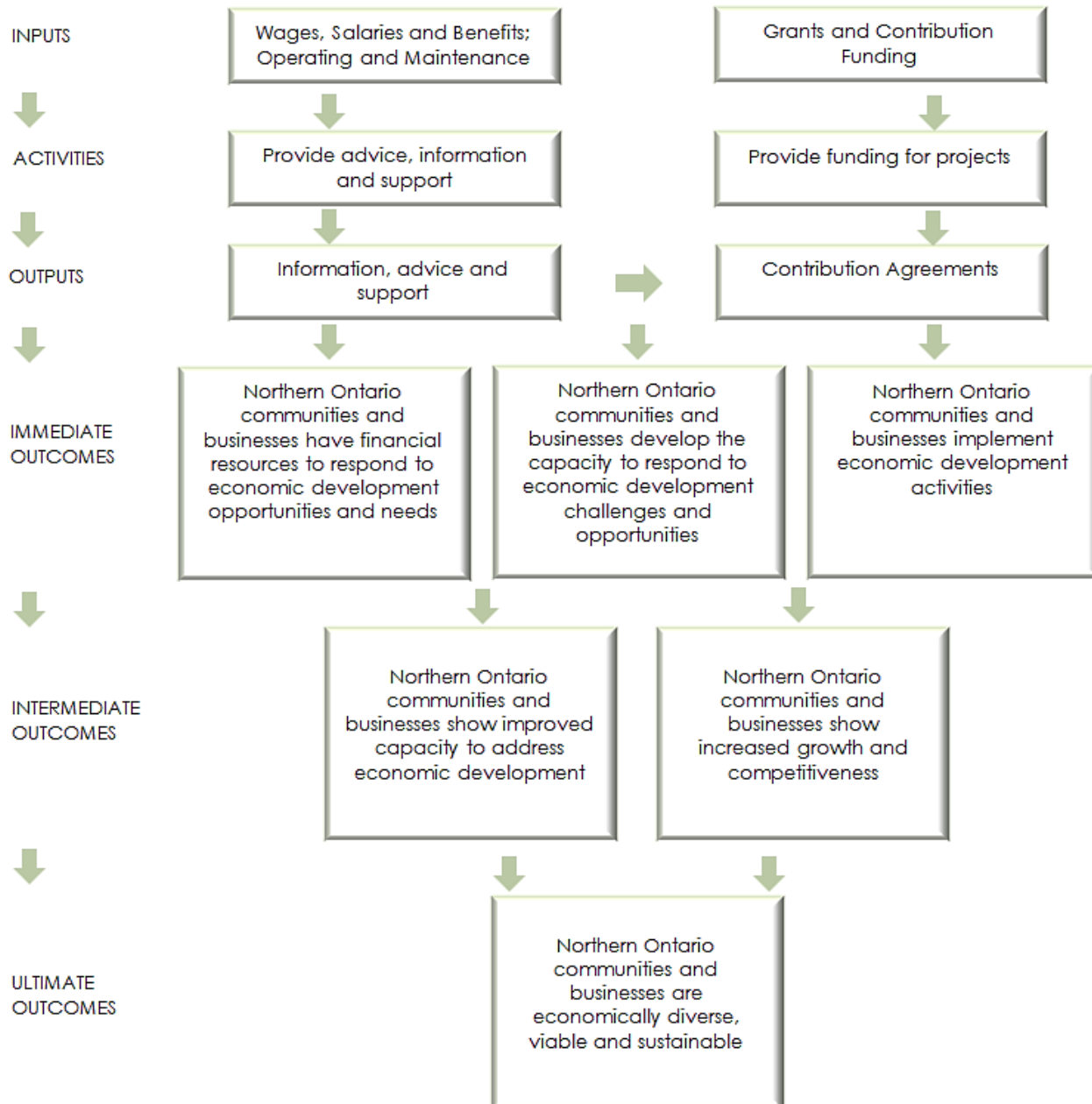
¹⁵ FedNor. 2015. *Business Growth and Competitiveness*. Retrieved from: <http://fednor.gc.ca/eic/site/fednor-fednor.nsf/eng/fn03442.html>

¹⁶ FedNor. 2015. *Innovation*. Retrieved from: <http://fednor.gc.ca/eic/site/fednor-fednor.nsf/eng/fn03444.html>

1.4 LOGIC MODEL

The logic model depicts NODP program theory. It shows how the program's activities are expected to lead to certain outputs and various levels of outcomes, and ultimately, to one of ISED's strategic outcomes. The program's logic model was updated through consultation with program staff prior to the evaluation. The current NODP logic model is presented below:

Figure 1: NODP Logic Model



2.0 METHODOLOGY

This section provides information on the evaluation approach, objective and scope, the specific evaluation issues and questions that were addressed, the data collection methods, and data limitations for the evaluation.

2.1 EVALUATION APPROACH

This evaluation was based on the expected outcomes of NODP as stated in the program's logic model. The program was previously evaluated in 2006 and 2011. This evaluation focussed on addressing the immediate and intermediate outcomes and examined the ultimate outcomes to the extent possible.

The evaluators measured the immediate, intermediate and ultimate outcomes using a variety of research methods, including document review, literature review, interviews, administrative data review, financial data collected by the program and case studies.

The evaluation study was conducted by ISED's Audit and Evaluation Branch.

2.2 OBJECTIVE AND SCOPE

An evaluation of NODP is required in accordance with the Treasury Board *Policy on Evaluation* and *Directive on the Evaluation Function*; the purpose of this evaluation was to assess the core evaluation issues of relevance and performance.

The evaluation covered the four-year period of 2011 to 2015.

2.3 EVALUATION ISSUES AND QUESTIONS

Based on the program's Performance Measurement Strategy, and subsequent consultations with the program, the evaluation addressed the following questions:

Relevance

1. Is there a continued need for the NODP?
2. To what extent are NODP objectives linked to (i) federal government priorities and (ii) departmental priorities and strategic outcomes?
3. To what extent does the NODP align with the roles and responsibilities of the federal government? Is there overlap or duplication with other government programs (federal, provincial or municipal)?

Performance

4. To what extent did the NODP contribute to Northern Ontario communities and businesses having the financial resources and capacity to respond to, implement and benefit from economic development opportunities?
5. To what extent did the NODP contribute to the growth and competitiveness of Northern Ontario communities/ businesses and to their sustainability and economic diversification?
6. To what extent does the program demonstrate economy and efficiency?

2.4 DATA COLLECTION METHODS

Multiple lines of evidence were used to address all evaluation questions. The data collection methods included a document review, literature review, interviews, financial analysis and case studies.

Document Review

The document review provided an understanding of the NODP, its alignment with government priorities and its achievement of expected outcomes. Key documents included:

- Program foundation documents;
- Performance reports (e.g. Project Final Results Reports and Two Year Follow-up Reports, completed by recipients; and Cumulative Performance Reports prepared by FedNor);
- Other documents (e.g. research papers, publications, and survey reports); and
- Government priority setting documents (e.g. Budgets, Speeches from the Throne).

Program performance measurement has been refined over the years in response to recommendations from previous evaluations and continues to evolve. NODP project performance data is maintained in a performance measurement database and is available at the individual project or aggregate level. The evaluators had access to performance data from the database and used this data to assess immediate outcomes.

Literature Review

The literature review built on work conducted for previous evaluations and addressed the core evaluation issues of continued need, and federal roles and responsibilities. The literature review examined the economy and demographics of Northern Ontario as they pertain to the program, modern policies and practices in the field of rural economic development, as well as literature pertaining to methods of evaluating economic development programs. The review was also informed by both the program and research conducted by AEB in collaboration with the ISED library.

Interviews

The objective of the interviews was to gather in-depth information, including views, perceptions and factual information that address the evaluation questions. The interviews were semi-structured in nature and were

designed to obtain qualitative feedback from a range of respondents. Interviews were conducted in the official language of the participant's choice and interview guides were provided in advance. Interviews were conducted in person (depending on availability) or by telephone. Interviews were conducted with a total of 50 participants and include the following types of respondents¹⁷:

- FedNor managers and project officers (10)
- Provincial, municipal and aboriginal government officials (5)
- Municipal/business development/community stakeholders (5)
- Academic in regional economic development (1)
- Program recipients (13)
- Case study interviewees (16)

Financial Data Analysis

A high level financial analysis of NODP was conducted to address the evaluation issues of efficiency and economy. The allocation and utilization of resources were reviewed.

Case studies

In previous evaluations, case studies were used to compensate for unavailable data with respect to NODP projects in the assessment of the program's immediate, intermediate and ultimate outcomes. For this evaluation case studies were selected from previous evaluations and updated with respect to their achievement of intermediate and ultimate outcomes.

The three follow-up case studies selected for this evaluation were:

1. Revitalization of Main Docks in Little Current for the Town of Northeastern Manitoulin and the Islands
2. Development of a Five-Year Strategic Plan for Association des francophones du Nord-Ouest de l'Ontario
3. Extend Telemedicine Services to 19 Remote First Nations for Keewaytinook Okimakanak/Northern Chiefs Council

In addition to the case studies, the evaluators reviewed the Northern Ontario Angels (NOA) which is a not-for-profit organization that connects Northern Ontario entrepreneurs with investors and resources to help them build and grow their businesses.¹⁸

2.5 LIMITATIONS

Attribution of Outcomes to NODP

The majority of projects supported by the NODP are jointly funded, making it difficult to attribute the success of outcomes achieved specifically to the NODP. As well, the program is one of many factors that can impact

¹⁷ Note that an interviewee may represent more than one of the groups identified.

¹⁸ Northern Ontario Angels website. Retrieved December 17, 2015 from: <http://www.noeg.info/EN/>

Northern Ontario's economy, making it challenging to directly attribute NODP support to economic development in the region. Finally, results within the community economic development stream may appear far down-stream from the intervention and this can complicate attempts to attribute results. While evaluators were able to attribute immediate results (such as providing funds and capacity building) to specific interventions, intermediate and longer-term outcomes posed greater attribution challenges. That said, all evaluations of programs such as NODP face similar attribution issues.

Reporting on Project Outcomes

During the evaluation timeframe, NODP funding was delivered through two separate sets of guidelines. In response to a recommendation from the 2011 evaluation, the previous guidelines were closed to applications on April 1, 2011, discontinued, and replaced by the current guidelines. The NODP's overall objective under each set of guidelines is the same¹⁹, and outcomes generated were the same (e.g. FTEs, businesses, strategic plans). The new guidelines streamlined the number of thematic areas and the number of indicators, which created some challenges for the evaluation in terms of consistent reporting.

Since projects that received funding prior to 2011 continued to generate outcomes into 2014-2015, the evaluation reviewed performance information of all projects completed under both sets of guidelines during the evaluation period. Results are presented in aggregate form for all projects where appropriate.

Lack of Longer-term Outcome Data

NODP performance reporting is based on Final Results Reports, which are only collected once, at the time of project completion. Therefore, the performance data included in this evaluation does not demonstrate whether outcomes are sustained over time, nor does it capture any additional outcomes that could potentially materialize after the official project completion date.

The 2011 evaluation of the NODP recommended that the program improve measurement of longer-term outcomes. To address this recommendation, the NODP has introduced two-year follow-up reports to show intermediate project outcomes. These reports were introduced in February 2015 and thus, 26 two-year follow-up reports were available for review by the evaluators. Findings from this small, non-random sample size cannot be used to draw general conclusions about the longer-term outcomes of NODP projects overall.

To compensate for the limited information, evaluators conducted the three follow up case studies (from previous evaluations) and reviewed the NOA, to assess the extent to which the NODP had contributed to the intermediate and long term outcomes of the program.

¹⁹ The overall objective is "to promote economic diversification, job creation, and sustainable, self-reliant communities in Northern Ontario by providing financial support to small and medium-sized enterprises (SMEs) and not-for-profit organizations" as specified in the program Terms and Conditions.

3.0 FINDINGS

3.1 RELEVANCE

3.1.1. Is there a continued need for the NODP?

Key Findings: Given the relatively slow growth of the Northern Ontario economy, there is a continued need for a program like the NODP that supports community-specific approaches to strengthen and diversify the region's economy.

Understanding Northern Ontario

As documented in a FedNor Regional Development Agency (RDA) comparative report and presented in Table 1 below, FedNor operates in one of the least populated areas relative to other RDAs.

Organization	Population	Land Area (sq. km)	Population Density
CanNor	107,265	3,496,294	0.03
FedNor	833,225	806,713	1.03
WD	10,286,963	2,703,160	3.8
ACOA	2,327,638	500,513	4.65
CED-Q	7,903,001	1,356,547	5.83
FedDev	12,018,596	101,895	117.95

Population density is a predictor of economic growth in developed countries²¹, and Northern Ontario's population density is approximately 1 person per square kilometer. In addition, increased transportation costs, limited infrastructure development, and reduced business networking opportunities are some of the ways in which rural geography can create barriers to economic development²². A 2010 report²³ notes that Northern Ontario is faced with general population stagnation and decline, high rates of youth out-migration, low levels of in-migration, an aging population, a high number of people employed in declining resource-based industries, and lower levels of education.

²⁰ RDA Report, prepared by FedNor. Table 1, page 3.

²¹ Ahrend, R. and A. Schumann (2014), "Does Regional Economic Growth Depend on Proximity to Urban Centres?", OECD Regional Development Working Papers, OECD Publishing.

²² OECD. 2015. New Rural Policy. Retrieved from: <http://www.oecd.org/rural/rural-development-conference/documents/New-Rural-Policy.pdf>. Page 29.

²³ Southcott, C. (2010). Demographic Trends in Northern Ontario: Challenges and Opportunities for FedNor Investments. A report prepared for FedNor.

A 2013 study²⁴ notes that Northern Ontario's economy can be characterized by an overdependence on natural resource exploitation, leaving the region vulnerable to resource depletion, global commodity price fluctuations, the boom and bust cycles of resource industries, exchange rate fluctuations, and changes in government policy regarding Northern Ontario.

As a result of these geographic, demographic and economic factors, there remains a demonstrable need to provide assistance to Northern Ontario businesses and communities.

Trends in Northern Ontario's Economic Growth

As demonstrated in Table 2 below, the GDP of Northern Ontario's economy has grown slowly relative to the economies of the rest of Ontario and Canada and as whole since 1987.

Table 2: Comparison Of Real Gross Domestic Product Growth 1987-2013, 2007 Dollars ²⁵					
Region	Canada	Ontario	Northern Ontario	Northeastern Ontario	Northwestern Ontario
% Change in Real GDP	83.99%	79.73%	9.55%	20.80%	-17.43%

A closer examination of growth in Northern Ontario shows differences within the region itself. Northern Ontario is separated into eastern and western economic regions. In terms of GDP, the economy of northeastern Ontario is approximately three times the size of northwestern Ontario. While the economy of northeastern Ontario shows sluggish growth, the northwestern economy has deteriorated over time due to collapses in goods producing industries, mining, oil and gas, and other major industries. As such, there remains a continued need for funding economic development projects in all of Northern Ontario.

The Rationale for the Program Remains Valid

Rural economic development programs are based on the idea that rural areas are undercapitalized, and that increased access to financing will jumpstart economic activity²⁶.

A 2015 Organization for Economic Cooperation and Development (OECD) report, which is based on assessments of practices in a wide variety of member countries, states that modern approaches to rural economic development can be characterized as an investment-based approach designed to address community-specific needs, assets and opportunities²⁷. A 2015 report by the Rural Ontario Municipal Association echoes the need for programming that takes the unique challenges of northern communities into

²⁴ Conteh, C. & Segsworth, B. (2013). *Governance in Northern Ontario: Economic Development and Policy Making*. University of Toronto Press.

²⁵ Real GDP statistics for Canada and Ontario were obtained from Statistics Canada tables 380-0064 and 384-0038 respectively. Real GDP statistics for Northern Ontario were provided by the Conference Board of Canada.

²⁶ Abravanel, Pindus & Theodos. 2010. *Evaluating Community and Economic Development Programs*. The Urban Institute. Prepared for the U.S. Department of the Treasury. P. 25-26.

²⁷ OECD. 2015. *New Rural Policy*. Retrieved from: <http://www.oecd.org/rural/rural-development-conference/documents/New-Rural-Policy.pdf>. See page 2.

consideration, opposed to applying a one-size-fits-all approach²⁸. The NODP follows this approach by supporting projects that build upon the unique assets and strengths of individual communities.²⁹.

3.1.2. *To what extent are NODP objectives linked to (i) federal government priorities and (ii) departmental priorities and strategic outcomes?*

Key Findings: The objectives of the NODP are consistent with federal government priorities related to public investment to support economic growth and regional economic development. The NODP is also consistent with ISED priorities related to developing competitive Canadian businesses and communities.

Extent to which the objectives and activities of the NODP are linked to federal government priorities

The 2015 Speech from the Throne recognizes “that public investment is needed to create and support economic growth, job creation and economic prosperity”. Furthermore, the Minister of Innovation, Science and Economic Development Mandate Letter identifies Ministerial priorities as “working with Regional Development Agencies to make strategic investments that build on competitive regional advantages”. The Mandate Letter also highlights the importance of developing an innovation agenda that supports an “emerging national network for business innovation”. Similarly, from 2011 to 2015, federal Budgets have consistently prioritized economic growth, job creation, community development, and innovation.

The NODP aligns with the priorities of the federal government as the program's objective is to contribute to economic growth. Specifically, the CED stream supports communities' efforts to plan and mobilize their resources, enhance business growth, and exploit new opportunities for economic diversification. Whereas BG&C invests in projects to improve productivity, reach new markets, and foster investment. Finally, the Innovation stream encourages communities and businesses to become more innovative, through fostering the development of new technologies, and promoting community innovation initiatives.

Extent to which the objectives and activities of the NODP are linked to departmental strategic outcomes

Innovation, Science and Economic Development Canada's 2015-2016 Report on Plans and Priorities (RPP) identifies the NODP as a sub-program within Innovation, Science and Economic Development Canada's Community Economic Development Program. This Program is situated under the Strategic Outcome: Canadian businesses and communities are competitive. The NODP is designed to support this outcome by promoting economic development and diversification, job creation, and sustainable, self-reliant communities in Northern Ontario by providing transfer payments to small and medium-sized enterprises and not-for-profit organizations, including municipalities, municipal organizations, community development organizations and research institutions³⁰.

²⁸ ROMA. 2015. *The Rural and Northern Lens & A Voice for Rural and Northern Ontario*. Retrieved from: <http://www.roma.on.ca/ROMA-Docs/Reports/2015/AVoiceforRuralandNorthernOntario201501.aspx>

²⁹ NODP Terms and Conditions, 2011.

³⁰ Innovation, Science and Economic Development Canada, 2015-16 Estimates – Report on Plans and Priorities.

3.1.3. *To what extent does the NODP align with the roles and responsibilities of the federal government? Is there overlap or duplication with other government programs (federal, provincial or municipal)?*

Key Findings: The program's objectives align with the roles and responsibilities of the federal government to reduce regional disparities, as stated in the *Constitution Act of 1982*. The NODP complements other federal and provincial programs designed to promote economic development in Northern Ontario.

Alignment with federal roles and responsibilities

The Government of Canada is committed to furthering economic development to reduce regional disparities according to Section 36 of the *Constitution Act of 1982*. Additionally, the *Department of Industry Act*, Section 4 (2), states that the powers, duties and functions of the Minister of Industry extend to regional economic development in Ontario. The NODP is the main program by which the Minister fulfills these responsibilities.

A review of academic literature pertaining to rural economic development reaffirms a role for the federal government. For example, the OECD's *New Rural Policy: Linking Up for Growth* (2015) identifies key actors in the New Rural Paradigm as "all levels of government (national, regional and local), [in collaboration with] various local stakeholders (public, private, NGOs)". The current federal role reflects the contemporary model of rural economic development programs.

The NODP does not duplicate or overlap other government programs

There are a number of federal and provincial programs working to promote economic development in Northern Ontario by providing access to capital³¹:

- In addition to the NODP, FedNor programming includes the Community Futures Program and the Economic Development Initiative.
- SMEs in Northern Ontario may receive access to capital, namely loans provided by the [Business Development Bank of Canada](#) and the Canada Small Business Financing Program delivered by ISED.
- Provincial programming includes the [Northern Ontario Heritage Fund Corporation](#) (NOHFC), the [Rural Economic Development Program](#), the [Ontario Trillium Foundation](#), as well as the [Small Business Enterprise Centres](#).

There are multiple government programs potentially providing coverage to an individual, to a business, or to a project that is eligible for support from the NODP. While the NODP and other programs may provide funding to the same project, NODP Terms and Conditions establish formal mechanisms to ensure that collaboration occurs between funding partners³². This helps to avoid overlap and duplication.

³¹ This list is not necessarily exhaustive.

³² Pursuant to the Treasury Board *Directive on Transfer Payments*, Section 11 of the *NODP Terms & Conditions* sets out provisions for stacking of assistance from multiple government sources.

NODP frequently co-funds projects with the provincial government that are designed and implemented by local recipients (e.g., 44% of all NODP projects approved during the evaluation period included provincial funding). Previous evaluations of the NODP concluded that NODP officers collaborate effectively with other funders to avoid duplication across funding sources³³. These findings extend to the current evaluation where interviewees reported that NODP officers frequently work with officers from other programs during the project planning phase to coordinate assistance.

3.2 PERFORMANCE

3.2.1 *To what extent did the NODP contribute to Northern Ontario communities and businesses having the financial resources and capacity to respond to, implement and benefit from economic development opportunities?*

Key Findings: The NODP has achieved progress towards its immediate outcomes by providing Northern Ontario communities and businesses with financial resources needed to respond to economic development opportunities. The majority of NODP funding is concentrated in Community Economic Development Projects, which reflects demand in the region. Given recent government priorities related to innovation and building on competitive regional advantages, FedNor may wish to examine the appropriate balance of funding across streams. Recipients indicate that in many cases their projects would not have been able to proceed without NODP funding.

Over the evaluation period there were 528 completed projects which had a Final Results Report (FRR)³⁴. Table 3 presents outcomes achieved during the evaluation period, based on these reports:

Indicator ³⁶	Four-Year Total	Annual Average	Annual Targets ³⁷
NODP authorized assistance	\$124,277,840	\$31,069,460	N/A
Total project cost	\$413,923,672	\$103,480,918	N/A
Completed projects	528	132	N/A
FTEs created / maintained	7,295	1,824	2,000
Businesses created / maintained expanded / modernized	3,546	887	500
Studies and / or plans developed	546	137	50 ³⁸

³³ The NODPs 2008 Mid-Term Evaluation and 2010 Final Evaluation found little evidence of duplication.

³⁴ Although 584 projects were completed during the review period, 528 FRRs were available; recipients have a reporting allowance of up to 90 days after the project end date to submit the FRR, and certain types of recipients are not required to submit FRRs.

³⁵ NODP Cumulative Performance Report April 1, 2011 – March 31, 2015. Summary of Results by KPI and Priority, p. 5. NODP Cumulative Performance Report April 1, 2011 – March 31, 2015. Table 6, p. 16. 2015-09-16 NODP 842 Performance Measurement Data. Prepared by Policy.

³⁶ Indicator definitions are available in the NODP Performance Measurement Manual at:

[http://icweb.ic.gc.ca/ontario_region/fednor/fednor-intranet.nsf/all/D38F1107900BC2D585257DCC0060ECDE/\\$File/en-fed3613ne.pdf](http://icweb.ic.gc.ca/ontario_region/fednor/fednor-intranet.nsf/all/D38F1107900BC2D585257DCC0060ECDE/$File/en-fed3613ne.pdf)

³⁷ Based on the NODP Performance Measurement Strategy, dated April 21, 2011.

³⁸ 546 studies/plans were reported by 190 projects – projects are able to develop multiple studies / plans.

Table 3 demonstrates that NODP is making progress towards the achievement of its immediate outcomes. Over the evaluation period, 528 projects were completed with \$124 million in assistance, thereby providing recipients with financial resources to respond to economic development opportunities and needs.

The NODP has generally been meeting its target for immediate performance indicators. The 528 completed projects have resulted in an annual average of over 1,800 FTEs created or maintained (approximately 91% of the annual target set by NODP over the evaluation period). In addition these projects resulted in an annual average of 887 businesses created, maintained, expanded or modernized. This number significantly exceeded the program's annual target of 500 for this indicator.

Finally, over the evaluation period, the NODP has supported the development of 137 studies and / or plans annually (e.g., business plans, feasibility studies and strategic community economic development plans). This is more than double the program's annual target. These studies and / or plans allow communities to identify and respond to economic opportunities.

Distribution of Results by Stream

Table 4 pertains to outcomes achieved by the three current project streams³⁹:

Indicator	CED	BG&C	INN	Total
Number Of Projects	190	74	46	310
Authorized Assistance	\$30,579,250	\$11,735,401	\$6,576,393	\$48,891,044
Total Project Costs	\$101,437,275	\$24,998,560	\$18,030,163	\$144,465,998
FTEs Created	643	1,319	314	2,276
FTEs Maintained	194	635	96	925
Businesses Created	23	161	27	211
Businesses Maintained	51	231	73	355
Businesses Expanded/Modernized	115	505	112	732
Studies/Plans Developed	179	213	26	418

Table 4 demonstrates that the CED stream accounts for the majority of assistance provided by NODP. However, the indicators in the table show that this stream does not produce immediate outcomes at the same rate as other streams. For example, the BG&C stream generated more than double the number of FTEs created or maintained, and more than four times the number of businesses created, maintained, expanded and modernized in projects funded since 2011.

At first glance, it may therefore appear that the program should divert funding away from CED and towards the other two streams. However, given the economic reality of Northern Ontario, the focus on CED may be appropriate. Rural economic development researchers have cautioned that a short-term focus on jobs is

³⁹ Project outcome data self-reported by recipients through Final Results Reports (FRRs) upon project completion. During the review period, 366 projects were completed. At the time of the evaluation, 310 FRRs were available for analysis.

⁴⁰ NODP Cumulative Performance Report, April 1, 2011 – March 31, 2015. Summary of Results by KPI and Priority, p. 5.

insufficient to generate sustainable rural development⁴¹, and have emphasized the importance of both community and business development programming as a means of generating sustainable rural economic growth⁴². As CED projects are intended to create the conditions necessary for economic growth, the true value of these projects may emerge over the medium and long-term and/or provide impetus for additional projects in the other streams, as illustrated by case studies in the next section.

Furthermore, NODP's focus on CED projects reflects current demand in the region. Table 5 demonstrates that the NODP funding distribution across streams is reflective of the number of applications made under each stream⁴³. The amount of funding provided under each stream is generally consistent with the percentage of applications for each stream, and the number of applications rejected (13% to 16%) is consistent across streams.

Indicator	CED	BG&C	INN	Total
% Total Program Funding Received	62%	24%	13%	100%
% Total Program Applications Received	60%	22%	18%	100%
% Applications Rejected	13%	13%	16%	

NODP's high concentration of applications and funding in the CED stream is also due in part to the many small, isolated communities in Northern Ontario. Table 6 shows the NODP funding distribution compared to other RDAs across Canada. As previously mentioned, NODP spending is concentrated in municipalities/not-for-profit organizations as opposed to for-profit organizations⁴⁵, which tend to focus on CED projects. Some interviewees mentioned that they may collaborate with other small communities to share resources and develop CED projects.

Strategic Outcome	FedNor	ACOA	CED-Q	FedDev	WD	Cannor
Community Economic Development	61	28	34.7	14.3	19.3	39.4
Enterprise/Business Development	15.2	57	44	54.4	31.4	42.8
Regional Economic Development			14.9			
Technological Innovation	13.1			23.4	32.6	
Policy, Advocacy and Coordination	2.6	3.9			4.6	3.8
Internal Services	8.2	11.1	6.4	7.9	12.1	14
Total	100	100	100	100	100	100

⁴¹ Pender, J., Marré, A. & Reeder, R. 2012. *Rural Wealth Creation: Concepts, Strategies, and Measures*. Economic Research Report Number 131. United States Department of Agriculture. Page 1.

⁴² Larsson, L, Fuller, T., & Pletsch, C. (2012). *Business and Community Approaches to Rural Development: Comparing Government-to-Local Approaches*. *Journal of Rural and Community Development*, 7(2), 152-169.

⁴³ Of the 1,081 applications received under the current NODP guidelines, 85% of these were from non-profit organizations, and 15% from small-and-medium sized enterprises (SMEs).

⁴⁴ NODP Cumulative Performance Report April 1, 2011 – March 31, 2015. Summary of Results by KPI and Priority, p. 5.

⁴⁵ However, there has been an increase in unconditional repayable projects approved from two each in 2012-2013 and 2013-2014 to 8 in 2014-2015.

⁴⁶ FedNor RDA Comparative Analysis. Table 3, p. 5.

Table 6 also indicates that, compared to the RDAs, FedNor has the lowest percentage of spending in enterprise business development, which reflects the economic, demographic and geographic conditions of Northern Ontario (i.e., 2.2 % of all SMEs in Canada are in FedNor's region). The high concentration of CED funded projects under NODP is largely a reflection of the economic conditions in Northern Ontario. Nevertheless, given federal priorities related to innovation and building on competitive regional advantages, FedNor may wish to conduct an analysis of its funding distribution across streams to determine the appropriate balance of funding.

Special Population Groups

The NODP makes efforts to ensure that special population groups benefit from FedNor programming. Under the current guidelines, 72 projects involved one or more special population groups (i.e. aboriginal, francophone, women, and youth). While these projects represent 12% of total completed project funding, this number falls short of the 20% target indicated in program documentation⁴⁷.

Target Population	# Completed Projects	Authorized Assistance (\$)	Total Project Cost (\$)
Aboriginal	49	8,303,347	25,633,029
Francophone	9	318,820	1,255,768
Women	3	103,601	294,003
Youth	11	392,000	729,641
Total	72	9,117,768	27,912,441

Incremental Role of NODP Funding

Most recipients acknowledged that NODP funding was critical to project success in the FRRs. Without NODP funding, projects would not have been able to proceed according to scale, scope or within the same timeframe. When asked to indicate the extent to which their projects would have been impacted, 59% of the recipients indicated that the project *would not* have occurred without NODP's assistance, 36% indicated that the project *may have* occurred without NODP's assistance, but would have been impacted in a *major* way, and 5% indicated that the project *may have* occurred without NODP's assistance, but would have been impacted in a *minor* way⁴⁹. In the words of one interviewee, and echoed by others, "some of the projects wouldn't have proceeded at all; businesses would have undertaken smaller projects."

⁴⁷ One of the reasons for not achieving the 20% target is that EDI, which specifically targets economic development in the region's francophone communities, was not yet in place. In addition to projects targeted to youth, there were 87 youth interns funded in the evaluation period which are not counted as 'projects targeting youth'.

⁴⁸ NODP Cumulative Performance Report April 1, 2011 – March 31, 2015. Table 9, p. 51.

⁴⁹ Ibid, p. 31.

3.2.2 To what extent did the NODP contribute to the growth and competitiveness of Northern Ontario communities/businesses and to their sustainability and economic diversification?

Key Findings: The two-year follow-up reports are showing a net increase in FTEs and businesses created over the intermediate term. These reports are a useful tool for assessing longer-term outcomes, and FedNor is encouraged to continue to emphasize their importance to recipients. Case studies illustrate that the NODP is having a positive impact in Northern Ontario in terms of increasing economic activity, jobs and access to capital.

The 2010 evaluation of the NODP recommended that the program improve measurement of intermediate and ultimate outcomes. To report on intermediate outcomes, the NODP introduced two-year follow-up reports for projects. These reports track the status of outcomes reported in the FRRs (e.g., the number of jobs maintained) and whether new outcomes have occurred. This allows for the assessment of the sustainability of projects. The two-year follow-up reports were introduced in February 2015, at which time a small proportion (36) of projects had met the two-year time frame. A limited number of these reports (26) were available for the evaluation. Findings from this small, non-random sample size cannot be used to draw general conclusions about the intermediate outcomes of NODP projects overall. Nonetheless, analysis of these reports found that some projects have sustained or even improved their initial outcomes. For example, the reports showed a net increase of 270 FTEs two years after project completion. These reports also demonstrated a net increase of seven businesses two years after project completion.

To compensate for the limited information available in the two-year reports, evaluators conducted three follow up case studies to assess the extent to which the NODP had contributed to the intermediate and long term outcomes of the program. All three case studies had been reviewed in previous evaluations.

In addition to the case studies, the evaluators reviewed the Northern Ontario Angels (NOA) which is a not-for-profit organization that connects Northern Ontario entrepreneurs with investors and resources to help them build and grow their businesses.⁵⁰ The following is a brief summary of each case study. Detailed write-ups can be found in Appendix A.

Northeastern Manitoulin Islands (NEMI) Downtown Waterfront Development Plan

Between 2005 and 2012 the NODP provided approximately \$1.9 million to five projects in NEMI related to the revitalization of the Little Current waterfront. The projects included planning, engineering, design/construction in 2005-06, the purchase of service docks in 2006 and three phases of waterfront development projects from 2008-2012.

These projects have had a significant economic impact in the area. Since 2005 the number of boats visiting the port has increased from a low of 995 in 2005 to a high of 2,795 in 2012. From 2006 to 2015 the average

⁵⁰ Northern Ontario Angels website. Retrieved December 17, 2015 from: <http://www.noeg.info/EN/>

estimated number of boats to visit the port annually was 2,194; approximately 2.3 times the 2005 estimate. The increased number of boat visits has led to corresponding increases in dockage revenues, and estimated daily spending by visitors to the area. The total estimated annual economic impact from the increase in boat visits between 2006 and 2015 ranged from a low of \$576,525 to a high of \$966,110. The average estimated annual economic impact is \$756,575; approximately 2.3 times the 2005 estimate.

In addition, with the reconstruction of the dock for cruise ships, NEMI has seen the Port of Little Current become a destination for Great Lakes cruise lines. Since 2009 NEMI has seen a steady influx of cruise ships during the summer months. Program documents show that in 2015, NEMI saw over 3,500 unique visitors as a direct result of cruise ship activity. Although it is difficult to estimate how much each passenger spends per day in NEMI, interviewees indicated sales in the local businesses have increased with the influx of visitors from the cruise ships. Interviewees also explained that local businesses hire seasonally to meet the demands of the increase in visitors. One business owner indicated that he typically hires 50-60 people each summer and that revenues have grown every year with the attraction of more boats to the Port. Smaller businesses indicated they hire students over the summer to help with the increase in tourism.

Extension of Telemedicine Services to Remote First Nations

This NODP project was part of a larger \$6 million project supported by Health Canada and the Ontario government to establish permanent tele-medicine services in 19 remote First Nations in the Sioux Lookout Zone. Under this project, FedNor provided \$450,000, which was 100% of the cost of the first phase of the larger project. The project began in October 2003 and was completed in December 2004 and extended telemedicine services to seven remote First Nations. Additional sites were subsequently funded by Health Canada and the Government of Ontario. As of October 2015, Keewaytinook Okimakanak (KO) telemedicine services are operating in 26 remote communities, with a total of 27 sites.

The telemedicine service has had a direct impact on jobs in Northern Ontario. Approximately 39 tele-health technicians and other local professionals have been hired, on an on-going basis, to operate and manage the telemedicine equipment in the remote First Nations communities.⁵¹ These projects have led to the creation of new jobs for these Aboriginal communities, which are a targeted population group for FedNor funding.

In addition, over the years, NODP has provided approximately \$15M in funding to KO for numerous ICT related projects (e.g., broadband and network upgrades). Telehealth development in northwestern Ontario is closely tied to the infrastructural groundwork laid by K-net; however, this infrastructure is also important for economic development in the region. The provision of broadband and network upgrades over the years provides this area of Northern Ontario with the infrastructure to participate in the modern economy.

Association des Francophones du Nord-Ouest de l'Ontario (AFNOO) Five-Year Strategic plan

As mentioned, under NODP's Community Economic Development guidelines, eligible projects include strategic plans to allow communities to identify and prioritize viable economic opportunities and to strengthen

⁵¹ McMahon, R., Gurstein, M., Beaton, B., O'Donnell, S., Whiteduck, T. (2014) [Making Information Technologies Work at the End of the Road](#). *Journal of Information Policy* 4, 250-269.

community economic competitiveness through the implementation of the identified priorities, thus stimulating business investment and growth.⁵²

AFNOO is a non-profit federation of organizations that fosters the cultural, educational, political and economic well-being of Francophones in northwestern Ontario.⁵³ In 2008, AFNOO submitted an application for funding to produce a socio-economic profile of the francophone community in northwestern Ontario, to engage in consultation with the community, and to develop AFNOO's five-year strategic plan (2009-2014) based on the findings of the study and the consultations. The total project costs were \$41,700; FedNor contributed \$34,578.

Outcomes achieved through the implementation of AFNOO's five-year strategic plan (2009-2014) can be indirectly attributed to NODP funding⁵⁴. A review of AFNOO's annual reports indicates that the organization is taking action to address economic development including:

- Providing member-organizations with governance training, identifying funding sources for members, assisting members with funding applications, and targeting funding applications to the needs of the francophone community;
- Purchasing and renovating a multiservice center in Thunder Bay, where member organizations can provide services to the francophone community; and
- Organizing an annual Franco-Festival in Thunder Bay to promote francophone culture and networking opportunities.

As noted in section 3.2.1, the value of many CED projects is that they often result in additional projects targeting economic growth. The plan contributed to the identification of two additional projects that qualified for FedNor funding; AFNOO received \$9,000 in NODP funding for the development of a francophone business directory⁵⁵, as well as EDI funding to create an economic development officer position for the municipality of Greenstone.

Northern Ontario Angels (NOA)

The Northern Ontario Angels (NOA) is a not-for-profit organization created in 2005 to connect Northern Ontario entrepreneurs to investors and resources to grow their businesses. From 2005 to 2014 the NOA received approximately \$2.8 million in authorized assistance from the NODP. Of this amount, \$1.3 million was provided during the evaluation period (2009 to 2014). This funding was used to facilitate 110 deals between Northern Ontario entrepreneurs and investors, resulting in \$41 million worth of Angel investments, 1,160 new jobs and 333 jobs maintained. The majority of these jobs (67%) are in the ICT sector, followed by the manufacturing sector (17%), and the service sector (8%).

⁵² FedNor Community Economic Development Guidelines. Retrieved December 17, 2015 from: <http://fednor.gc.ca/eic/site/fednor-fednor.nsf/eng/fn03440.html>

⁵³ AFNOO's 26 member organizations operate in different sectors, including education, culture, early childhood, genealogy, women, literacy, health, entrepreneurs, seniors, and youth.

⁵⁴ The NODP did not provide funding for the implementation of the plan; AFNOO receives operational funding from the Department of Canadian Heritage.

⁵⁵ The directory is posted on the AFNOO website.

Interviewees suggested that NOA has had a positive impact on small businesses in Northern Ontario. They attributed NOA support to improving the survivability of small businesses, facilitating access to credit, and helping entrepreneurs find local investors to start their businesses.

Industry Sector Distribution of Outcomes

Additionally, according to data collected from projects completed under the new guidelines, the NODP is contributing to economic diversification. Most new jobs were reported in ICT (34%), manufacturing (14%) and forestry (8%) sectors. Most business outcomes occurred in three sectors: ICT (21%), forestry (14%) and agri-food (10%). Although resource-based industries continue to have an impact on the Northern Ontario economy, both employment and business outcomes feature prominently in the ICT sector. This shows diversification as industries move towards a more knowledge-based economy.

3.2.3 To what extent does the Program demonstrate economy and efficiency?

Key Findings: Overall, the program demonstrates economy and efficiency. Funding lapses during the evaluation period were beyond the control of the program and were not a result of insufficient demand. The NODP also continued to deliver the program efficiently, despite yearly reductions in O&M and staffing levels. Administration costs are within the range of other RDAs. Leveraging from other sources for NODP projects was \$2.16, indicating that the NODP is a catalyst in attracting outside sources of funding. Since the last evaluation, the program has initiated new administrative procedures, which have helped to meet service standards.

Budget

Between April 1, 2011 and March 31, 2015, actual NODP Grants and Contributions totalled \$130.46 million, and \$34.11 million was spent by FedNor on operating and maintenance and capital during this period. A breakdown by fiscal year is shown in Table 8.

	2011-12	2012-13	2013-14	2014-15
G&C Base Funding	38.40	38.40	38.40	38.40
G&C Reductions / Transfers*	-0.88	-2.9	-1.3	-2.9
G&C Lapsed Funds	-3.70	-2.94	-8.52 ⁵⁶	0
G&C Total	33.82	32.56	28.58	35.50
FedNor O&M**	9.22	8.96	8.14	7.79
Total	43.04	41.52	36.72	43.29

*Government / Department Reductions or Transfers or One-Time Funding

**O&M = salary and travel, for all of FedNor

⁵⁶ In 2013-14, actual spending was lower than originally planned due to a later than anticipated launch of two FedNor initiatives: the Targeted Manufacturing Initiative for Northern Ontario and FedNor's approach to supporting broadband deployment which impacted project approvals. Delays were necessary to ensure regional programming was aligned with, and complemented the related provincial and national initiatives in development (Advanced Manufacturing Fund and the Connecting Canadians Program).

Contributions

The program lapsed contribution dollars for three consecutive years during the evaluation period. Lapsing of funds occurred for reasons such as weather delays (especially for construction related projects), waiting for other partners to commit funds or approve projects, and the availability of funding under other initiatives.⁵⁷ As well, in some cases, lapsing was due to project timeline amendments. Interviewees indicated that amendments to projects were not uncommon and that they were granted if the reasons were justified. Since FedNor's annual budgets limit their annual expenditures, not annual approvals⁵⁸, FedNor now strives to have 75% of funds already committed when starting a new fiscal year to minimize the possibility of lapsing funds, which for 2014-15 resulted in no lapsed funds.

Lapses were not a result of declining demand for program funding. The NODP received 1,081 applications during the evaluation period, with the number of applications increasing from the first year to the last.

O&M

It is difficult to assess the administrative costs of the NODP because FedNor does not separate these costs by specific program (i.e. NODP, CFP, EDI), and plays a role beyond the administration of contributions for all FedNor programs (e.g. policy advice, coordination, facilitation, referrals). Nonetheless, FedNor's O&M budget decreased yearly over the evaluation period. In 2011-12, FedNor had 110 FTEs; this number has steadily decreased during the evaluation period to 86 FTEs in 2014-15, while the number of applications and projects authorized has increased, suggesting that FedNor has become more efficient in delivering the program.

FedNor has undertaken a number of initiatives to improve efficiency, including:

1. Application forms have been revised in response to the new guidelines. A Project Analysis Form was developed and introduced to improve the documentation of due diligence, and reduce the length of Project Summary Forms;
2. Streamlined performance reporting. Under the previous guidelines there were 90 indicators, whereas under the current guidelines there are five indicators; and
3. The approval process of applications was modified March 2013, with the FedNor Director General being given authority to approve projects of \$50,000 or less, thereby expediting the approval process for smaller dollar value projects and improving performance on service standards.

The decline in O&M funding is nonetheless having an impact on program delivery. Interviewees indicated that it is more difficult to sustain networks and partnerships and to have face-to-face contact during the life of the project, given these reductions. Efforts to use technology have had mixed results due to broadband/connectivity issues in remote and isolated areas of the region. Recipients also noted that FedNor regional program staff involvement and expertise is important as they participate in facilitating the

⁵⁷ The Economic Action Plan was introduced during the evaluation period. Stimulus funding was available for communities for a limited period of time; therefore communities' (potential recipients under NODP) resources were more concentrated on accessing this temporary source of infrastructure funding.

⁵⁸ It should be noted that the program is not a timed intake program, and FedNor approves multi-year projects; amounts approved in any one year can flow over subsequent period(s) so when delays occur, slippage is likely.

coordination of support from a range of federal and provincial sources and offer advice on a regular basis.

An analysis conducted by FedNor, looking at the percentage of 2012-13 spending by RDAs, showed that the amount of spending for internal services work varied, with CED-Q having the lowest proportion (6.4%), followed by FedDev (7.9%), FedNor (8.2%)⁵⁹, ACOA (11.1%), WD (12.1%) and CanNor (14%). This shows that FedNor's administrative costs are within the range of other Canadian RDAs, despite serving a region with a lower population density than most other RDAs.

Leveraging

One measure of a program's efficiency is its ability to leverage funding from additional sources. FedNor defines leveraging as ratio of funds raised from other sources to NODP contributions. Over the period of the evaluation, program documentation shows that the leveraging target has ranged from \$1.80 to \$2.00.

Interviewees and case study proponents indicated that the NODP is a catalyst in attracting outside sources of funding and projects would have been impacted without the NODP funding. Between April 1, 2011 and March 31, 2015, 584 projects were completed (under the current and previous guidelines); representing \$144.8 million in assistance and \$457.6 million in total projects costs with a leveraging effect of \$2.16⁶⁰. Therefore, for each dollar contributed to a project by the NODP, \$2.16 was contributed to the project from other sources, such as the provincial government, municipalities, private sector investment, and proponents (for example, 44% of all NODP projects approved between April 1, 2011 and March 31, 2015 included provincial funding). Leveraging for all completed projects during the evaluation period exceeded program documentation targets.

Table 9 reflects the 366 completed projects by the three priority areas of the program under the current guidelines.

Priority	# of Projects Completed	Completed Project Funding (\$)	Total Project Cost (\$)	Leverage Effect (\$)
CED	225	37,859,542	113,563,960	2.00
BG&C	90	18,700,365	35,763,539	0.91
INN	51	12,828,233	38,801,811	2.02
Total	366	69,388,140	188,129,310	1.71

Table 9 shows that Innovation and CED projects attract more funds from other sources than BG&C projects. BG&Cs low leverage effect can be partly attributed to the high percentage of their funding that is redistributed from immediate recipients to ultimate recipients. Current reporting systems do not fully capture NODP leveraging associated with initial recipient organizations that redistribute funds to ultimate recipients. FedNor is addressing this issue to ensure the leverage associated with these projects is fully captured.

⁵⁹ FedNor's Internal Services does not include maintenance costs for communications infrastructure, or overhead costs for finance and human resources, because these costs are borne by ISED.

⁶⁰ NODP Cumulative Performance Report April 1, 2011 – March 31, 2015. Tables 6 and 7, p. 16.

⁶¹ NODP Cumulative Performance Report April 1, 2011 – March 31, 2015. Table 8, p. 17.

In terms of recipient type, Indian Band Council / Aboriginal communities with 26 projects and Municipality / Municipal Development Corporation with 97 projects reported the highest leverage effects of \$2.61 and \$2.10 respectively while Non-profit Organizations with 191 projects had a leverage effect of \$1.36⁶².

Service Standards⁶³

FedNor introduced NODP service standards in July 2011. FedNor's launch of an Automatic Intake Tool (AIT) provides clients access to online application forms. In the past, 65% of applications received an acknowledgement of receipt within three working days. The new AIT offers a significant enhancement to the previous three-day service standard for acknowledging receipt of applications, with 100% of applications receiving an immediate automatic reply. With respect to time required to provide a decision on a fully completed application, FedNor's percentage of applications that have an actual decision taken within 80 days has increased from 80% to 86% over the last four fiscal years.

⁶² NODP Cumulative Performance Report April 1, 2011 – March 31, 2015. Table 9, p. 18.

⁶³ Service Standards spreadsheet. Prepared by Corporate Services.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Regarding the relevance and performance of the program, the following conclusions have been reached.

4.1 RELEVANCE

- Given the relatively slow growth of the Northern Ontario economy, there is a continued need for a program like the NODP that supports community-specific approaches to strengthen and diversify the region's economy.
- The objectives of the NODP are consistent with federal government priorities related to public investment to support economic growth and regional economic development. The NODP is also consistent with ISED priorities related to developing competitive Canadian businesses and communities.
- The program's objectives align with the roles and responsibilities of the federal government to reduce regional disparities, as stated in the *Constitution Act of 1982*. The NODP complements other federal and provincial programs designed to promote economic development in Northern Ontario.

4.2 PERFORMANCE

- The NODP has achieved progress towards its immediate outcomes by providing Northern Ontario communities and businesses with financial resources needed to respond to economic development opportunities. The majority of NODP funding is concentrated in Community Economic Development Projects, which reflects demand in the region. Given recent government priorities related to innovation and building on competitive regional advantages, FedNor may wish to examine the appropriate balance of funding across streams. Recipients indicate that without NODP funding their projects would not have been able to proceed or they would have been smaller in scope.
- The two-year follow-up reports are showing a net increase in FTEs and businesses created over the intermediate term. These reports are a useful tool for assessing longer-term outcomes, and FedNor is encouraged to continue to emphasize their importance to recipients. Case studies illustrate that the NODP is having a positive impact in Northern Ontario in terms of increasing economic activity, jobs and access to capital.
- Overall, the program demonstrates economy and efficiency. Funding lapses during the evaluation period were beyond the control of the program and were not a result of insufficient demand. The NODP also continued to deliver the program efficiently, despite yearly reductions in O&M and staffing levels. Administration costs are within the range of other RDAs. Leveraging from other sources for NODP

projects was \$2.16, indicating that the NODP is a catalyst in attracting outside sources of funding. Since the last evaluation, the program has initiated new administrative procedures, which have helped to meet service standards.

4.3 RECOMMENDATIONS

1. Based on demand in Northern Ontario, the majority of NODP funding has understandably been provided under the Community Economic Development stream. Given the recent government emphasis on innovation, FedNor should explore opportunities to encourage a greater number of applications under the other streams.
2. FedNor should continue to encourage recipients to complete and submit two-year follow-up reports in order to better track longer term outcomes. In addition, the program should conduct regular analysis of these reports to improve program management and communicate results.

Appendix A: Case Studies

Case Study 1: Revitalization of Main Docks in Little Current – The Town of Northeastern Manitoulin and the Islands (NEMI)

Project Overview

Little Current, with a population of 1,400, is the largest commercial, health, and service centre on Manitoulin Island and is the boating gateway to the cruising waters of the North Channel of Lake Huron. The Little Current harbour attracts cottagers, boaters, and cruise ships from around the Great Lakes. Prior to 2006, the town's dock was 565 metres long and was made mostly of timber, except for 91 metres of concrete dock. The timber portion of the dock ranged from fair to very poor condition. A survey conducted in 1997 outlined the dock's deteriorated condition and concluded that over 50% of it should be reconstructed. It was expected that without revitalization the dock would continue to deteriorate. The Little Current waterfront has always been key to the economy of the town; however, the state of the dock was resulting in fewer boaters stopping. It was thought that the deteriorating dock would eventually compromise safety and economic activity.

NEMI completed a Downtown Waterfront Development Strategic Plan in 2003, which identified specific improvements for the docks. The revitalization of the main docks in Little Current was phase 1 of the overall waterfront development plan. Table 10 below indicates NODP's funding, starting with the planning, engineering, design/construction supervision services in 2005-06, the purchase of service docks in 2006 and phases I, II, and III of waterfront development from 2008-2012. All of these NODP funded projects contributed to the outcomes associated with the waterfront development in NEMI and as such should be considered in their entirety.

Authorized Assistance	Total Project Cost	Project Description	Type of Project	Project start date	Project end date
\$98,163	\$196,326	Waterfront planning, engineering, design/construction supervision services	NODF Non-Capital	2005/01/15	2006/07/01
\$185,000	\$370,000	Purchased services docks for municipal marina	Tourism Capital	2006/02/15	2006/04/30
\$500,000	\$3,529,887	Revitalization of main docks in Little Current (Phase I)	Tourism - Capital	2006/12/01	2007/10/31
\$500,000	\$2,125,000	Waterfront Development Phase II - pavilions, docks and ship pier	Tourism - Capital	2008/06/01	2011/11/30
\$571,640	\$2,113,000	Phase III - waterfront development implementation	Tourism - Capital	2010/11/30	2012/08/31
TOTAL: \$1,854,803	\$8,334,213			2005/01/15	2012/08/31

Achievement of Intermediate and Ultimate Outcomes

Intermediate outcomes achieved through the revitalization of the main docks in Little Current can, in part, be directly attributed to NODP funding. Interviewees associated with this case study indicated that without federal funding, this initiative would have been unable to proceed because the provincial funder (NOHFC) was unable to fund the waterfront development projects without federal participation. Furthermore, NEMI has a very small budget and would not have been able to fund these projects without both federal and provincial funding. In the words of one interviewee, and echoed by others, “we would be dead without dock renewal; many stores wouldn't exist...there were safety issues because the dock was crumbling and we couldn't accommodate cruise ships (prior to the revitalization).”

With the completion of the waterfront development plan, the Port of Little Current has seen growth and a positive economic impact through the increase in the number of boats docking in the port. Dockage revenue has steadily increased with more boats visiting the port. Average spending, conservatively estimated⁶⁴ at \$150 per boat per day has also had an economic impact on the town, and total economic impact, including dockage revenue, has increased since the rehabilitation of the waterfront in NEMI, as shown in Table 11.

⁶⁴ Figures and multipliers are taken from the KPMG Strategic Business Plan for Waterfront Development in Little Current – Final Report (2003).

Table 11: Annual Economic Impact – Annual Comparison

	2005	2006	2007	2008	2009	2010	2011	2012	2013 ⁶⁵	2014	2015
Dockage revenue	\$58,518	\$102,000	\$131,206	\$127,651	\$134,034	\$141,469	\$125,571	\$169,535	\$105,291	\$125,814	\$149,712
Estimated # of boats to visit the Port	955	1,665	2,142	2,084	2,188	2,310	2,541	2,795	1,719	2,054	2,444
Average spending per day	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Estimated direct spending	\$143,250	\$249,750	\$321,300	\$312,600	\$328,200	\$346,500	\$381,150	\$419,250	\$257,850	\$308,100	\$366,600
EMA Factor	1.9x ⁶⁶	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x
Annual Economic Impact from spending	\$272,175	\$474,525	\$610,470	\$593,940	\$623,580	\$658,350	\$724,185	\$796,575	\$489,915	\$585,390	696,540
Total Annual Economic Impact (including dockage revenue)	\$330,693	\$576,525	\$741,676	\$721,591	\$757,614	\$799,819	\$849,756	\$966,110	\$595,206	\$711,204	\$846,252

Source: Project Reporting by the Town of Northwestern Manitoulin and the Islands, 2015.

Figures and multipliers are taken from the KPMG *Strategic Business Plan for Waterfront Development in Little Current – Final Report* (2003).

In addition, with the reconstruction of the dock for cruise ships, NEMI has seen the Port of Little Current become a destination for Great Lakes cruise lines. Since 2009 NEMI has seen a steady influx of cruise ships during the summer months. Program documents show that in 2015, NEMI saw over 3000 unique visitors as a direct result of cruise ship activity. Table 12 shows the number of cruise ships from 2009-2015.

Table 12: Cruise Ship Visits – Port Of Little Current

	2008	2009	2010	2011	2012	2013 ⁶⁷	2014	2015
Total number of stops made to the port	-	12	13	13	12	-	8	13
Average amount of passengers and crew per ship	-	160	160	160	160	-	275	282
Average number of unique visitors to NEMI	-	1920	2080	2080	1920	-	2200	3666

Source: Project Reporting by the Town of Northwestern Manitoulin and the Islands, 2015.

⁶⁵ Interviewees explained that the high value of the Canadian dollar in 2013 affected the revenues generated at the Port of Little Current as many visitors to the area are from the U.S.

⁶⁶ Under the economic multiplier approach (EMA), the economic impact of a project is measured by the continual, but diminishing number of times that a dollar is spent in the local economy. Depending on the economy's ability to capture a high percentage of successive spending and reduce so-called leakage from the community, the economic multiplier will vary. Based on KPMG's experience, a common multiplier in Northern Ontario is in the range of 1.8 to 2.0 times the level of direct spending associated with a project. (KPMG *Strategic Business Plan for Waterfront Development in Little Current – Final Report* (2003), p.71.)

⁶⁷ Project recipient explained that in 2013 they did not have any ships visit their port. The cruise company changed boats that year which affected the schedule to the Port of Little Current.

Interviewees explained that when a cruise ship docks, approximately half the passengers go on an excursion (e.g., kayaking, golfing, site seeing) in the morning while the other half explore the town, including visiting the local stores and restaurants. In the afternoon, the reverse occurs, thus allowing passengers both options of an excursion and a visit around town. Although it is difficult to estimate how much each passenger spends per day in NEMI, interviewees indicated sales in the local businesses have increased with the influx of visitors from the cruise ships.

Interviewees also explained that local businesses hire seasonally to meet the demands of the increase in visitors; however, the municipality does not keep track of the number of hires. One business owner indicated that he typically hires 50-60 people each summer and that revenues have grown every year with the attraction of more boats to the Port. Smaller businesses indicated they hire students over the summer to help with the increase in tourism.

Case Study 2: Extend Telemedicine Services to 19 Remote First Nations

Project Overview

This NODP project was part of a larger \$6 million project supported by Health Canada and the Ontario government, to establish permanent tele-medicine services in 19 remote First Nations in the Sioux Lookout Zone. The project was supported as an ICT Applications project under the Northern Ontario Development Fund (NODF) (previous name of the program).

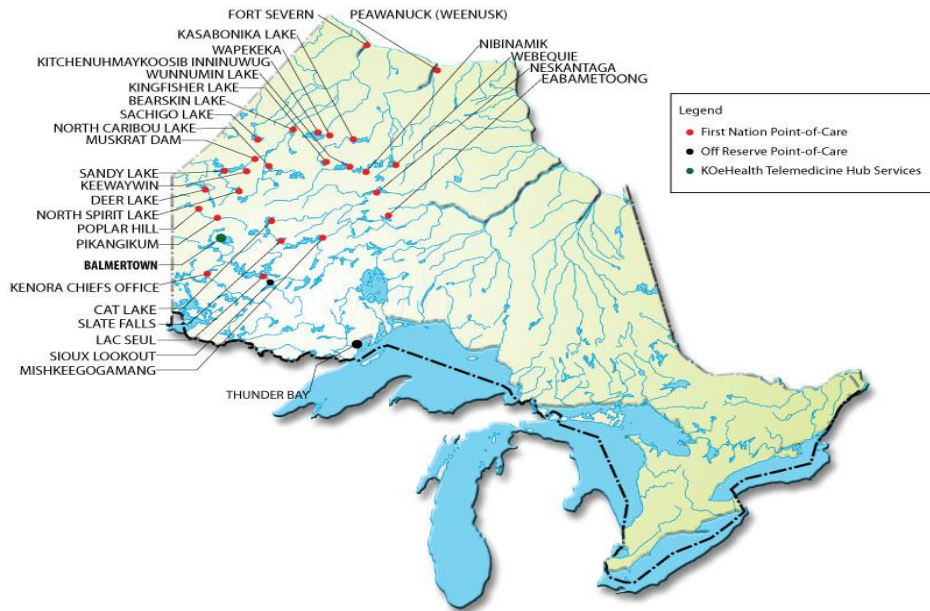
FedNor funding for this project specifically supported the following:

- “Seven telemedicine units shipped and installed, complete with integrated 17” LCD monitor, back-up power supply, high resolution monitor, computer, router, encryption devices, codec, fax/scanner, fiber optic coupler, endoscopic light, otoscope, patient exam camera, stethoscope, miscellaneous accessories, software and three-year warranty/ technical support.
- Electrical and computer network wiring necessary to the installation of telehealth equipment at Cat Lake and Mishkeegogamang First Nations.
- Three C Band satellite modems to enable the Sioux Lookout hub to create distinct telehealth and videoconference carriers” (Industry Canada, 2005).

The project began in October 2003 and was completed in December 2004. FedNor provided \$450,000 as a non-repayable contribution, which was 100% of the cost of this phase of the larger project. The remaining sites were subsequently funded by Health Canada and the Government of Ontario.

As of October 2015, Keewaytinook Okimakanak (KO) telemedicine services are operating in 26 remote communities, with a total of 27 sites (see Figure 2 below).

Figure 2: KO Telemedicine Services in Northwestern Ontario



Source: KOeHealth Telemedicine Services Annual Report, 2014-15

Achievement of Intermediate and Ultimate Outcomes

Since the completion of this project in 2004, KO Telemedicine has designed, implemented, and refined a First Nations service model that supports and sustains telemedicine services in Ontario's most remote and northern communities.⁶⁸ The telemedicine service has had a direct impact on jobs in Northern Ontario. According to KO Annual Reports for 2013-14 and 2014-15, there are 12-14 positions among the KO eHealth core staff, including, the Director and Assistant Director of eHealth Services. There is at least one Community Telemedicine Coordinator (CTC) employed in each of the 26 remote nations as well as an on-call relief coordinator in most of the communities. The CTCs operate the equipment and support First Nations members and local health care providers utilizing the services. Two of the full-time CTCs take on an additional role to their CTC duties as community eHealth assistants. Their focus is to assist the Health Informatics Educator train new CTCs and to provide assistance to the CTC Supervisor. Finally, one of the CTCs also has the added role of CTC Elder to provide staff with guidance about issues related to staffing and training. In summary, as a result of the project,

⁶⁸ Williams, Donna. 2010. "Telehealth/Telemedicine Services in Remote First Nations in Northern Ontario." In *Aboriginal Policy Research VI: Learning, Technology and Traditions*, edited by J. P. White, J. Peters, D. Beavon and P. Dinsdale, 159-68. Toronto: Thompson Educational Publishing.

approximately 39 tele-health technicians and other local professionals have been hired, on an on-going basis, to operate and manage the telemedicine equipment in the remote First Nations communities.⁶⁹

In addition, over the years, NODP has provided approximately \$15M in funding to KO for numerous ICT related projects (e.g., broadband and network upgrades). Telehealth development in northwestern Ontario is closely tied to the infrastructural groundwork laid by K-net; however this infrastructure is also important for economic development in the region.

In the words of one interviewee associated with this case study, "people feel safer as a result of telemedicine resources" and "access to good healthcare gives people more choices in life". The provision of broadband and network upgrades over the years provides this area of Northern Ontario with the infrastructure to be able to participate in the modern economy. These projects have led to the creation of new jobs for these Aboriginal communities, which are a targeted population group for FedNor funding.

Case Study 3: Development of a five-year strategic plan – Association des Francophones du Nord-Ouest de l'Ontario (AFNOO)

Project Overview

As previously mentioned, under NODP's Community Economic Development guidelines, eligible project activities include strategic planning to allow communities to identify and prioritize viable economic opportunities and to strengthen community economic competitiveness through the implementation of the identified priorities and thus stimulate business investment and growth.⁷⁰

The Association des Francophones du Nord Ouest de l'Ontario (AFNOO) is a non-profit federation of organizations that seek to foster the cultural, educational, political and economic well-being of Francophones in northwestern Ontario, with the intention of creating strong communities that will attract and keep engaged populations. AFNOO works to achieve its goals through advocacy, as well as through the provision of administrative support to its 26 member organizations⁷¹.

In 2008, AFNOO submitted an application for funding to produce a socio-economic profile of the francophone community in northwestern Ontario, to engage in consultation with the community, and to develop AFNOO's five-year strategic plan (2009-2014) based on the findings of the study and the consultations. The total project costs were \$41,700; FedNor contributed \$34,578.

⁶⁹ McMahon, R., Gurstein, M., Beaton, B., O'Donnell, S., Whiteduck, T. (2014) [Making Information Technologies Work at the End of the Road](#). *Journal of Information Policy* 4, 250-269.

⁷⁰ FedNor Community Economic Development Guidelines. Retrieved December 17, 2015 from: <http://fednor.gc.ca/eic/site/fednor-fednor.nsf/eng/fn03440.html>

⁷¹ AFNOO's 26 member organizations operate in different sectors, including education, culture, early childhood, genealogy, women, literacy, health, entrepreneurs, seniors, and youth.

Achievement of Intermediate and Ultimate Outcomes

Outcomes achieved through the implementation of AFNOO's five-year strategic plan (2009-2014) can be indirectly attributed to NODP funding⁷². The implementation of the plan, which resulted in opportunities for employment, contributed to the achievement of the NODPs intended intermediate outcomes. The link to the outcome of growth and competitiveness is that strong, vibrant communities are part of the foundation of economic growth.

A review of AFNOO's annual reports indicates that the organization is taking action to address the community economic development priority identified in their strategic plan. Some examples include:

- Providing member-organizations with governance training, identifying funding sources for members, assisting members with funding applications, and targeting funding applications to the needs of the francophone community as identified in the strategic plan;
- Purchasing and renovating a multiservice center in Thunder Bay, where member organizations can provide services to the francophone community; and
- Organizing an annual Franco-Festival in Thunder Bay to promote francophone culture and networking opportunities.

As noted in section 3.2.1, the value of many CED projects is that they often result in additional projects targeting economic growth. The plan contributed to the identification of two additional projects that qualified for FedNor funding; AFNOO received \$9,000 in NODP funding for the development of a Francophone business directory⁷³, as well as EDI funding to create an economic development officer position for the municipality of Greenstone. NODP program officers indicated that the most successful NODP investments build upon the work of previous projects.

Seven years after the project was approved, AFNOO continues to grow and serve the francophone community in northwestern Ontario. For example, interviewees report at least one new organization (i.e. a francophone community) joining AFNOO each year since 2008.

Northern Ontario Angels (NOA)

Project Overview

In 2003, an Advisory Committee was assembled to review access to capital issues in Northern Ontario. At that time, it was generally established that Northern Ontario's SMEs requiring equity financing were at a disadvantage to SMEs in Southern Ontario. Smaller financing needs, slower growth horizons, and major distances from traditional Venture Capital investors resulted in reduced access to capital for Northern Ontario SMEs. In response, the Committee was asked to consider various initiatives that could mitigate these disadvantages and make recommendations toward implementation.

⁷² The NODP did not provide funding for the implementation of the plan; AFNOO receives operational funding from the Department of Canadian Heritage.

⁷³ The directory is posted on the AFNOO website.

In the summer of 2004, FedNor funded a series of public consultations in five key Northern Ontario cities and the subsequent creation of a business plan. This business plan identified two critical issues for Northern Ontario SMEs:

1. Entrepreneurs struggle with the "equity gap".
2. Entrepreneurs are challenged to locate investors and to become "investor ready."⁷⁴

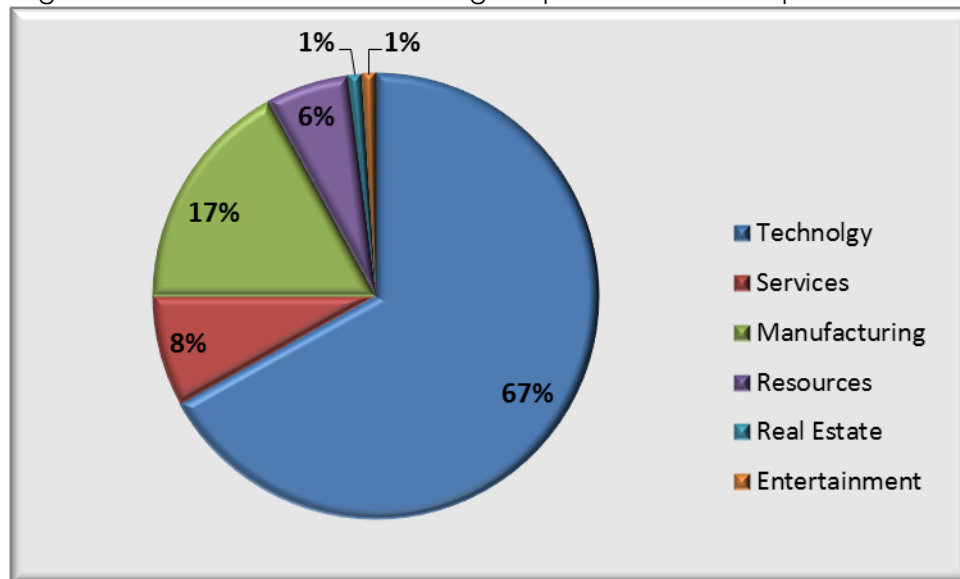
In 2005, the NODP provided the NOA with \$495,578 in funding to establish and coordinate a network of investors. From 2005 to 2009, the NOA operated as a pilot program. During this time, the NODP also provided the program with \$244,063 to deliver Angel Investor information and education seminars, as well as \$175,000 to support the implementation of an ongoing marketing, media and communications plan. In total, the NOA received \$2.8M in funding from NODP for total project costs of \$3.4M.

Angels help businesses grow by investing in the business and providing business expertise and mentoring. The NOA has been named the top angel investment group in the country by the National Angel Capital Organization, based on a survey of members done in 2014.⁷⁵

Achievement of Intermediate and Ultimate Outcomes

The NOA used NODP funding to facilitate 110 deals between Northern Ontario entrepreneurs and investors, involving \$41M worth of Angel Investments, generating 1160 new jobs and maintaining another 333 jobs, predominantly in the information technology sector (see Figure 3).⁷⁶

Figure 3: NOA Deals Sector Coverage September 2009 – September 2015



Source: NOA Project Files

⁷⁴ Northern Ontario Angels website. Retrieved December 17, 2015 from: <http://www.northernontarioangels.ca/en/>

⁷⁵ Ibid. <http://www.northernontarioangels.ca/en/>

⁷⁶ NOA project files

Research indicates that small businesses have low survival rates. About 80% of enterprises that entered the marketplace in 2008 survived for one full year and 72% of enterprises that entered the marketplace in 2007 survived for two years.⁷⁷ According to an NOA representative, “about one in five companies/small businesses go under, in general, but when they are working with NOA, the ratio improves greatly. In NOA case only two businesses have gone under to date. Usually a business will be involved with multiple angel investors, which is beneficial because different investors have different skills and connections in different areas.” According to an NOA interviewee, “Angels can co-sign a line of credit from a bank, which the business owner would likely not have been able to get without the presence of the investor or at a much higher interest rate.”

Interviewees and the NOA website indicate that the NOA relies on funding from NODP, the province of Ontario, local corporations and individuals to facilitate these connections. However, in the words of one interviewee, “if we want to continue to be leaders in technology, FedNor needs to continue to provide funding so that we can continue to match these people with Angels.” Furthermore, a project representative explained, “before the NOA arrived, entrepreneurs from Northern Ontario often had to move to Toronto to find investors and start their business there rather than in Northern Ontario. Now that NOA’s network of 400 private investors is here, Northern Ontario entrepreneurs don’t have to leave in search of investors.”

Interviewees reported that without NODP investment, the NOA would not be able to achieve these longer term outcomes.

⁷⁷ Key Small Business Statistics, August 2013.