

**ACOA Departmental Performance Report  
For the period ending March 31, 2006**

***Transfer Payments Programs***

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## Atlantic Innovation Fund (AIF)

1) Transfer Payment Program:	
Atlantic Innovation Fund - Voted	
2) Start Date:	3) End Date:
May 10, 2001	March 31, 2011
4) Description of Transfer Payment Program:	
<p>The AIF focuses on increasing research and development linked to economic development and commercialization objectives in areas that are of strategic importance to the region, particularly those that support the growth of strategic sectors/clusters.</p> <p>The AIF emphasizes building the Atlantic system of innovation, including components that bridge the gap between research institutions and the marketplace, and encouraging synergies among the various components of this system through partnerships, alliances and networks.</p> <p>The AIF also supports research and development projects that focus on the areas of natural sciences, applied sciences, and social sciences and humanities, where these are linked explicitly to the development of technology-based products, processes or services or their commercialization, thereby strengthening the region's system of innovation.</p> <p>More information on the AIF can be found at <a href="http://www.acoa-apeca.gc.ca/e/financial/aif/index.shtml">http://www.acoa-apeca.gc.ca/e/financial/aif/index.shtml</a></p>	
5) Strategic Outcomes:	
<p>The program is linked to the Enterprise Development strategic outcome.</p> <p>Two ultimate outcomes for the AIF are: increased productivity/competitiveness of the region and a stronger Atlantic Canadian innovation system.</p>	
6) Results Achieved:	
<p>Immediate results to be generated by the AIF include:</p> <p><i>Support climate</i></p> <ul style="list-style-type: none"> <li>• Institutions encourage applied research with commercialization intent or with a focus on resulting products;</li> <li>• Institutions manage intellectual property in a way that supports commercialization;</li> <li>• Meaningful partnerships and alliances between institutions, or between institutions and private sector (Atlantic, national, international); and</li> <li>• Sound project management practices of proponents in institutions and firms.</li> </ul> <p><i>Participation</i></p> <ul style="list-style-type: none"> <li>• Proposals received reflect the ACOA sectoral priorities for Atlantic Canada;</li> <li>• Appropriate leveraging from other sources;</li> <li>• Increased research and development activity; and</li> <li>• Increased private sector participation in research and development (Atlantic-based and others).</li> </ul>	

Program Activity	7) Actual Spending 2003-2004	8) Actual Spending 2004-2005	2005-2006			
			9) Planned Spending	10) Total Authorities	11) Actual Spending	12) Variance (9-11)
<b>13) Fostering SME Development and Regional Economic Capacity Building</b>						
- Total Contributions	34.5	56.0	75.7	50.2	43.6	32.1
14) Total for PA	34.5	56.0	75.7	50.2	43.6	32.1
<b>15) Total for Transfer Payment Program</b>	<b>34.5</b>	<b>56.0</b>	<b>75.7</b>	<b>50.2</b>	<b>43.6</b>	<b>32.1</b>
17) Comment(s) on Variance(s):						
The variance is due to the Agency moving to multiple, smaller rounds of AIF funding per year. A number of other factors caused delays in project approvals, which resulted in delays in expenditures. The move to multiple rounds and the experience gained through previous rounds of AIF funding should enable the Agency to have a better grasp of planned expenditures.						
18) Significant audit and evaluation findings and URL(s) to last audit and/or evaluation:						
An audit of the AIF has been performed and results have yet to be released.						
A formative evaluation of the AIF was conducted in 2004 and the results can be viewed at <a href="http://www.acoa-apeca.gc.ca/e/library/audit/marchevaluation2004.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/marchevaluation2004.shtml</a> .						
A summative evaluation of the AIF is planned for fiscal year 2008-2009.						

Supplementary information on Transfer Payment Programs can be found at <http://www.tbs-sct.gc.ca/est-pre/estime.asp>.

## Business Development Program (BDP)

1) Transfer Payment Program:						
Business Development Program - Voted						
2) Start Date:			3) End Date:			
July 25, 1995			March 31, 2010			
4) Description of Transfer Payment Program:						
To increase the number of successful business start-ups and the successful expansion and modernization of SMEs. More information on the BDP can be found at <a href="http://www.acoa-apeca.gc.ca/e/financial/business.shtml">http://www.acoa-apeca.gc.ca/e/financial/business.shtml</a>						
5) Strategic Outcomes:						
Economic Development Community Development Policy, Advocacy and Co-ordination						
6) Results Achieved:						
For the year ending March 31, 2006, \$40.9 million was invested in 414 projects for business start-ups and the expansion and modernization of SMEs. Strategic outcomes will be assessed next year for the three-year period ending March 31, 2007.						
Program Activity	7) Actual Spending 2003-2004	8) Actual Spending 2004-2005	2005-2006			
			9) Planned Spending	10) Total Authorities	11) Actual Spending	12) Variance (9-11)
<b>13) Fostering SME Development and Regional Economic Capacity Building</b>						
- Total Grants	1.0	0.3	1.0	0.5	0.4	0.6
- Contributions	132.6	128.4	107.4	132.9	127.8	(20.4)
- Contributions *	17.9	24.1	25.4	29.6	29.3	(3.9)
- Total Contributions	150.5	152.5	132.8	162.5	157.1	(24.3)
14) Total for PA	151.5	152.8	133.8	163.0	157.5	(23.7)
<b>13) Community Economic Development</b>						
- Total Grants	0.3	0.3	1.0	0.3	0.2	0.8
- Total Contributions	20.5	25.9	23.6	25.8	25.3	(1.7)
14) Total for PA	20.8	26.2	24.6	26.1	25.5	(0.9)
<b>13) Policy</b>						
- Total Grants	0.2	0.0	0.0	0.0	0.0	0.0
- Total Contributions	0.2	0.2	5.6	0.7	0.7	4.9
14) Total for PA	0.4	0.2	5.6	0.7	0.7	4.9
<b>15) Total for Transfer</b>	<b>172.7</b>	<b>179.2</b>	<b>164.0</b>	<b>189.8</b>	<b>183.7</b>	<b>(19.7)</b>

<b>Payment Program</b>					
<p>* In previous publications, the Agency reflected spending on certain initiatives under a separate program heading related to the Atlantic Investment Partnership. These initiatives (Trade and Investment, Tourism, and Entrepreneurship and Business Skills Development) were funded using the Business Development Program's Terms and Conditions.</p>					
<p>17) Comment(s) on Variance(s):</p>					
<p>Actual expenditures (\$183.7 million) were \$19.7 million greater than planned, and reflect continued strong demand in assistance under the program activity Fostering SME Development and Regional Economic Capacity Building. There was also less demand for projects under the Policy program activity.</p>					
<p>18) Significant audit and evaluation findings and URL(s) to last audit and/or evaluation:</p>					
<p>Conducted in 2002-2003, the overall conclusions of the BDP evaluation report confirmed that the BDP is producing positive results for the Atlantic economy. The report found that the resulting benefit-cost ratio was 2.1:1, meaning that for every dollar invested the net return to the taxpayer is more than two dollars, even if the total ACOA assistance is not repaid. Because the loans are being repaid, the benefit-cost ratio to the taxpayer increases (see chapter 2, page 15).</p> <p>Additionally, the evaluation makes the case that the BDP continues to fill important gaps in the availability of conventional financing for young businesses and start-ups, rural businesses, soft costs, and high-risk sectors such as tourism and aquaculture. Other positive findings in the report include:</p> <ul style="list-style-type: none"> <li>• The BDP's \$814-million investment, almost three-fourths of which has been as repayable contributions to SMEs, has had a major impact on SME performance and the Atlantic economy overall.</li> <li>• Firms assisted through the BDP have experienced growth in employment four times that of unassisted firms.</li> <li>• The benefit-cost ratios for GDP and returns to the taxpayer indicated that the pay-off for BDP investment overall is positive.</li> <li>• The BDP continues to be relevant in terms of its ability to address gaps in the availability of conventional financing.</li> </ul> <p>An Executive Summary of the evaluation is available at <a href="http://www.acoa-apeca.gc.ca/e/library/audit/busdevprog.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/busdevprog.shtml</a> The next evaluation is planned for fiscal year 2008-2009.</p> <p>A "Quality Assurance Audit of the Business Development Program – Compliance Audit" was recently undertaken by ACOA's Audit Directorate. The final report is expected to be available by November 2006. Two audit engagements are planned for fiscal 2006-2007; one on the Innovation component of BDP and the other on Entrepreneurship and Business Skills Development.</p>					

## Community Futures Program (CF)

1) Transfer Payment Program:						
Community Futures Program - Voted						
2) Start Date:			3) End Date:			
1994			October 2, 2010			
4) Description of Transfer Payment Program:						
To provide financial and technical assistance to SMEs in rural areas. More information on the Community Futures program can be found at <a href="http://www.acoa-apeca.gc.ca/e/library/audit/cbdc/appendix.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/cbdc/appendix.shtml</a> .						
5) Strategic Outcomes:						
Community Development						
6) Results Achieved:						
In 2005-2006, the 41 Community Business Development Corporations (CBDCs) provided a total of 8,046 counselling sessions to clients throughout Atlantic Canada, and contributed to the creation of 2,404 jobs. The CBDCs also provided 2,130 loans for a total investment of \$59.4 million in rural communities.						
Program Activity	7) Actual Spending 2003-2004	8) Actual Spending 2004-2005	2005-2006			
			9) Planned Spending	10) Total Authorities	11) Actual Spending	12) Variance (9-11)
<b>13) Community Economic Development</b>						
- Total Contributions	22.6	9.4	8.8	11.8	11.4	(2.6)
14) Total for PA	22.6	9.4	8.8	11.8	11.4	(2.6)
<b>15) Total for Transfer Payment Program</b>	<b>22.6</b>	<b>9.4</b>	<b>8.8</b>	<b>11.8</b>	<b>11.4</b>	<b>(2.6)</b>
17) Comment(s) on Variance(s):						
The increase in spending is due to approval of new funding to organizations in response to higher operating costs.						
18) Significant audit and evaluation findings and URL(s) to last audit and/or evaluation:						
An internal audit of the Community Futures Program was concluded in September 2005. The audit results show that the Agency has exercised due diligence in the delivery of the program, has substantially complied with the terms and conditions of the program and with the Treasury Board Policy on Transfer Payments, and has an established framework in place to ensure that delivery agents comply with the requirements of contribution agreements. More information can be found at <a href="http://www.acoa-apeca.gc.ca/e/library/audit/cfs.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/cfs.shtml</a> .						
The presence of CBDCs helps keep people in rural communities. CBDCs also contributed to the municipal tax base through job and business creation. The Community Futures evaluation (2003-2004) can be found at <a href="http://www.acoa-apeca.gc.ca/e/library/audit/cbdc/index.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/cbdc/index.shtml</a> .						

## Infrastructure Canada Program (ICP)

1) Transfer Payment Program:						
Infrastructure Canada Program - Voted Canada / Newfoundland and Labrador Agreement Canada / Prince Edward Island Agreement Canada / Nova Scotia Agreement Canada / New Brunswick Agreement						
2) Start Date:			3) End Date:			
December 12, 2000			March 31, 2009			
4) Description of Transfer Payment Program:						
Improve Canadians' quality of life through investments that enhance the quality of the environment, support long-term economic growth, and improve community infrastructure. More information on the Infrastructure Canada Program can be found at <a href="http://www.acoa-apeca.gc.ca/e/financial/infrastructure.shtml">http://www.acoa-apeca.gc.ca/e/financial/infrastructure.shtml</a> and <a href="http://www.infrastructurecanada.gc.ca/">http://www.infrastructurecanada.gc.ca/</a> .						
5) Strategic Outcomes:						
Community Development						
6) Results Achieved:						
Since agreements were signed with the four Atlantic Provinces, from October 2000 to March 31, 2005, approximately \$180 million of federal funds has been committed to over 700 approved projects under the ICP. The program's first priority is green municipal infrastructure (i.e. projects that improve the quality of the environment and contribute to Canada's goal of clean air and clean water). ACOA is well ahead of target on green objectives, with 85% of federal funds having been directed to projects in this category.						
Name of Agreement / Program Activity	7) Actual Spending 2003-2004	8) Actual Spending 2004-2005	2005-2006			
			9) Planned Spending	10) Total Authorities	11) Actual Spending	12) Variance (9-11)
<b>Canada/Newfoundland and Labrador Agreement</b>						
<b>13) Infrastructure Programming</b>						
- Total Contributions	9.7	5.0	23.1	14.6	11.4	11.7
14) Total for PA	9.7	5.0	23.1	14.6	11.4	11.7
<b>Canada/Prince Edward Island Agreement</b>						
<b>13) Infrastructure Programming</b>						
- Total Contributions	3.5	0.7	2.1	1.7	1.2	0.9
14) Total for PA	3.5	0.7	2.1	1.7	1.2	0.9
<b>Canada/Nova Scotia Agreement</b>						
<b>13) Infrastructure Programming</b>						
- Total Contributions	13.6	10.0	17.8	14.7	10.6	7.2
14) Total for PA	13.6	10.0	17.8	14.7	10.6	7.2



<b>Canada/New Brunswick Agreement</b>						
<b>13) Infrastructure Programming</b>						
- Total Contributions	12.9	16.1	8.2	7.2	5.9	2.3
14) Total for PA	12.9	16.1	8.2	7.2	5.9	2.3
<b>15) Total for Transfer Payment Program</b>	<b>39.7</b>	<b>31.8</b>	<b>51.2</b>	<b>38.2</b>	<b>29.1</b>	<b>22.1</b>
17) Comment(s) on Variance(s):						
<p>To adjust to program requirements, the Agency requested a reprofile forward of \$13 million, which will be required in future years to liquidate program commitments that are moving to later years. An additional \$9.1 million in slippage was experienced because project work took longer to complete or because plans were revised. The program will expire on March 31, 2009, and the level of activity is winding down.</p>						
18) Significant audit and evaluation findings and URL(s) to last audit and/or evaluation:						
<p>Internal audits of the Infrastructure Canada Program were concluded in September 2005 for each of the four Atlantic provinces. The audit results show that the administration of projects and claims is in compliance with the terms and conditions of the agreement between the federal government and the provinces.  More information can be found at <a href="http://www.acoa-apeca.gc.ca/e/library/audit/icp.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/icp.shtml</a></p> <p>A mid-term evaluation of the Infrastructure Canada Program was done and the results show that some improvements could be made in the design, implementation and monitoring of the program. The key recommendations identified by the evaluation are:</p> <ul style="list-style-type: none"> <li>• to address barriers to project and program implementation and be diligent in order to ensure program completion by the extended deadline;</li> <li>• to determine a method to measure/report on project outcomes at the national level, communication outcomes, and program cost-effectiveness; and</li> <li>• to improve/maximize relationship management.</li> </ul> <p>The recommendations were accepted, and work is currently being done with the Regional Development Agencies to implement the recommendations. A summative evaluation is planned for the year 2009-2010. More information is available at <a href="http://www.infrastructure.gc.ca/ae/me_icp_2006_e.shtml">http://www.infrastructure.gc.ca/ae/me_icp_2006_e.shtml</a></p>						

## Innovative Communities Fund (ICF)

1) Transfer Payment Program:						
Innovative Communities Fund - Voted						
2) Start Date:			3) End Date:			
April 1, 2005			March 31, 2010			
4) Description of Transfer Payment Program:						
<p>The program is designed to make non-repayable contributions to strategic initiatives that respond to the economic development needs of communities. To effectively address the wide range of challenges and opportunities of regions, communities and sectors, the ICF takes a comprehensive approach to working with communities at various stages along the economic development continuum, while ensuring sustainable economic outcomes. There are, therefore, two distinct components of the ICF.</p> <p>The first component (strategic community capacity) is designed to support non-commercial or non-profit strategic initiatives that target the economic development needs of rural communities. The ICF will support strategic initiatives identified by communities, community groups or networks of groups, and industry sector associations. These initiatives will help communities strengthen their community capacity and economic base, aid in the development of strategic sectors, and stimulate economic development. These initiatives vary, depending on the individual needs of the community involved.</p> <p>The second component (proactive investments) is intended to stimulate transformative change. This component of the ICF will support proactive identification and implementation of strategic opportunities with local partners (e.g. regional economic development organizations, community business development corporations and local/municipal leaders). These projects will capitalize on the capacity, strengths and opportunities present in the community. Emphasis will be placed on investments that lead to sustainable employment and could, for example, help to, where feasible, address the issue of seasonal work patterns.</p> <p>The program is designed to respond to the unique and varying needs of communities, but within this flexible approach there will be clear links to sustainable economic development outcomes. This focus on outcomes will ensure the program has the desired impact on the Atlantic region's economy.</p>						
5) Strategic Outcomes:						
Community Development						
6) Results Achieved:						
During 2005-2006, the ICF committed a total of \$38.8 million to 62 projects across the region.						
Program Activity	7) Actual Spending 2003-2004	8) Actual Spending 2004-2005	2005-2006			
			9) Planned Spending	10) Total Authorities	11) Actual Spending	12) Variance (9-11)
<b>13) Community Economic Development</b>						
- Total Contributions	0.0	0.0	0.0	8.0	7.9	(7.9)
14) Total for PA	0.0	0.0	0.0	8.0	7.9	(7.9)
<b>15) Total for Transfer Payment Program</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>8.0</b>	<b>7.9</b>	<b>(7.9)</b>

17) Comment(s) on Variance(s):

The ICF is a new program, approved and started during 2005-2006 arising from Budget 2005.

18) Significant audit and evaluation findings and URL(s) to last audit and/or evaluation:

Since the ICF is a new program, no audit or evaluation has been done yet. A mid-term evaluation assessment of the program will be undertaken in 2006-2007. An audit of the program is also planned for 2006-2007.

## Strategic Community Investment Fund (SCIF)

1) Transfer Payment Program:						
Strategic Community Investment Fund - Voted						
2) Start Date:			3) End Date:			
May 10, 2001			March 31, 2007			
4) Description of Transfer Payment Program:						
To stimulate stronger economic growth in Atlantic Canada by making strategic investment community economic development.						
5) Strategic Outcomes:						
Community Development						
6) Results Achieved:						
The last date to approve projects was March 31, 2005. SCIF is now in pay-out years, ending March 31, 2007. 485 projects have been approved during the life of SCIF, for a total ACOA contribution of \$180 million, leveraging more than \$205 million in other funding.						
Program Activity	7) Actual Spending 2003-2004	8) Actual Spending 2004-2005	2005-2006			
			9) Planned Spending	10) Total Authorities	11) Actual Spending	12) Variance (9-11)
<b>13) Community Economic Development</b>						
- Total Contributions	41.0	60.7	27.7	46.5	46.1	(18.4)
13) Total for PA	41.0	60.7	27.7	46.5	46.1	(18.4)
<b>14) Special Adjustment Measures</b>						
- Total Contributions	14.6	16.0	0.0	0.3	0.3	(0.3)
14) Total for PA	14.6	16.0	0.0	0.3	0.3	(0.3)
<b>15) Total for Transfer Payment Program</b>	<b>55.6</b>	<b>76.7</b>	<b>27.7</b>	<b>46.8</b>	<b>46.4</b>	<b>(18.7)</b>
17) Comment(s) on Variance(s):						
Additional funding was approved for the program in Budget 2005, with \$12.8 million being reprofiled to 2005-2006. The Agency also reallocated funds internally to meet the higher than expected demand for community economic development projects.						
18) Significant audit and evaluation findings and URL(s) to last audit and/or evaluation:						
A formative evaluation, undertaken in 2004-2005, showed that SCIF was a good model and was funding projects that were consistent with the design of the program. Preliminary information suggested indications of success that included job creation, opportunities to build capacity for developing and carrying out community economic development projects, and the creation of positive impacts on communities in economic and social aspects. An executive summary of the evaluation may be found at <a href="http://www.acoa-apeca.gc.ca/e/library/audit/ex_scif.shtml">http://www.acoa-apeca.gc.ca/e/library/audit/ex_scif.shtml</a> . A summative evaluation will begin in 2006-2007.						
An audit of the program management, performed in 2003-2004, found strong systems in place for						

ensuring due diligence in the processing of applications and payments for SCIF. The audit also found that Agency systems, procedures and resources for delivery of SCIF were in compliance with Treasury Board Policy on Transfer Payments. A summary of the findings can be found at <http://www.acoa-apeco.gc.ca/e/library/audit/strategicfund.shtml>.  
A final audit of the program will be undertaken in 2006-2007.