

# **Renewing Regional Economic Development in Nova Scotia**

Report and Recommendations to  
the Honourable Percy A. Paris  
Minister of Economic and Rural Development and Tourism

by Nova Scotia's RDA Review Panel

October 2012



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## **1. EXECUTIVE SUMMARY**

In May 2012, the federal government provided notice that as of May 2013 it would discontinue core funding to regional economic development organizations in Atlantic Canada. In July 2012, the Province of Nova Scotia initiated a review of regional development authorities in Nova Scotia; this was to ensure that Nova Scotia had the best model in place to support regional economic development in all regions of the province. To conduct the review, an independent panel of business and community leaders was identified to consult with stakeholders, review evidence, and provide recommendations to government for determining an effective and sustainable model for future regional economic development.

Using findings from the consultation sessions, stakeholder surveys, and a review of academic literature and approaches in other jurisdictions, the Review Panel considered a complex set of factors to arrive at a series of recommendations that will result in a new model to deliver regional economic development in Nova Scotia.

Key recommendations of the panel include the following:

- Refine the mission of regional economic development organizations to guide and navigate regional economic development while providing support to businesses.
- Introduce a model of Regional Enterprise Networks (RENs) to reflect the organizations' roles as connectors among economic development partners.
- Focus core activities for RENs to provide regional leadership on economic priorities, develop regional economic plans, and provide support to businesses.
- Introduce a shared governance model and enhanced governance practices.
- Refine performance standards to improve accountability and reporting.
- Align regions around communities of interest to support the development of priority and emerging sectors.
- Introduce a new funding model for regional economic development partners.
- Identify opportunities for the federal government to participate in regional economic development activities that align with its priorities.
- Establish six RENs to support regional economic development in rural Nova Scotia.

## 2. MESSAGE FROM THE RDA REVIEW PANEL

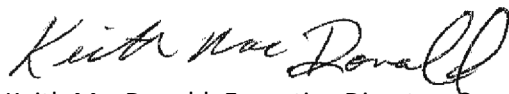
During our consultations, one thing became clear: people are very passionate about the economic future of Nova Scotia. It is easy to see why. This deep commitment to the province, coupled with the intensity and diversity of opinions, explains why one of the most common comments we heard during the consultations was, “I don’t envy your task.”

We accept that it was a difficult task, possibly even more difficult than anticipated at the outset. However, being asked to consider and contribute to the economic future of the province during such a critical time in its history was a task we did not take lightly. It was important to make sure all stakeholders were identified and engaged in the process. It was important to ask questions to understand opinions, criticisms, and proposed alternatives. It was important for us to understand how the current approach to regional economic development has worked and whether it could evolve.

As Nova Scotians, we want to contribute to the best possible future for our province. In the report that follows, we have tried to balance the feedback we received with the current economic development landscape of the province. We trust that the recommendations contained in this report serve as a call to action for all economic development partners to find their role in a new model of regional economic development for Nova Scotia.



Jo Ann Fewer, Chair, Chief Executive Officer, Perennia Inc.



Keith MacDonald, Executive Director, Cape Breton Partnership



Bob MacEachern, Business Owner, 101.5 The Hawk



Allister Surette, Recteur et Vice-Chancelier, Université Sainte-Anne

### 3. CURRENT CONTEXT

There are challenges to economic growth throughout Nova Scotia. The province recognized this challenge in 2010, when it delivered *jobsHere: the plan to grow our economy*:

*Over the past 20 years, Nova Scotia's economic growth has been lower than any other province in Canada. As the economy went global, competition intensified, technology took off, and Nova Scotia didn't keep up.*

To provide the government's fiscal context for approaching these challenges, the Premier of Nova Scotia struck the Nova Scotia Economic Advisory Panel, which delivered its report, *Addressing Nova Scotia's Fiscal Challenge*, in November 2009. The report analyzed the province's fiscal situation and advised the Premier and government on approaches to policy development that would support more efficient and effective government operations and service delivery.

Nova Scotia's current approach to economic development was shaped by a report delivered by Donald Savoie in July 2010, *The Way Ahead for Nova Scotia*. Dr. Savoie consulted with economic development stakeholders across Nova Scotia and offered recommendations for organizing and delivering economic development programs and services in order to maximize their impact, reduce or remove duplication of effort, and ensure that economic development agencies work in alignment where there are shared priorities.

In considering regional development authorities and regional economic development, Dr. Savoie identified two recommendations, which the Review Panel examined along with its consultation findings and deliberations:

**Recommendation 14:** *The provincial government, in co-operation with the other orders of government, notably ACOA, should review the RDAs to ensure that their policies and activities are fully aligned with government's economic development priorities and to determine what is an appropriate number of RDAs.*

**Recommendation 21:** *The provincial government should designate ERD as the lead player in promoting community economic development through the RDAs and other means and in dealing with the business community at the regional level; and ERD should streamline operations with a view of reducing overhead cost in regional operations for both community-development-type projects and business development.*

Since November 2010, Nova Scotia's economic development efforts have been defined by *jobsHere*. In the plan, three priorities were identified to focus efforts and encourage economic growth and transformation: learning the right skills for good jobs, growing the economy through innovation, and helping businesses be more globally competitive.

#### 4. REGIONAL ECONOMIC DEVELOPMENT IN NOVA SCOTIA

Nova Scotia's current model of 12 Regional Development Authorities (RDAs) was established in 1994 to coordinate economic development activity at the local level and among partners. Government supported this effort through enabling legislation, the *Regional Community Development Act*. Until May 2012, RDAs were supported financially through multi-year contribution agreements between the federal government and the provincial government, with matching contributions by Nova Scotia's municipalities. This shared-funding model of one-third from the federal government, one-third from the provincial government, and one-third from municipal governments represented a unique partnership model for regional economic development in Atlantic Canada.

The RDAs were formed in the mid-1990s in response to a discussion paper on community economic development (CED) from the Planning and Policy Division of the Department of Economic Development. The paper suggested that there were too many local development organizations seeking support from government, that their priorities were not aligned, and that their efforts were not coordinated. There was a recognition that all levels of government could play a role in supporting CED, which was defined as follows:

*A process that aims to improve the long-term economic viability of geographic sub-areas of the province. A major focus of CED is to achieve constructive economic change in rural and small town areas so that they are more attractive places to live and work. CED is increasingly being seen as complementary to provincial and federal government economic development initiatives and a necessary part of the overall effort.*

Community economic development is achieved when new economic activity begins in an area. The vehicles through which CED is accomplished are

- private businesses and entrepreneurs,
- community-owned enterprises,
- organizations that directly help individual businesses (ones that provide business counselling, for example), and
- groups dedicated to broadly supporting area economic development (for example, through strategic economic planning, infrastructure improvements, local area promotion). These groups include organizations such as Community Futures committees, downtown development organizations, and local industrial commissions.

Over time, RDAs have evolved to provide regional economic development leadership in core areas: community economic development, community enterprise development, business development, human resources development, and regional communications development.

Each RDA is directed by a board of directors consisting of municipal representatives and varying representation by the business community and community at large. To meet performance expectations by funding partners, RDAs were required to complete board governance training, acquire ISO certification for quality management, and participate in an annual performance management cycle that was used to evaluate RDAs and determine a performance-related component of annual funding.

Apart from RDAs, regionally focused economic development support is delivered by other organizations at other levels of government.



- *Federal government:* field staff from Atlantic Canada Opportunities Agency (ACOA), Enterprise Cape Breton Corporation (ECBC), and 13 Community Business Development Corporations (CBDCs).
- *Provincial government:* field staff from Economic and Rural Development and Tourism; field and regional offices from a number of other provincial government departments and agencies, including Agriculture, Fisheries and Aquaculture, Innovacorp, and Natural Resources.
- *Municipal:* 19 municipalities currently employ economic development officers. Most are also contributors to regional development authorities.
- *Non-governmental organizations* with specific community or social mandates, which may access targeted programs to support community economic development.

## 5. THE RDA REVIEW PANEL AND ITS WORK

In May 2012, the federal government gave notice that as of May 21, 2013, it would discontinue core funding to regional economic development organizations in Atlantic Canada. In July 2012, the Province of Nova Scotia initiated a review of regional development authorities in Nova Scotia to ensure that Nova Scotia had the best model in place to support regional economic development in all regions of the province.

To provide oversight and support to the review, a Steering Committee – consisting of senior Nova Scotia government officials from Office of Policy and Priorities, Economic and Rural Development and Tourism, Labour and Advanced Education, and the Union of Nova Scotia Municipalities – was identified.

To conduct the review, an independent panel of business and community leaders was identified to consult with stakeholders, review evidence, and provide recommendations to government toward an effective and sustainable model for future regional economic development. The Review Panel members are

- Jo Ann Fewer, Northern Region (Chair)
- Keith MacDonald, Cape Breton
- Bob MacEachern, Strait Region
- Allister Surette, Western Region

The Review Panel was tasked with conducting consultations with regional economic development stakeholders and partners across the province and delivering a report to the Minister of Economic and Rural Development and Tourism that proposes the following (see Annex A: Terms of Reference):

- A restructured regional economic development model to reflect current regional economic challenges and a governance model that encourages improved decision making and accountability.
- Options for multi-government involvement and partnership with the federal government.
- New ways to channel economic development expertise and assistance to existing and potential rural businesses more effectively and to improve access to business services from all levels of government.

The RDA Review Panel began meeting in August 2012 to design the project framework and consultation process. Invitations were issued to stakeholders in August 2012 for meetings in September 2012. In September 2012, the Review Panel conducted consultation sessions with more than 30 stakeholder organizations in Halifax, Yarmouth, Cornwallis, Kentville, Truro, and Sydney (see Annex B: Consultation List).

It was not possible for the Review Panel to meet with every individual economic development stakeholder in every community. Those stakeholders not invited to meet in person with the Review Panel were provided with an online survey to ensure that the broadest possible complement of economic development interests were considered (see Annex C: Consultation Survey). This survey was also open to the public for interested people. The electronic surveys were active from August 24 to October 5, 2012. Six surveys were delivered: four were tailored to the unique characteristics of the respondents, one was a general survey in English, and one for the francophone population.

A total of 123 surveys were completed, and feedback was received from all 18 counties and the 13 historic RDA regions.

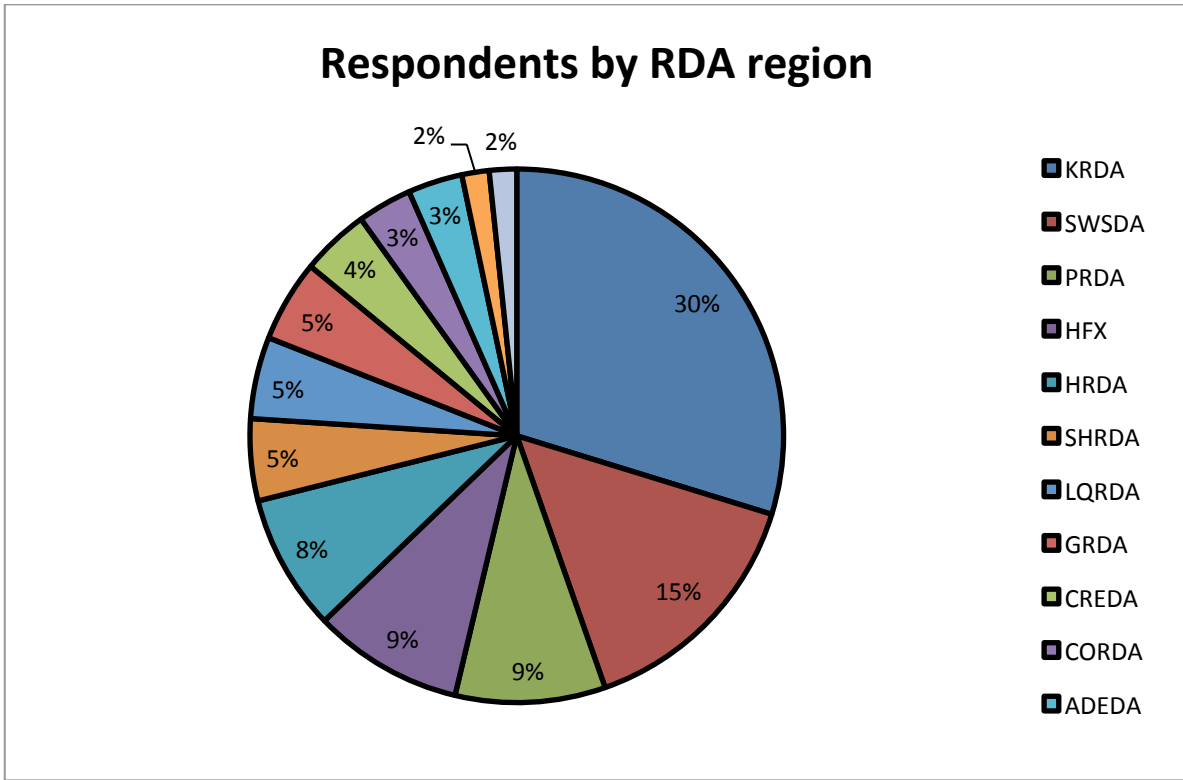


Figure 1 Respondents by RDA region.

Of the respondents, 61.5 per cent were RDA staff, RDA boards of directors, municipal staff, and councillors. The remaining 38.5 per cent was a mixture of private sector (13.5%), Chamber of Commerce boards of directors (6.3%), CBDC staff (5.2%), the education sector (3.1%), and not-for-profit (NFP) organizations and volunteers (5.2%).

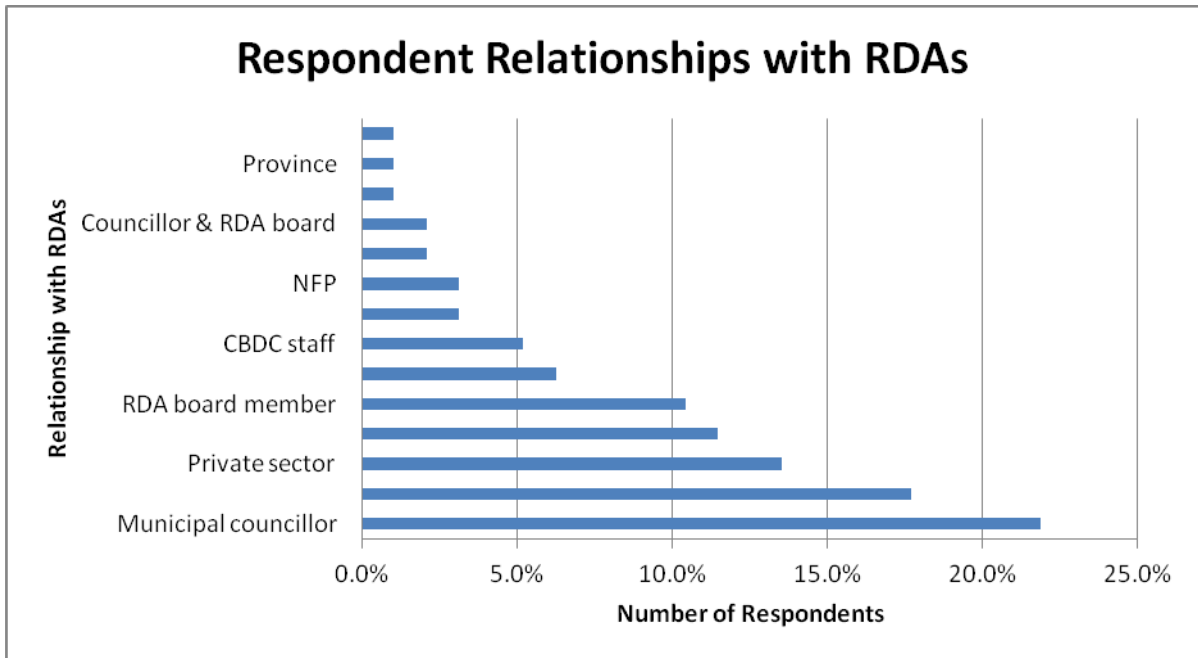


Figure 2 Respondent relationships with RDAs.

## 6. FINDINGS: WHAT THE REVIEW PANEL LEARNED

The Review Panel employed the survey document to guide the consultation sessions, and the conversations were relatively unstructured to encourage the free flow of ideas. Through the sessions, a number of themes emerged; they generated significant discussion and framed the recommendations reached later in this report.

Survey respondents were asked a series of questions about effectiveness of RDAs and how to deliver regional economic development more effectively. Tabulated responses to specific questions about advantages and challenges for RDAs are presented in Annex D, Tables 1 and 2.

### *Alignment among Economic Development Partners*

There was consensus that economic development is a priority throughout Nova Scotia. There were also repeated comments that a focus on growing industry sectors had to become more of a priority. However, many stakeholders identified the lack of alignment and connectivity among economic development stakeholders as a factor hindering effective regional economic development.

Several stakeholders expressed a concern about the lack of a province-wide vision for regional economic development delivery. Furthermore, a lack of focused and collaborative economic strategies was noted. Some stakeholders said that without a framework for delivering regional economic development, competition among municipal units, organizations, and industry sectors was hindering overall growth.

With provincial and federal economic development partners well known to most stakeholders, some questioned the purpose and role of regional economic development organizations. While this was not a prevailing view, it was framed as a lack of connectivity among economic development partners.

Some stakeholders suggested that a more formalized collaboration across the spectrum of economic development is required, incorporating municipal, provincial, federal, community, and private-sector interests. While the Review Panel heard support for greater efforts to align municipal and provincial economic development with the community and private sector, there was also concern about how to jointly coordinate with economic development organizations that are not within the Review Panel's scope. This was noted particularly for economic development organizations at the federal level, including CBDCs, ACOA, and ECBC. These concerns included the alignment of mandates, the management of the working relationship, and co-location to support better navigation of economic development programs and services. Survey respondents were asked how the provincial government can better address the needs of regional economic development, and the responses provided were consistent with the consultation feedback regarding alignment of municipal and provincial economic development efforts (see Annex D, Table 3).

The lack of alignment among economic development partners was specifically mentioned by survey respondents as one of challenges affecting the effectiveness of RDAs. In open-ended feedback comments, both "competing priorities between levels of government" and "lack of policy, priority integration with senior governments" were identified as specific challenges to RDAs (see Annex D, Table 4). Some survey respondents noted that the lack of alignment among partners – in policies, priorities and key sectors for regional economic development (see Annex D, Table 5) – similarly affects the ability of RDAs and other partners to work effectively.

## ***Municipalities***

There was considerable discussion about the role of municipalities, their involvement with RDAs, and how those relationships affect regional economic development.

Municipalities indicated that they have not been treated as true partners in the current RDA model. While they contribute an equal (or greater) share of funding and have voting privileges on RDA boards of directors, they are not a part of the evaluation and performance assessment process. The message to the Review Panel was clear: municipalities want to be viewed as equal partners in regional economic development.

The Review Panel heard that the effectiveness of the current approach varies greatly across the province. Where municipalities within an RDA region have positive working relationships and focus on regional priorities, it works well. However, that is not the case with every RDA, and there is concern that municipal differences of opinion and advancement of individual municipal interests unnecessarily interfere with decision making. Survey respondents reported similar feedback (see Annex D, Table 6).

While it was not a majority view among those consulted, a number of stakeholders indicated that the number of municipal units in Nova Scotia makes effective regional economic development challenging. Some statements about the working relationships among municipalities were particularly strong. There were concerns that municipal representation on some RDA boards of directors focused RDA activity more on competing interests and delivering local projects – so much so that it hindered effective planning and decision-making. A number of survey respondents identified this as a specific challenge to municipal involvement with regional economic development (see Annex D, Table 7).

During consultation sessions, some municipalities stated their intention to withdraw from a regional economic development organization if a new model had fewer organizations with more municipal partners. This is further complicated by stakeholders who commented that the number of municipalities constituting some current regional development authorities makes it difficult to envision productive working relationships with larger economic regions.

At some sessions, local economic development by municipalities was discussed. Nineteen municipal units employ economic development officers, some of which also contribute to RDAs. Some stakeholders expressed confusion about this practice and questioned the overall effectiveness, for both local and regional economic development efforts.

## ***Private Sector***

The Review Panel consulted with private sector stakeholders, many of whom expressed confusion about the roles and responsibilities of levels of government and organizations engaged in economic development. Stakeholders acknowledged there are already a number of organizations designed to meet the needs of business. The need to provide a “one-stop shop” was brought up repeatedly, including among survey respondents (see Annex D, Table 8).

The Review Panel heard that there has been minimal involvement by the private sector in regional economic development. Specifically, stakeholders indicated there has been little private sector input into economic development activities and limited engagement in identifying priorities.

## ***Defining Economic Regions***

During consultation sessions, stakeholders were invited to suggest new economic regions. Few suggested regional development boundaries beyond the existing RDA model. The Review Panel also heard from some stakeholders who were expressly not interested in or willing to consider a larger region for economic development.

Some RDAs were open to expanding their area of coverage, or have already discussed merging their organizations with other existing RDAs.

Beyond the consultation sessions, there was considerable support – in letters of support and in the media – for retaining the status quo, at least with the current geographic boundaries for regional economic development organizations.

In considering specific regions, several stakeholders noted strong economic growth in the Halifax area and that the region is an economic force for the province. There was an identified need to leverage that growth in other parts of the province and to focus on the identification and development of economic strengths in other regions of the province.

## ***Core Activities***

The Review Panel heard that the programs and services delivered by RDAs vary greatly across the province. Some stakeholders indicated this inconsistency leads to a lack of clarity about the role and core activities for regional economic development organizations. Survey respondents considered a list of services and were asked to identify those where the RDA was the most effective delivery agent (see Annex D, Table 9) and, of the services currently being delivered, those that were most needed by communities (see Annex D, Table 10).

The Review Panel consistently heard that RDAs take on the role of coordinating community-based strategic efforts for the region. This involves a significant amount of facilitation and project management work for community organizations or groups of government and non-government partners. Stakeholders were keen to share success with the Review Panel, such as the UNESCO World Heritage Site designations in Joggins and Grand Pre, developing a highway twinning response plan in Antigonish, and addressing the closure of Bowater in Queens County. RDAs were identified as providing skills and expertise in this area for those organizations that may not have staff or expertise to effectively deliver a project to completion. Survey respondents showed agreement with the consultation feedback, identifying RDAs as effective in creating and leading regional partnerships to support regional strategic efforts and mobilize resources for projects (see Annex D, Table 11).

At the same time, some stakeholders expressed concern about RDAs' focusing on community project work while paying less attention to developing strategies and initiatives to encourage business start-ups, growth, and attraction. This concern was similarly supported in some survey feedback (see Annex D, Table 12).

RDAs currently deliver a province-wide program for Business Retention and Expansion (BRE), which was generally well received, though the Review Panel notes that some stakeholders were not familiar with the program, its objectives, or effectiveness. RDAs are also delivering the Rural Newcomer Navigator Initiative, currently in pilot phase, across the province.

The discussion of core activities also led to some interesting proposals for regional economic development organizations. To avoid the perception of duplication with other economic

development organizations, several stakeholders suggested the use of an accountability matrix, to clearly identify where responsibility for decision making and action lies among economic development stakeholders and funding partners.

### ***Accountability***

The Review Panel heard that accountability practices for RDAs are complex and time-consuming. The current requirements for RDAs – ISO certification, annual business plans, mid-year reviews, annual reports, and audited financial statements – were identified as onerous, further hindering the effective delivery of core activities and projects. Some stakeholders noted that the response to these efforts by provincial and federal partners was not consistent from one year to the next, and not necessarily helpful to improving organizational performance.

### ***Leadership and Organizational Effectiveness***

The Review Panel observed that the effectiveness and success of an RDA correspond directly to the leadership capabilities of its board of directors and its executive leadership, regardless of the accountability measures currently in place. Survey respondents also noted this challenge to organizational effectiveness (see Annex D, Table 13).

Survey respondents were asked to provide specific suggestions for the ideal composition of a board of directors for a regional economic development organization and for the ideal funding scenario among economic development partners. On average, the preferred number of board members was eight, with distribution among municipal, business, and community representatives. Respondents also indicated a preference for the largest portion of funding to be shared among the federal, provincial, and municipal governments, with the private sector and the RDAs generating a smaller portion of funding. (see Annex D, Table 14)

### ***Financial Management and Sustainability***

In terms of cash flow, RDAs spoke of challenges in managing the flow of documentation and paperwork to ensure that monies move in and out of the organization appropriately. Hants Regional Development Authority presented its response to this challenge: it contracted its administrative services to one of its funding municipalities, which uses accepted accountability and financial management practices for municipalities.

Stakeholders expressed considerable support for longer-term funding arrangements, like the three-year funding agreement that was in place until March 31, 2012. There was agreement among consultation participants and survey respondents that longer-term funding provided more time to develop and deploy projects and strategies (see Annex D, Table 15).



## 7. REGIONAL ECONOMIC DEVELOPMENT: LITERATURE AND JURISDICTIONAL REVIEW

The Review Panel's consultations and survey data provided a valuable perspective on regional economic development from Nova Scotia-based practitioners and partners. The Review Panel was also asked to report on best practices in other jurisdictions. Through a review of relevant academic literature and a survey of other jurisdictions, common themes for renewal and new approaches to regional economic development were identified.

### *Literature Review*

The challenges to regional economic development in Nova Scotia are not unique to the province. A survey of academic literature indicates a generalized global rural decline. Urban centres with a population greater than 100,000 are the major recipients of the rural population (Polèse and Shearmur 2006).

Rural decline is happening all over the world: Australia, Russia, Scandinavia (Slack et al. 2003), Finland (Hanell et al. 2002), Sweden, and Japan (Kyushu and Hokkaido). Although rural communities are declining, they remain important to the economic development landscape and serve as a source of innovation as much as urban centres do. It is therefore important for governments to consider how they engage rural communities, identify opportunities, and support economic activity.

In the last 20 years, governments have increasingly withdrawn from regional development, and bottom-up, community-led initiatives have taken their place. This model allows for multiple stakeholders to agree and act on consensus-based planning, implementation, and evaluation. The successes and failures are shared as a region, and responsibility does not lie with one organization.

Senior government bodies often create organizations for symbolic rather than substantive outcomes, and such organizations often have no power to implement recommendations (DeWeese-Boyd 2006). Some governments seem reluctant to decentralize power to rural regions; as long as this happens, bottom-up or community-led leadership will not be completely engaged (see Annex D, Table 16).

Globally, critiques have been mounting about inadequate or conflicting policies that do not support rural economic development. Within Nova Scotia, aligning regional economic development with *jobsHere* has proven challenging because the three priorities identified could be applied to either rural or urban communities, without a clear economic development priority specifically for rural communities. The absence of comprehensive rural development strategies leads to ad hoc rural development that is often not aligned with government policies (Herbert-Cheshire 2000).

For an extended literature review, see Annex E.

### *Jurisdictional Review*

The Review Panel reviewed a number of regional economic development models across Canada, the United States, and Europe to identify best practices. Common themes and best practices for regional economic development were identified and included as part of the panel's deliberations.

A common theme among the jurisdictions considered is the use of a regional economic development organization to coordinate the activities of a broader group of economic

development stakeholders and partners. In some jurisdictions, this includes the coordination of a regional strategic approach to economic development and delivery of a regional economic strategy. In some organizations, this coordinated approach is also used to communicate with the business community, and the community at large, about regional economic development and new opportunities for business in the region.

In some jurisdictions, regional economic development organizations addressed the needs of communities in transitions and single industry economies. Where that is the case, the organizations focus on working with communities to identify assets that could be leveraged for new opportunities and to identify skills that need further development to support more diversified regional economies.

Some jurisdictions have regional economic organizations that are more focused on business development than community economic development. In such cases, there is a strong private sector representation on the board of directors – and in some of them, *only* private sector directors. In jurisdictions where the regional economic development organization focuses more on business development, organizations provide a suite of services for entrepreneurs to establish new businesses and expand existing businesses. Such services include data and information, assistance with navigating levels of government to establish or expand a business, and in some cases, assistance with site identification.

Some jurisdictions focus on providing access to capital for undercapitalized, high-risk entrepreneurs who wanted to expand into strategic industries. Special task forces by higher levels of government are sent out to assist with mobilizing these individuals within communities.

For an extended literature review, see Annex F.

In Section 8, the Review Panel proposes a new structure for the delivery of regional economic development programs and services in Nova Scotia based on the consultation feedback, survey responses and best practices identified in literature and other jurisdictions.

## 8. RECOMMENDATIONS: CREATING WINNING CONDITIONS FOR REGIONAL ECONOMIC DEVELOPMENT

In developing its recommendations, the Review Panel concluded it is important for the province and municipalities to champion *winning conditions*: an environment cultivated for regional economic development organizations to become high-functioning and results-oriented. Organizations are established with a clear mission and a set of core activities to ensure every opportunity for them to be successful in their regions. To support the development of winning conditions, the Review Panel has identified actions and approaches to implementation for a new model of regional economic development.

**The Review Panel is recommending** that new regional economic development organizations be called **Regional Enterprise Networks (RENs)**, to reflect their role as regional connectors, navigators, and facilitators of economic development activity among partners.



**Figure 3** Regional Enterprise Networks.

### ***Mission***

#### **Winning conditions**

Successful Regional Enterprise Networks are driven by the communities they represent. Their actions are in response to a focused plan, responsive to regional economic conditions. RENs offer effective, seamless delivery of programs and services.

It is essential for RENs to reflect a consistent approach to regional economic development, one that balances regional priorities and sectoral strengths with provincial priorities identified in *jobsHere* and with national priorities.

## Recommendations

**The Review Panel recommends** that RENs share a common mission:

*To guide and navigate regional development in Nova Scotia, supporting business growth in communities.*

This mission should be incorporated into co-operation agreements established by the province and municipalities.

## Core activities

### Winning conditions

Regional Enterprise Networks have clearly defined mandates with tightly focused core activities. Activities are measurable and directly connected to the mission of the organizations.

## Recommendations

**The Review Panel recommends** a focused set of core activities that will allow RENs to provide regional leadership on economic priorities.

Core activities:

1. *Develop, implement, and monitor a regional plan for economic development consistent with provincial economic development priorities and opportunities.*
2. *Cultivate close working relationships with the business community and key partners within the region to recruit new businesses, support development of new businesses, and retain and expand existing businesses. Support local businesses in navigating programs and services.*

All other activities are not considered part of the core mandate, but they may be negotiated among municipalities or other partners outside a core funding arrangement.

**The Review Panel recommends** that municipalities drive and own the development of three-year plans for their regions in collaboration with local businesses and municipal, provincial, and federal partners. Regional economic plans should be based on sectoral strengths in the region and have alignment with *jobsHere* and federal government economic development priorities.

**The Review Panel recommends** that to encourage better alignment between provincial and municipal priorities for regional economic development and the regional economic development organizations, Economic and Rural Development and Tourism field staff and municipal economic development staff be seconded to RENs for five years.

**The Review Panel recommends** co-location of RENs, to the greatest extent possible, with other economic development stakeholders and partners at the regional, provincial, and federal levels.

**The Review Panel recommends** that RENs enter into mutually beneficial working partnerships with Nova Scotia Business Inc., Innovacorp, and other economic development agencies. Regional

Enterprise Networks can provide local investment readiness support through data and analysis and through site identification and selection.

## ***Governance***

### **Winning conditions**

The province and municipalities are equal and engaged partners in regional economic development; they share responsibility for supporting regional economic development and its outcomes. Regional Enterprise Networks have a consistent model of governance across the province. Refined governance practices for RENs improve the credibility of the model. Boards of directors have proactive nominating committees to ensure representation from government, the business community, and the community at large. Senior officials from the municipalities and the province are actively engaged in the oversight of regional economic development organizations.

### **Recommendations**

To deploy a new regional economic development model that recognizes the partnership between the province and municipalities and that clearly establishes the terms of engagement for boards of directors of new regional economic development organizations, significant co-operation is required between the province and municipalities.

**The Review Panel recommends** that the province and municipalities recognize each other as equal partners and owners of regional economic development by establishing five-year co-operation agreements. Co-operation agreements can identify the roles and responsibilities of each partner and identify any requirements, including training, to reach competency in board governance.

**The Review Panel recommends** the following shared responsibilities for both municipalities and the province:

- Equal partners in board governance.
- Equal partners in annual review and monitoring process.
- Endorse a proactive board structure to support strategic recruitment for specific skill sets and other priority representation.
- Board membership in accordance with the proposed membership structure.

**The Review Panel recommends** the following responsibilities for municipalities:

- Develop, own, and drive a three-year regional plan, where each municipality within a REN has one member on the committee developing the plan.
- Participate in board governance committees.

**The Review Panel recommends** the following responsibility for the province:

- Designate a senior official to represent the province on each board of directors.

**The Review Panel recommends** the following board membership structure:

- Eight to twelve members.
- Representation from municipalities, province (one representative), and the business community.
- Senior staff represent the municipalities and province.

- Board terms are three years, with an option for one renewal.
- Specific skill sets to address through membership nominations include legal, accounting, and working knowledge of strategic sectors and other economic priorities.

**The Review panel recommends** staggered terms for directors to ensure consistent leadership and turnover.

**The Review Panel recommends** the following responsibilities for REN boards of directors:

- Hire and evaluate senior executive of each REN.
- Work with municipalities to develop a regional plan for implementation by the organization.
- Policy development.
- Manage organizational liability; address legal and financial matters.
- Identify board governance committee structure, including a proactive nominating committee and committees for audit and priority sectors.
- Adopt an annual agenda for recurring functions, including budget-cycle, performance evaluation for senior staff of regional economic development organization, audit cycle, and other reporting functions.

**The Review Panel recommends** that boards of directors, as part of their responsibilities, designate organizational leadership as a priority at both the board and staff levels.

## *Accountability*

### Winning conditions

Achievement and progress by Regional Enterprise Networks are publicly reported and easily accessed. A new reporting model demonstrates the value of RENs to their funding partners and the business community. All RENs report on the same information in the same manner on a predictable schedule.

### Recommendations

**The Review Panel recommends** that the Review and Monitoring committee of the board of directors is responsible for the REN's annual performance assessments.

**The Review Panel recommends** a standard approach to annual reporting by RENs, which includes an annual business plan, annual financial report with audited financial statements, and an evaluation framework.

**The Review Panel recommends** developing an evaluation framework that reflects the core activities of Regional Enterprise Networks and includes the following categories:

- Execution of regional economic plan and leveraging partnerships.
- Business support and client satisfaction.
- Governance and leadership.
- Staff excellence.

## Geography

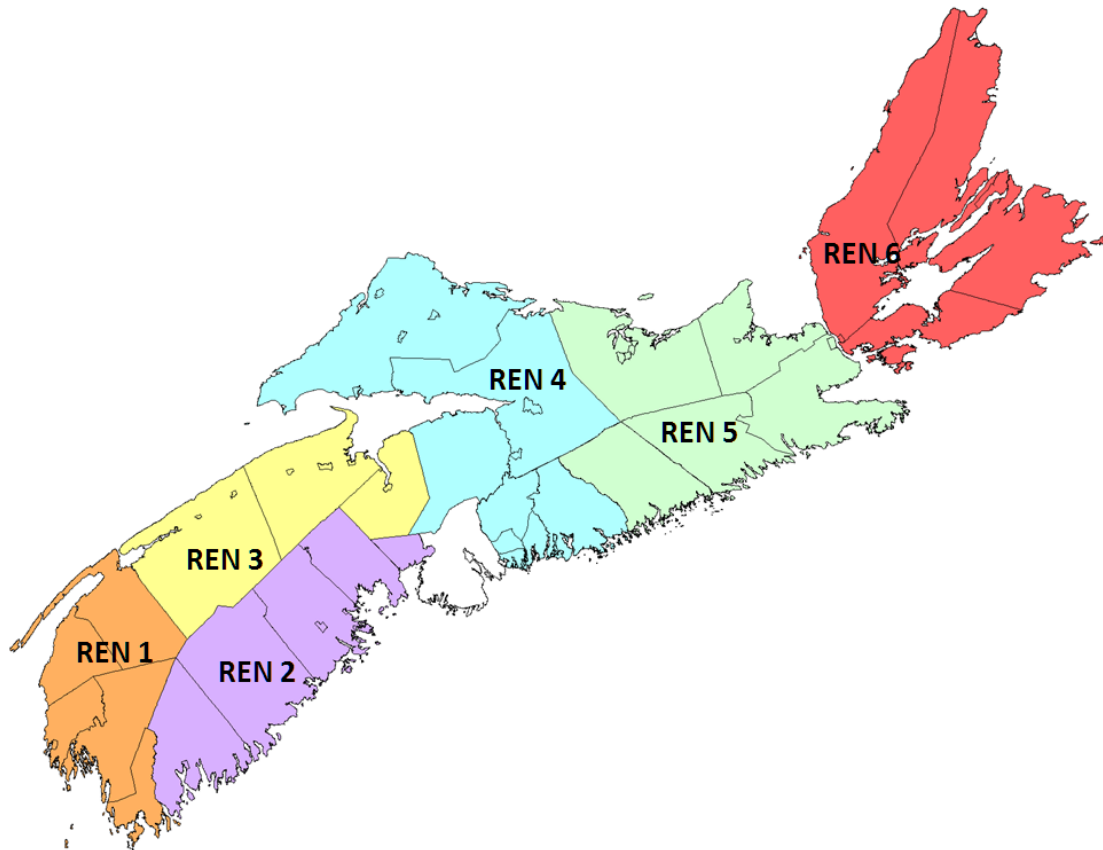
### Winning conditions

The province and municipalities look beyond existing boundaries for collaboration and co-operation. While geography is a relevant factor, regional economic development zones also reflect broader communities of interest and regions with future economic prospects in common.

### Recommendations

**The Review Panel recommends** reducing the overall number of Regional Enterprise Networks to six, based on geography and communities of interest. Where productive working relationships have already been identified, the Review Panel feels those relationships should be encouraged in the Regional Enterprise Network model.

**The Review Panel recommends** the following economic regions to balance local priorities; historic, natural, or emerging communities of interest; and a stated interest in future co-operation, as identified during consultation (see Annex G).



**Figure 4** Proposed regions for Regional Enterprise Networks.

### ***Regional Enterprise Network 1***

Municipality of the District of Argyle  
Municipality of the District of Barrington

Municipality of the District of Clare  
Municipality of the District of Digby  
Municipality of the District of Yarmouth  
Town of Clarks Harbour  
Town of Digby  
Town of Yarmouth

*Note: Includes western Shelburne County from Barrington and Clyde River west to the Yarmouth County line (8 municipalities, approximate population 51,000)*

**Regional Enterprise Network 2**

Municipality of the District of Chester  
Municipality of the District of Shelburne  
Municipality of the District of Lunenburg  
Region of Queens Municipality  
Town of Bridgewater  
Town of Lockeport  
Town of Lunenburg  
Town of Mahone Bay  
Town of Shelburne

*Note: Includes eastern Shelburne County and the western Halifax Regional Municipality (9 municipalities, approximate population 65,000)*

**Regional Enterprise Network 3**

Municipality of the County of Annapolis  
Municipality of the County of Kings  
Municipality of the District of West Hants  
Town of Annapolis Royal  
Town of Berwick  
Town of Bridgetown  
Town of Hantsport  
Town of Kentville  
Town of Middleton  
Town of Windsor  
Town of Wolfville

*(11 municipalities, approximate population 100,000)*

**Regional Enterprise Network 4**

Municipality of the County of Colchester  
Municipality of the County of Cumberland  
Municipality of the District of East Hants  
Town of Amherst  
Town of Oxford  
Town of Parrsboro  
Town of Springhill  
Town of Stewiacke



Town of Truro

*Note: includes communities in the Musquodoboit Valley area of Halifax Regional Municipality (9 municipalities, approximate population 104,000)*

**Regional Enterprise Network 5**

Municipality of the County of Antigonish  
Municipality of the County of Pictou  
Municipality of the County of Guysborough  
Municipality of the District of St. Mary's  
Town of Antigonish  
Town of Mulgrave  
Town of New Glasgow  
Town of Pictou  
Town of Stellarton  
Town of Trenton  
Town of Westville

*Note: Includes communities in eastern Halifax Regional Municipality (11 municipalities, approximate population 74,000)*

**Regional Enterprise Network 6**

Cape Breton Regional Municipality  
Municipality of the County of Inverness  
Municipality of the County of Richmond  
Municipality of the County of Victoria  
Town of Port Hawkesbury

*(5 municipalities, approximate population 131,000)*

**The Review Panel recommends** that the province focus its regional economic development efforts outside the urban core of Halifax Regional Municipality (HRM). Given HRM's robust economy and future prospects, the Review Panel felt it possessed an appropriate economic development organization with the Greater Halifax Partnership (GHP), which leverages significant municipal support and private sector investment. GHP should be encouraged to work with RENs on shared priorities and projects.

**The Review Panel recommends** one REN for municipalities on Cape Breton Island. While the Review Panel considered reorganizing municipal units around the Strait area (the "quad counties"), the existing RDAs on Cape Breton Island have been collaborating on an integrated model to deliver regional economic programs and services. Given the co-operation already undertaken by the municipal units, the Review Panel did not feel it was productive to offer a different set of boundaries.

## Budget

### Winning conditions

Regional Enterprise Networks have longer-term funding from provincial and municipal partners. Organizations secure multi-year project funding from the federal government. Funding of RENs is predictable and stable.

### Recommendations

**The Review Panel recommends** that the province and municipalities commit to five years of funding as part of co-operation agreements.

**The Review Panel recommends** a new formula for funding of regional economic development, where the provincial contribution consists of two components:

- One-half is distributed equally among RENs.
- One-half is distributed proportionally among RENs according to population (less the population of Halifax Regional Municipality not included in the REN model).

**The Review Panel recommends** that the combined municipal contribution match the total provincial contribution.

$$REN_i \text{ Funding} = \left( \left( \frac{(50\% \times \text{Total Prov Funding})}{\# \text{ of RENs}} \right) + \left( \frac{REN \text{ Pop}_i}{NS \text{ Pop} - Hfx \text{ Pop}} \times (50\% \times \text{Total Prov Funding}) \right) \right) \times 2$$

*i* = All Regional Enterprise Networks in the REN model

**The Review Panel recommends** that each REN identify a municipal unit to serve as delivery agent for finance, administration, procurement, legal, human resources, and information technology services.

### First Steps

To support implementation of the REN model, **the Review Panel recommends** that municipalities and the province collaborate on a process to develop co-operation agreements, appoint the first boards of directors, deliver board training, hire first staff, set standards, and deliver any required professional development to staff.

**The Review Panel recommends** that the province review the *Regional Community Development Act* with the Union of Nova Scotia Municipalities.

### Relationship with the Federal Government

The Review Panel understands that federal government economic development priorities focus on matching skills with jobs, encouraging businesses to expand export activities, developing priority sectors, and supporting innovation. The Review Panel understands that the federal government will not reconsider its decision to terminate core funding for regional economic development organizations. **The Review Panel recommends** that the province and municipalities formally request the federal government to participate in the development of regional economic plans. **The Review Panel recommends** that the province and municipalities identify program and project

opportunities that align with federal economic development priorities and that all three levels of government may participate in.

## 9. CONCLUSION

The Review Panel recognizes that the changes proposed in this report will require considerable work by the province and municipalities. However, the Review Panel considers these changes essential for a model of regional economic development that will address the economic challenges and opportunities of the future and balance the interests of regional economic development partners to encourage more collaboration to maximize the economic development impact of increasingly constrained resources.

Through its consultations, the Review Panel concluded that the status quo was not a satisfactory outcome. The existing RDA model has undergone significant evolution during its existence. However, that model has accomplished what it can in the complex landscape of economic development. The decision by the federal government to end its involvement as a core funding partner created an opportunity for the province and municipalities to establish a renewed partnership that refocuses efforts and gives municipalities a greater role in contributing to their economic future.

With the proposed model, Regional Enterprise Networks (RENs) are given precise mandates that will encourage and support work on economic priorities in each of the six identified regions. This clarity of purpose will focus regional economic development and deliver plans that are responsive to regional economic conditions and opportunities. Focusing REN core activities on strategic planning and supporting businesses and the community will promote a more consistent and aligned approach to regional economic development.

The proposed REN model also incorporates a renewed approach to governance, where municipalities and the province recognize each other as equal partners and owners of regional economic development. Using co-operation agreements to identify the roles and responsibilities of each partner will provide greater clarity and allow for a greater sense of ownership by the partners. Setting governance and organizational leadership as priorities for the REN model will support enhanced accountability efforts and will improve the effectiveness of regional economic development organizations.

This model also incorporates a revised approach to funding. It enables both partners to make more significant investments in supporting regional economic priorities. It thus provides greater stability, allowing RENs to focus on strategic planning and support to businesses and other economic development partners in the province.

While the federal government has chosen to change its role in regional economic development, there is still a great opportunity to work with the REN model on programs and services that are aligned with economic development priorities at the municipal, provincial, and federal government levels.

With Regional Enterprise Networks, a new model for focused regional economic development will clarify and align the efforts of regional economic development partners and help communities achieve the winning conditions that will encourage economic activity and support the growth and expansion of businesses throughout Nova Scotia.

## 10. TABLE OF RECOMMENDATIONS

Mission
Identify new regional economic development organizations as Regional Enterprise Networks (RENs).
RENs share a common mission: <b>To guide and navigate regional development in Nova Scotia, supporting business growth in communities.</b>
Incorporate mission into co-operation agreements established by the province and municipalities.
Core Activities
Core activities:
<ol style="list-style-type: none"> <li>1. Develop, implement and monitor regional plan for economic development consistent with provincial economic development priorities and opportunities.</li> <li>2. Cultivate close working relationships with the business community and key partners within the region to recruit new businesses, support development of new businesses, and retain and expand existing businesses. Support local businesses in navigating programs and services.</li> </ol>
Municipalities drive the development of three-year regional plans, in collaboration with local businesses and municipal, provincial, and federal partners.
Base regional economic plans on sectoral strengths in the region and align with <i>jobsHere</i> and federal government economic development priorities.
Second Economic and Rural Development and Tourism field staff and municipal economic development staff to RENs for five years.
Co-locate RENs with other economic development stakeholders and partners at the regional, provincial, and federal levels.
Enter into mutually beneficial working partnerships with Nova Scotia Business Inc., Innovacorp, and other economic development agencies.
Governance
Recognize the regional economic development partnership between the province and municipalities through five-year co-operation agreements.
Structure co-operation agreements to identify the roles and responsibilities of each partner, and identify any requirements or training required to reach competency in board governance.

Specify roles and responsibilities for REN boards of directors.

### Accountability

Make the Review and Monitoring committee of the board of directors responsible for REN annual performance assessments.

Standard annual reporting includes an annual business plan, annual financial report with audited financial statements, and an evaluation framework.

Develop an evaluation framework reflecting core REN activities.

### Geography

Reduce the number of Regional Enterprise Networks to six.

Remove the urban part of Halifax Regional Municipality from the REN model. Incorporate rural areas of the municipality into new RENs.

### Budget

Municipalities and the province commit to five years of funding through co-operation agreements.

Implement new funding formula for the province: 50% of total provincial contribution distributed equally among RENs, 50% of total provincial contribution distributed proportionally by population.

Municipalities match provincial contribution.

Engage one municipality for each REN to deliver finance, administration, procurement, legal, human resources, and information technology services.

### First Steps

Identify a process for municipalities and the province to develop co-operation agreements, appoint the first boards of directors, deliver board training, hire first staff, set standards, and deliver any required professional development to staff.

Review the *Regional Community Development Act*.

Request the federal government to participate in the development of regional economic plans.

## **ANNEX A: RDA REVIEW TERMS OF REFERENCE**

### ***Overview***

The economy of Nova Scotia is facing increasingly difficult challenges. The manufacturing base and resource industries have undergone significant decline, and depopulation poses even greater challenges for the future.

These conditions reinforce the need for all three levels of government to coordinate their economic development efforts. However, the federal government has served notice it will be withdrawing operating funding from Nova Scotia's 12 Regional Development Authorities (RDAs) in 2013. This uncertainty over the future of RDAs also creates an opportunity to adapt regional development structures to the changing nature and scope of the economic challenges facing Nova Scotia.

A review panel, representative of business and community interests, will conduct targeted and facilitated consultations and report its findings and recommendations to government in the fall of 2012.

### ***Objectives***

- Restructured regional development model that better reflects current challenges
- Suggest a governance model that improves decision making and accountability
- Continued multi-government involvement in a coordinated regional development model
- New partnership for federal involvement with regional development agencies
- New ways to channel economic development expertise and assistance to existing and potential businesses more effectively and to improve access to business services from all levels of government.

### ***Project Structure***

A steering committee will manage the work of the review panel. The steering committee will include representatives from Economic and Rural Development and Tourism, Office of Policy and Priorities, Labour and Advanced Education and the Union of Nova Scotia Municipalities.

An experienced facilitator will be a part of the panel.

### ***Project Tasks and Deliverables***

The Steering Committee will:

- Ensure the review panel has the resources it needs to complete its task on time and on budget;
- Act as the link between the review panel and government;
- Ensure the review panel remains on task.

The Review Panel will:

- Hold facilitated consultations with the Nova Scotia Association of Regional Development Agencies, Union of Nova Scotia Municipalities and the Association of Municipal Administrators;
- Hold facilitated consultations with business and community development representatives in each of western Nova Scotia, central Nova Scotia and Cape Breton;
- Submit a report and recommendations to the Minister of Economic and Rural Development and Tourism that will
  - highlight the nature and challenges of regional development in Nova Scotia
  - report on best practices of regional development in other jurisdictions
  - advise government on a new model for delivering regional development services and support

### ***Timelines***

The review panel will conduct its consultations in late summer and fall, and submit a written report and recommendations to the Minister of ERDT by October 5, 2012.



## **ANNEX B: CONSULTATION LIST**

The following regional economic stakeholders were invited to consultations with the Review Panel:

Annapolis Digby Economic Development Agency  
Antigonish Regional Development Authority  
Atlantic Canada Opportunities Agency  
Black Business Initiative  
Canadian Manufacturers and Exporters  
Cape Breton County Economic Development Authority  
Cape Breton Partnership  
Cape Breton University and Department of Community Studies  
Coady Institute at Saint Francis Xavier University  
Colchester Regional Development Association  
Le Conseil de développement économique de la Nouvelle-Écosse  
Council of Nova Scotia University Presidents  
Cumberland Regional Development Authority  
Economic Development Council of South West Nova  
Enterprise Cape Breton Corporation  
Greater Halifax Partnership  
Guysborough Regional Development Authority  
Hants Regional Development Authority  
Kings Regional Development Agency  
Lunenburg Queens Economic Development Agency  
Nova Scotia Association of Community Business Development Corporations  
Nova Scotia Association of Regional Development Authorities  
Nova Scotia Business Inc.  
Nova Scotia Chambers of Commerce  
Nova Scotia Community College  
Nova Scotia Co-operative Council  
Nova Scotia Office of Immigration  
Pictou Regional Development Agency  
Rural and Coastal Communities Network (formerly Coastal Communities Network)  
Strait Highlands Regional Development Agency  
Tourism Industry Association of Nova Scotia  
Union of Nova Scotia Municipalities and Association of Municipal Administrators

## **ANNEX C: CONSULTATION SURVEY**

Tailored survey instruments were developed for distribution among the membership of the following stakeholders:

### ***Regional Development Authority survey***

Nova Scotia Association of Regional Development Authorities  
All Nova Scotia RDA boards of directors and staff

### ***Chamber of Commerce survey***

Nova Scotia Chamber of Commerce  
All Nova Scotia Chambers of Commerce

### ***Municipal partner survey***

Union of Nova Scotia Municipalities  
Association of Municipal Administrators

### ***Community Business Development Corporation survey***

Provincial Association of CBDCs  
CBDCs and satellite offices

### ***General survey***

Association of Atlantic Universities  
Nova Scotia Community Colleges  
Black Business Initiative  
Tourism Industry Association of Nova Scotia  
Canadian Manufacturers and Exporters  
Nova Scotia Co-operative Council  
Rural and Coastal Communities Network  
Enterprise Cape Breton Corporation  
General public

## ANNEX D: SELECT SURVEY RESULTS

Common themes in responses to select survey questions are summarized in the following tables. The theme header identifies how the comments are related, and how many times (*n*) they were repeated across all survey respondents. Bulleted comments under each theme header are chosen from the responses that best illustrate the theme.

**Table 1: Advantages of RDAs**

Q4. What are/or would be the two biggest advantages of having a Regional Development Authority?
<p><b>Create, lead, and maintain regional partnerships that can act in unison to direct long-term regional planning and mobilize resources to respond to short-term opportunities (n=46)</b></p> <ul style="list-style-type: none"> <li>• Multi-organization collaboration on issues/opportunities of concern to a wider geographic area.</li> <li>• Essential body for coordinating a professional, co-operative approach to regional economic and community development.</li> <li>• Coordination of regional development efforts between groups, businesses, municipalities, and the province. All working on the same page.</li> <li>• The RDA manages large-scale projects (of different scopes) with multiple partners (across political boundaries) – no other organization does that.</li> <li>• Due to governance structure. 6 different entities with 6 different agendas. An attempt at common purpose.</li> </ul>
<p><b>Business retention and expansion (n=15)</b></p> <ul style="list-style-type: none"> <li>• Collaboration: to help business ideas find the best government service(s) available to move the idea to a success.</li> <li>• Coordinated approach to business development and retention.</li> <li>• A contact for existing and prospective businesses.</li> <li>• Working with business to understand their needs for their employees and potential employees (e.g., training and education, among others) as well as service needs.</li> </ul>
<p><b>Economic growth (n=12)</b></p> <ul style="list-style-type: none"> <li>• Targeted and relevant initiatives delivered and supported by knowledgeable staff that address economic challenges and opportunities.</li> <li>• Close to home knowledge of area/local input and citizen participation on issues and economic expansion ideas.</li> <li>• Coordination of economic development projects that benefit multiple municipalities.</li> </ul>
<p><b>One-stop shop organization (n=11)</b></p> <ul style="list-style-type: none"> <li>• Consolidation of resources under one umbrella organization.</li> <li>• Share office space (or sublet).</li> <li>• Provide one location for businesses to get information, access, and navigate government programs for businesses.</li> </ul>
<p><b>Business attraction &amp; job creation (n=11)</b></p>

<ul style="list-style-type: none"> <li>To attract new businesses and jobs to Canada.</li> <li>Contact with new businesses.</li> </ul>
<b>Facilitating streamlined access to leveraged funds (n=9)</b>
<ul style="list-style-type: none"> <li>(Relatively) streamlined access to capital.</li> <li>Facilitating access to financing to support regional economic development.</li> </ul>
<b>Access to professional capabilities (n=7)</b>
<ul style="list-style-type: none"> <li>External expertise.</li> </ul>

**Table 2: Challenges Affecting RDAs**

<b>Q4. What are 2 current challenges you believe most affect the Regional Development Authorities?</b>
<b>Municipalities challenged in holding a collective regional mindset (n=16)</b>
<ul style="list-style-type: none"> <li>Municipal units acting in their own interests.</li> <li>Municipal collaboration.</li> <li>Focus on development of “my town” versus a larger area.</li> </ul>
<b>Year to year funding results in organization uncertainty (n=15)</b>
<ul style="list-style-type: none"> <li>Unstable future for funding, no long-term funding commitments.</li> <li>Stable long-term funding.</li> <li>Core funding stability.</li> </ul>
<b>Measuring and communicating success (n=11)</b>
<ul style="list-style-type: none"> <li>Their successes do not seem to be communicated well through local media.</li> <li>Demonstrating that the money spent on RDAs is a good return on investment for the partners is a difficult exercise.</li> </ul>
<b>Results not celebrated (n=11)</b>
<ul style="list-style-type: none"> <li>Lack of understanding about RDA roles and activities.</li> <li>General public awareness.</li> </ul>
<b>Federal, provincial, and municipal efforts are not aligned (n=10)</b>
<ul style="list-style-type: none"> <li>Competing priorities between levels of government.</li> <li>Lack of policy and strategic priority integration with senior governments.</li> </ul>
<b>RDAs get pulled into micro efforts and lose focus on regional development (n=8)</b>

<ul style="list-style-type: none"> <li>• Challenge of serving individual community interests instead of regional/collective interests.</li> </ul>
<b>Federal and provincial governments do not have policies that rely on bottom-up development (n=7)</b>
<ul style="list-style-type: none"> <li>• Commitment from levels of government.</li> <li>• Working with provincial and federal governments.</li> </ul>

**Table 3: Provincial Support for Regional Economic Development**

<b>Winning Condition Gap – Survey Feedback</b>
<b>All current and potential funding partners have significantly different policies, priorities, and key sectors with regard to rural economic development. They need to align their approach to regional economic development. It will help prevent ad hoc rural development. (n=9)</b>
<i>Actual feedback from surveys when asked: How could the provincial government better contribute to the needs of regional economic development? (Very similar feedback to municipal and federal governments):</i>
<ul style="list-style-type: none"> <li>• Should communicate policy direction better with fed and mun partners.</li> <li>• Better communication!</li> <li>• Competing priorities between levels of government.</li> <li>• Facilitate a provincial life/economic vision and provide a way for regions to connect to coordinate the implementation.</li> </ul>

**Table 4: Alignment**

<b>Winning Condition Gap – Survey Feedback</b>
<b>Federal, provincial and municipal efforts are not aligned. (n=10)</b>
<i>Actual feedback from surveys when asked: What are 2 current challenges you believe most affect the Regional Development Authorities?</i>
<ul style="list-style-type: none"> <li>• Competing priorities between levels of government.</li> <li>• Lack of policy, priority integration with senior governments.</li> </ul>

**Table 5: Alignment**

<b>Winning Condition Gap – Survey Feedback</b>
<b>All current and potential funding partners have significantly different policies, priorities, and key sectors with regard to regional economic development. They need to align their approach to regional economic development. It will help prevent ad hoc rural development. (n=10)</b>
<i>Actual feedback from surveys when asked: What are 2 current challenges you believe most affect the Regional Development Authorities?</i>
<ul style="list-style-type: none"> <li>• Agreeing roles and responsibilities of partners in economic development projects as advisors, managers,</li> </ul>

<p>funders, or policy makers.</p> <ul style="list-style-type: none"> <li>• Getting all parties involved on issues working together on the same page.</li> <li>• Competing priorities between levels of government,</li> <li>• Lack of coordination between town/county/provincial/federal initiatives.</li> </ul>
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**Table 6: Municipal Support for Regional Economic Development**

<p>Winning Condition Gap – Survey Feedback</p>
<p><b>Municipalities in a region need to collectively and proactively participate in regional planning. The municipalities need to regularly meet together to fortify their commitment to regional thinking. (n=19)</b></p>
<p><i>Actual feedback from surveys when asked: How could the municipal governments better contribute to the needs of regional economic development?</i></p> <ul style="list-style-type: none"> <li>• Keep the regional picture in mind, not each community’s boundaries.</li> <li>• Required participation and co-operation by all municipal governments in the region, with no option to go it alone.</li> <li>• Have them (municipalities under an RDA) meet quarterly.</li> <li>• Need to understand that we are working to advance a region, not constituency; need to see longer-term value of RDA.</li> </ul>

**Table 7: Municipal Mindset**

<p>Winning Condition Gap – Survey Feedback</p>
<p><b>Municipalities lack a regional mindset. They are often fixated on jurisdictional items. (n=16)</b></p>
<p><i>Actual feedback from surveys when asked: What are 2 current challenges you believe most affect the Regional Development Authorities?</i></p> <ul style="list-style-type: none"> <li>• They seem to be challenged by trying to service individual community interests rather than regional/collective interests.</li> <li>• Some municipalities have a hard time thinking and acting in a regional fashion.</li> <li>• Maintaining municipal support.</li> <li>• Lack of buy-in to regional development concept/strategy by some municipalities. We need full buy-in by all areas of a region.</li> <li>• Lack of municipal collaboration.</li> </ul>

**Table 8: One-stop Shop**

<p>Winning Condition Gap – Survey Feedback</p>
<p><b>One stop shop. (n=11)</b></p>

Actual feedback from surveys when asked: What are/or would be the two biggest advantages of having a Regional Development Authority?

- Consolidation of resources under one umbrella organization.
- We share office space (sublet from them).
- Provide one location for businesses to become informed about, access, and navigate government programs relating to small and medium businesses.

**Table 9: Services Most Effectively Delivered by RDAs**

Service	Effective (n)
Strategic planning	43
Business retention and expansion	29
Project management	21
Information	18
Business counselling	12
Newcomers	13
Regional marketing	11
Research	10
Business recruitment & readiness	6
Tourism development	7
Maintaining infrastructure	5
Skills development	4
Employment training	2
Other	1

**Table 10: Services Delivered by RDAs Most Needed by Communities**

Service	Needed by Community (n)
Business retention and expansion	39
Strategic planning	28

Regional marketing	21
Business recruitment & readiness	19
Project management	14
Newcomers	13
Information	10
Maintaining infrastructure	7
Employment training	7
Research	7
Business counselling	7
Tourism development	6
Skills development	4
Other	1

**Table 11: Support for RDA Support of Regional Strategic Efforts and Projects**

<p><b>Winning Condition Gap – Survey Feedback</b></p>
<p><b>Create, lead, and maintain regional partnerships that can act in unison to direct long-term regional planning and mobilize resources to respond to short-term opportunities. (n=46)</b></p>
<p><i>Actual feedback from surveys when asked: What are/or would be the two biggest advantages of having a Regional Development Authority?</i></p> <ul style="list-style-type: none"> <li>• Multi-organization collaboration on issues/opportunities of concern to a wider geographic area.</li> <li>• Essential body for coordinating a professional, co-operative approach to regional economic and community development.</li> <li>• Co-ordination of regional development efforts between groups, businesses, municipalities . . . and with the province. All working on the same page.</li> <li>• The RDA manages large-scale projects (of different scopes) with multiple partners (across political boundaries) – no other organization does that.</li> <li>• Due to governance structure. 6 different entities with 6 different agendas. An attempt at common purpose.</li> </ul>

**Table 12: RDA Involvement in Community Interests**

<p><b>Winning Condition Gap – Survey Feedback</b></p>
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**RDAs get pulled into micro efforts and lose focus on regional development. (n=8)**

*Actual feedback from surveys when asked: What are 2 current challenges you believe most affect the Regional Development Authorities?*

- They seem to be challenged by trying to service individual community interests rather than regional/collective interests.

**Table 13: Organizational Leadership**

**Winning Condition Gap – Survey Feedback**

**Effectiveness of board of directors and an executive director is paramount to a healthy functioning RDA. Recruiting must be done and the right people need to fill the job, not organizational representation. (n=6)**

*Actual feedback from surveys when asked: What are 2 current challenges you believe most affect the Regional Development Authorities?*

- For whatever reason, it appears that RDA boards are not effective.
- Too often the members of the boards have their own hidden agendas.
- Inappropriate management.

**Table 14: Board Composition and Funding Scenarios**

**Average Number of Directors Per Board 8**

Voting Board Members	# Voting Members	%	Financier	Proportional Financing
Municipal councillors	3	24%	Federal funding	28%
Local business	3	27%	Provincial funding	33%
Community leaders	3	22%	Municipal funding	22%
Federal representatives	1	8%	Private funding	9%
Provincial representatives	1	9%	RDAs	8%
Educational institutions	1	10%	<b>Total</b>	<b>100%</b>
<b>Total</b>	<b>12</b>	<b>100</b>		

**Table 15: Longer-term Funding**

<b>Winning Condition Gap – Survey Feedback</b>
<b>Year-to-year funding brings organization uncertainty. (n=15)</b>
<p><i>Actual feedback from surveys when asked: What are 2 current challenges you believe most affect the Regional Development Authorities?</i></p> <ul style="list-style-type: none"> <li>• Municipal units acting in their own interests.</li> <li>• Municipal collaboration.</li> <li>• Focus on development of “my town” versus a larger area.</li> </ul>

**Table 16: Longer-term Funding**

<b>Survey Feedback</b>
<b>Federal and provincial governments do not have policies that rely on bottom-up development (n=7)</b>
<p><i>Actual feedback from surveys when asked: What are 2 current challenges you believe most affect the Regional Development Authorities?</i></p> <ul style="list-style-type: none"> <li>• Commitment from levels of government.</li> <li>• Working with provincial and federal governments.</li> </ul>

<b>Action Item – Consultation Feedback</b>
<b>Federal and provincial governments need to support and contribute to bottom-up development like they used to when the RDA model was first launched. Senior government officials used to routinely participate in the RDAs.</b>
<ul style="list-style-type: none"> <li>• Voiced at 3 consultations.</li> </ul>

## ANNEX E: EXTENDED LITERATURE REVIEW

The challenges to regional economic development in Nova Scotia are not unique to the province. A survey of academic literature indicates a global rural decline. Urban centres with a population greater than 100,000 are the major recipients of the rural population. Polèse and Shearmur (2006) have identified a set of pre-conditions for regional decline:

*First if a nation is:*

- 1. Geographically large, with inhabited spaces located beyond a one-hour drive from a major urban centre*
- 2. In the last stages of the demographic transition: natural increase is either close to zero or negative. Most industrialised nations today meet this condition*

*And a region exhibits the following attributes:*

- 1. Located at the periphery of the national/continental space economy*
- 2. Not on a major transport axis or trade route*
- 3. No urban area over 100,000 and or less than three urban areas over 40,000 within a 100 km range of each other.*
- 4. An economic base founded on resource exploitation and/or primary processing*
- 5. Capital intensive industries, with high labour productivity and high wages*
- 6. A resource base whose limits of profitable exploitation have been reached*
- 7. Climatic and geographical conditions that limit year-round tourism*

Rural decline is happening all over the world: Australia, Russia, Scandinavia (Slack et al. 2003), Finland (Hanell et al. 2002), Sweden, and Japan (Kyushu and Hokkaido). This phenomenon is happening on a global scale, and government policies alone will not change the outcomes. Generally, major urban centres will continue to grow, and rural communities will continue to decline. Although rural communities are declining, they remain important to the economic development landscape and serve as a source of innovation as much as urban centres do. It is therefore important for governments to consider how they engage rural communities, identify opportunities, and support economic activity.

Until the late 1980s, top-down regional economic development was the preferred method of regional assistance. Since community partnerships were not the focus of this model, provincial and federal governments would often own the successes and be assigned responsibility for failure. In the last 20 years, governments have increasingly withdrawn from regional development, and bottom-up, community-led initiatives have taken their place. This model allows for multiple stakeholders to agree and act on consensus-based planning, implementation, and evaluation. The successes and failures are shared as a region, and responsibility does not lie with one organization. When done properly, the complete assets and energy of a community can be leveraged to focus on collective objectives.

Although regional economic development organizations have been enabled to operate, they do so under considerable constraints (DeWeese-Boyd 2006). Senior government bodies often create these organizations for symbolic rather than substantive outcomes, and they often have no power to implement recommendations. Some governments seem reluctant to decentralize power to rural regions; as long as this happens, bottom-up or community-led leadership will not be completely engaged. The consultations and surveys reinforced this idea (see Table 16 in Annex D).

## ***Planning Context***

Although most of the regional economic development issues are discussed across national jurisdictions in the literature, access to planning tools is a key difference between the North American and European contexts (McCall 2003). National policies, European Union programs, and a much better integration of research and policy development supports a broader set of planning tools for rural communities in Europe. Policies, strategies, programs, and research that are not specific to the problems facing rural communities will leave them fragmented and disconnected from provincial and federal government activities. Survey respondents identified where the current model of RDAs has been used to address that disconnect and where a renewed regional economic development model can address it in the future (see Table 11 in Annex D).

## ***Leadership***

Attention to leadership and asset-based development is a significant part of growth in rural economic development (Kenny 2002). Leadership has attracted attention because of the central importance it plays in equipping communities to identify, enhance, and mobilize its human potential, economic opportunities, social relationships, and ecological resources for the purpose of improved community stability (McCall 2003). As change becomes more common, leadership is perhaps the most important source of human capital that directly affects rural resiliency (Loudiyi 2010). Generational shifts in leadership (Johnsen 2004), the future leadership potential of rural youth (Packer et al. 2002), and the need to develop additional pools of leadership (Opere 2007) are among the key research topics addressing rural leadership. In the current model of RDAs, consultation and survey feedback indicate a lot of activity centred on leveraging community assets and encouraging leadership from community-based organizations.

## ***Regional Economic Development Policy***

One of the reasons identified for enabling bottom-up development was to reduce aid dependency, subsidies, and price supports; the goal was a shift from the “welfare” state to “empowerment” or “self-help” programs (Munday and Roberts 2001). One concern about switching to bottom-up development was that it was government preferences to transfer responsibility to rural places with limited capacity and inadequate funding (Markey et al. 2008). Globally, critiques have been mounting about inadequate or conflicting policies that do not support rural economic development. Within Nova Scotia, aligning regional economic development with *jobsHere* has proven challenging because the three priorities identified could be applied to either rural or urban communities, without a clear economic development priority specifically for rural communities. The absence of comprehensive rural development strategies leads to ad hoc rural development that is often not aligned with government policies (Herbert-Cheshire 2000).

## ***Governance***

Regional governance has become more prominent in the rural development literature as bottom-up approaches have been re-scaled to facilitate multi-level development planning and implementation of developments that are beyond the capacity and interest of a single community (Vodden 2010). Regional governance is seen to be only as effective as the resources present to conduct tasks and sufficient time to develop mature leadership, trust, and structures (Halseth et al. 2010).

## ***Power***

Many governments seem reluctant to decentralize power to rural regions, and governments at a number of levels have been reluctant to give away power to the socially excluded (Stevens et al. 2003). Current research shows that power is concentrating among corporate and senior government groups (Mencken and Tolbert 2005; Quark 2008). The literature addresses the influence that individuals or groups may exert over others: how the inclusion/exclusion of groups gives them more/less influence and how power changes can be acquired through influence, competence, and respect (Derkzen et al. 2008). With RDAs in Nova Scotia, some of the consultation feedback suggests that the provincial and federal governments have excluded themselves from the regional economic development process. This exclusion has the effect of isolating communities from government priorities and objectives at the provincial and federal levels.

## ANNEX F: EXTENDED JURISDICTIONAL REVIEW

The panel reviewed a number of regional economic development models across Canada, the United States, and Europe to identify best practices throughout the world. The following section describes some best practices that can be applied to regional economic development in Nova Scotia.

### *JobsOhio*

JobsOhio is a private entity designated by the state government in September 2011 to lead Ohio's economic development strategy "including an integrated business retention and expansion program, and targeted, aggressive jobs and business attraction program." Most agencies have adopted an aggressive business recruitment approach. The most common organizational structure is a private enterprise with private sector investors.

While the JobsOhio Network is a partnership of six regional development organizations organized around major centres of economic activity, each organization in the network is somewhat different in its approach. Core activities for each organization include the following:

- Deliver regional economic strategy.
- Program delivery.
- Advocate for funding.
- Leverage investment by higher levels of government.
- Coordination of economic development partners.

### **Best practices**

- Entrepreneurial Signature Fund to leverage investment in strategic sectors.
- Regional chamber website has a live agent chat prompt for web visitors.

### *Western Economic Diversification*

Western Economic Diversification (WD) works to strengthen Western Canada's economy and advance the interests of the region in the federal government's economic development initiatives. WD oversees the Western Canada Business Services Network (WCBSN), consisting of four streams of organizations: Women's Enterprise Initiative organizations, Canada Business Service Centres, Francophone Economic Development Organizations, and Community Futures Development Corporations.

The WCBSN has established excellent partnerships among its organizations. They effectively co-operate with each other and focus on economic development rather than on competition between different partners for limited resources.

### **Best practices**

- Co-location: Organizations and agencies are co-located to coordinate activities.
- Internal communication: An email update is sent every morning to staff to provide a scan of activity that may impact economic and business partnerships.
- Cross training: Training is provided simultaneously among economic and business partnerships to allow organizations to learn with one another.

- Staff exchanges: Economic and business partners allow staff exchanges of three to six months, which promotes skill development and more in-depth relationship-building among partners.

### ***Newfoundland and Labrador Regional Economic Development Boards***

The association's mandate is to represent the 19 Regional Economic Development Boards (REDBs) of Newfoundland and Labrador on issues of common concern. The association was formed to promote and strengthen relationships, communications, human resources, and organizational development among all members.

#### **Best practices**

The REDBs have suggested several methods to improve collaboration among business and economic development organizations:

- Regional strategic plans signed and supported by all the business and economic development organizations in the region.
- Clarification of roles and responsibilities for all regional business and economic development organizations through memorandums of understanding
- Major decisions in a region require agreement among the business and economic development organizations.

### ***Saskatoon Ideas Inc.***

Saskatoon Ideas Inc. provides a business incubator to support start-up businesses with expertise, advice, and mentorship to help entrepreneurs avoid common missteps.

#### **Best practices**

Provide regional business incubators where entrepreneurs and companies can come to interact with business and economic development organizations.

### ***Community-based Economic Development in the United Kingdom***

The United Kingdom supports nine regional development agencies, which are non-governmental public bodies, to deliver economic development initiatives in their respective regions.

#### **Best practices**

- Funding is provided by six government departments, all of which have a stake in community-based economic development.
- The six departments collectively agree on the objectives they would like to see achieved throughout the United Kingdom.

### ***Quebec Community Economic Diversification Initiative (CEDI)***

A task force was established to support and mobilize communities with slow economic growth across Quebec.

#### **Best practices**

- \$85 million is allocated over four years to assist the most impoverished regions in Quebec.

- Task forces are set up and deployed to these regions to diversify communities' economic bases and to reduce dependency on single-industry or -sector economies. Also focuses on population exodus and sustainable employment.

## ***Community Futures***

Community Futures is a federally supported community economic development and renewal initiative, which incorporates Atlantic Canada's 41 Community Business Development Corporations (CBDCs) among 269 development offices nationwide. The Community Futures network receives support from the federal government's regional economic development organizations, including Atlantic Canada Opportunities Agency (ACOA), Western Economic Diversification (WD), Federal Economic Development Initiative for Northern Ontario (FedNor), Federal Economic Development Agency for Southern Ontario, and Canada Economic Development for Quebec Regions (CED-Q).

Community Futures offices across Canada, which are known as Community Futures Development Corporations (CFDCs) outside Atlantic Canada, provide their communities with a variety of services, focusing on capacity building through business development loans and other types of financing, technical support, training, and information.

CFDCs and CBDCs are involved in a broad range of community initiatives, including strategic planning, research, and feasibility studies and the implementation of a diverse range of CED projects, though CBDCs in Atlantic Canada are not mandated to carry out strategic planning activities. Using the approach "local solutions to local problems," CFDCs support community economic development and help build the capacity of communities to realize their potential. Project support varies greatly from one community to another, responding to specific challenges facing a community, such as downturns in critical or large-scale industries.

### **Best practices**

- Support strategic community planning and socio-economic development by working with communities to assess local problems, establish objectives, plan and implement strategies to develop human capital, institutional and physical infrastructure, entrepreneurship, and employment.
- Deliver a range of business, counselling, and information services to small- and medium-sized enterprises (SMEs) and social enterprises.
- Provide access to capital to assist existing SMEs and social enterprises, or to help entrepreneurs to create new SMEs and social enterprises.
- Support community-based projects and special initiatives by collaborating with other partners in the public sector and community to implement strategic community projects or deliver special initiatives that target communities.

## ***Canada Economic Development for Quebec Regions***

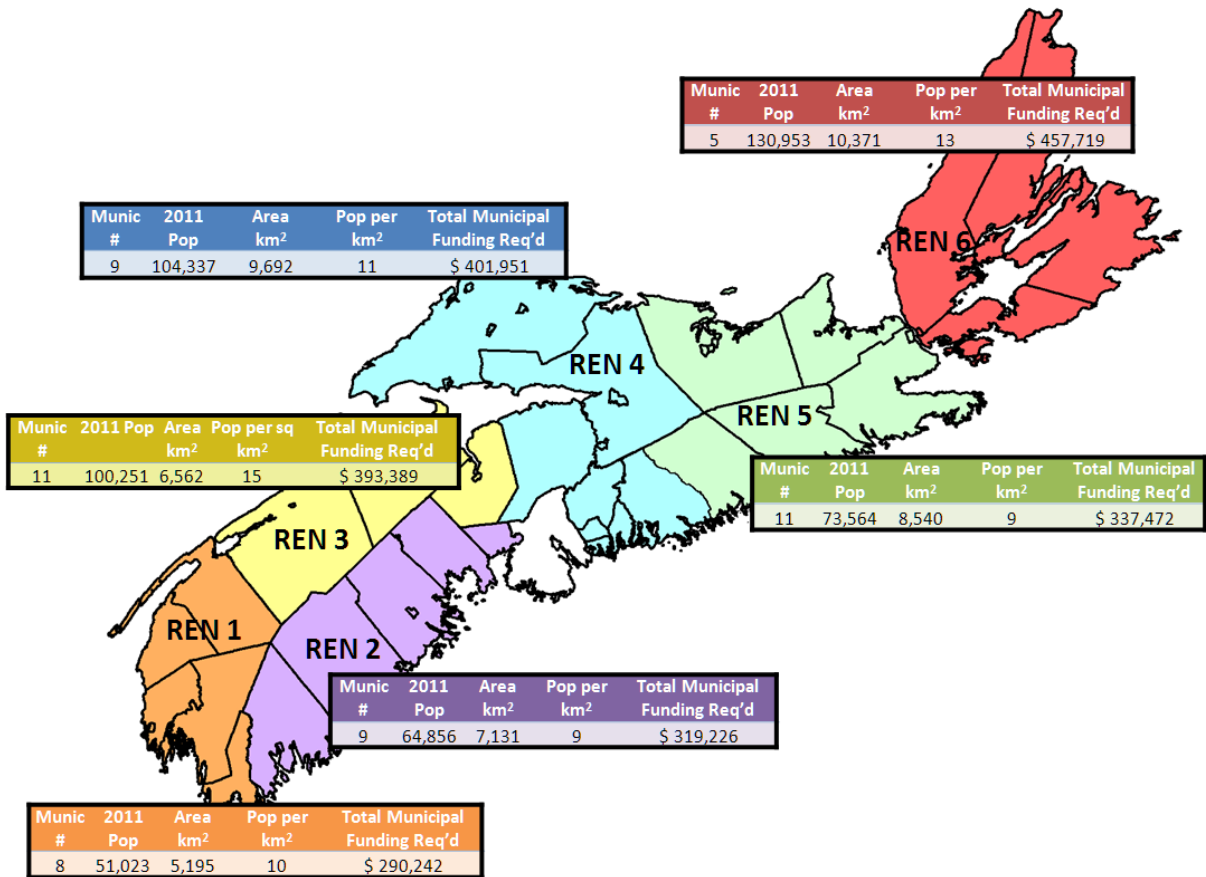
As the federal government's economic development agency for Quebec, CED-Q promotes long-term economic development by giving special attention to those regions where slow economic growth is prevalent or opportunities for productive employment are inadequate.

CED-Q delivers regional economic development and business development services. The economic development division focuses on maximizing wealth by creating the necessary infrastructure



through feedback from the business community. The business development division works with businesses throughout their life cycle to make the Quebec economy stronger and more vibrant.

**ANNEX G: PROPOSED REGIONS FOR REGIONAL ENTERPRISE NETWORKS**



## ANNEX H: RESOURCES

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