EVALUATION OF THE COASTAL RESTORATION FUND

FINAL REPORT

June 26, 2020

Evaluation Division
Planning, Results and Evaluation Directorate
Chief Financial Officer Sector

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Evaluation Context

Overview

- This report presents the results of the Evaluation of the Coastal Restoration Fund (CRF).
- The evaluation was conducted by Fisheries and Oceans Canada's (DFO) Evaluation Division between September 2019 and March 2020 in accordance with the Treasury Board's Policy on Results (2016) and requirements of the *Financial Administration Act.*

Evaluation Scope and Objectives

- The scope of the evaluation was established through a planning phase, which included consultation with program representatives.
- The scope of the evaluation covered 2017-18 to 2019-20 and was inclusive of the DFO's seven regions.
- The evaluation included an assessment of the relevance, effectiveness, and efficiency of the CRF.
- The evaluation was designed to provide senior management with information for decision-making and to identify lessons learned and good practices that may be applied to other similar programs within the department.

Evaluation Methodology and Evaluation Questions

- The evaluation used multiple lines of evidence, including interviews, data analysis, field observations, a recipient workshop and document/file review to examine the questions presented in Table 1 (see Appendix A for the evaluation matrix and Appendix B for the detailed evaluation methodology).

Table 1: Evaluation Questions

Relevance
1. To what extent has the Coastal Restoration Fund addressed an identified need? Are there any gaps in the types of activities funded?
Effectiveness
2. To what extent did the CRF contribute to increasing collaboration with recipients and their partners to address coastal restoration?
3. To what extent, and in what roles, do funded projects include Indigenous groups?
4. To what extent have CRF projects contributed to improved relationships with Indigenous groups?
5. To what extent is CRF contributing to restoring coastal areas in Canada?
6. Are there early indications that endangered and threatened species are benefiting as a result of coastal restoration projects?
7. Are there early indications that CRF investments are creating and maintaining networks and building recipient capacity that go beyond the life of the funded project?
Efficiency and Program Delivery
8. To what extent is the delivery of the CRF in line with good practices for efficient management of grants and contributions programs? Are there lessons learned from CRF that can be applied to other similar programs?

Program Profile

Coastal Restoration Fund Background and Objectives

- The Coastal Restoration Fund (CRF) is a five-year program that was established in 2017-18 and is set to end in 2021-22. The CRF is a grants and contributions (Gs&Cs) program, which was funded through the Oceans Protection Plan (OPP). The program was implemented with $84 million in funding (Table 2), $75 million of which was for Gs&Cs, over five years to support projects that help restore coastal aquatic habitats, with a focus on:
  - addressing the impacts of historical development;
  - mitigating the results of increased marine shipping;
  - contributing to the recovery of species that are considered threatened, endangered or at risk; and
  - building local capacity to restore and maintain coastal habitats.

Coastal Meadows in Charlevox, Quebec

- The CRF engages Indigenous and community groups, as well as academics and non-profit organizations in undertaking several activities, including:
  - planning;
  - restoration;
  - capacity building;
  - monitoring;
  - reporting activities; and
  - mitigating stressors affecting aquatic habitats and marine life.
- The CRF is managed by DFO's Ecosystems Management Directorate within the Aquatic Ecosystems Sector.

Table 2: Financial Resources for the CRF Program (2017-18 to 2021-22)

Input Factor	2017-18	2018-19	2019-20	2020-21	2021-22
Full-time Equivalents	12.0	13.4	12.0	12.0	12.0
Salaries	1,164,943	1,206,718	1,186,208	1,186,208	1,186,208
Operations & Maintenance	249,922	191,512	248,770	248,770	248,770
Contributions	9,679,316	15,318,881	18,874,137	20,892,397	11,924,843
Total	11,094,181	16,717,111	20,309,115	22,327,375	13,359,821

Note: $4.5 million in grants and contributions funding were transferred from the CRF program to support the Marine Mammal Response Program.

Program Profile (continued)

Eligible Recipients Under the Coastal Restoration Fund

- Eligible funded recipients include:
  - Indigenous organizations (e.g., Indigenous communities, Tribal Councils, Governments of self-governing First Nations, Indigenous conservation groups);
  - community-based organizations (i.e., non-profit organizations situated in municipalities or regions);
  - non-profit organizations (including environmental non-governmental organizations and stewardship bodies); and
  - academic researchers/institutions.

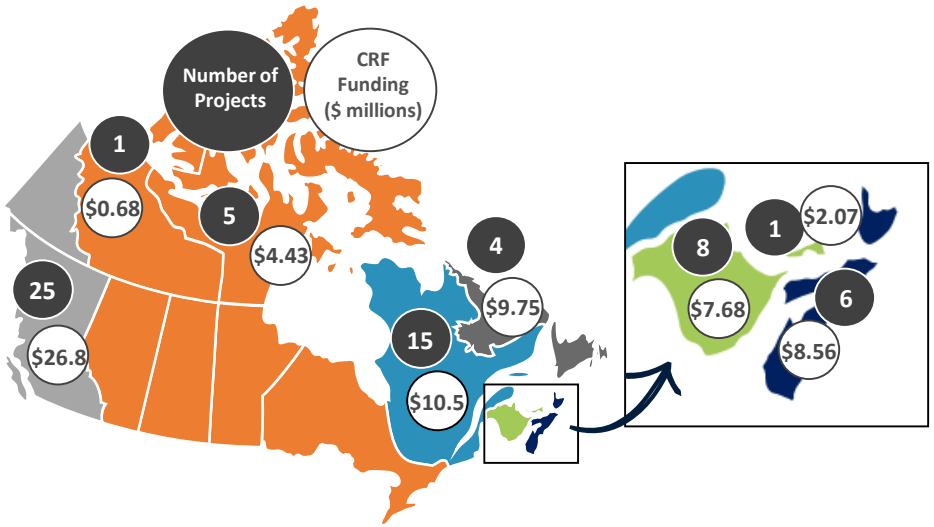
Eligible Activities Funded Through Coastal Restoration Fund

- The CRF program funds a wide range of eligible activities that are linked to coastal restoration activities or plan development, including:
  - feasibility and diagnostic studies, environmental evaluations, and mapping;
  - activities that rebuild, restore, and rehabilitate aquatic habitats;
  - skills development including management and technical training;
  - monitoring of, and reporting on, projects; and
  - construction, architectural, engineering, design, and maintenance activities.
- A number of activities are not eligible for funding, including for example: decontamination, land procurement, fish stocking, and communication.

Funded Projects Under the Coastal Restoration Fund

- The CRF has funded 64 projects totalling $70.5 million (Figure 1). The largest number and value of projects are being delivered in Pacific Region.
- The CRF projects were funded in three separate components over the course of three years. More detail on these three components, including the process and timeline for the application process (Figure 2), are shown on the following page.

Figure 1: Number and Dollar Value (millions) of Funded Coast Restoration Fund Projects, by Region



Program Profile (continued)

Component 1 Projects

- The CRF had 186 expressions of interest, requesting over $310M in funding submitted during its initial call for proposals.
- The program funded 32 projects on all three coasts worth a total of $47.4M.

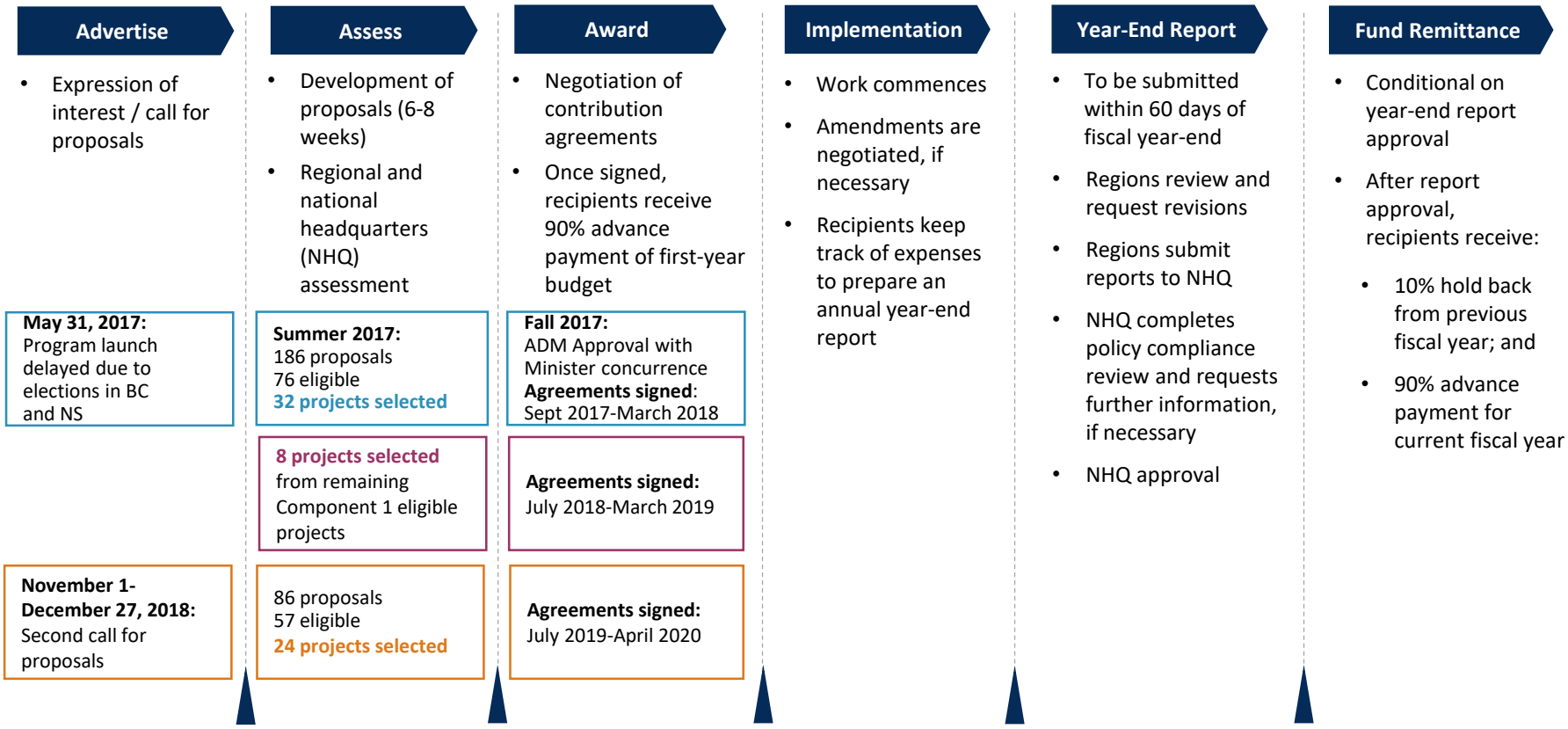
Component 2 Projects

- An additional eight projects were funded worth a total of $10.2M.

Component 3 Projects

- In 2018-19, another call for proposals was launched and 24 projects were funded worth a total of $13.6M.[1]

Figure 2: The Process and Timeline for Coastal Restoration Fund



[1] Funding from one cancelled project in component 1 was redirected to a project in component 3 ; three projects are still unsigned.

Evaluation Findings - Relevance

The Need for Coastal Restoration in Canada

Finding: Canada's waterways play a significant role in the life of Canadians by linking the economy, environment, and social fabric. Activities funded under the Coastal Restoration Fund respond to an identified need to address threats to aquatic ecosystems and marine biodiversity loss along Canada's coastlines.

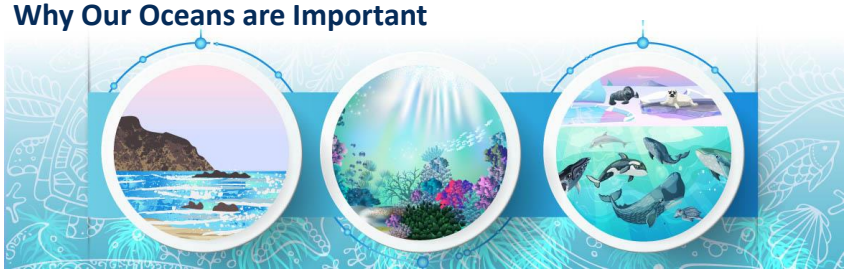
The Importance of Canada's Coastline

- Canada has the **world's longest coastline** linking three different oceans—Atlantic, Arctic and Pacific. These oceans are home to an immense web of marine life, generate oxygen, act as thermostats to regulate the earth's temperature, and support much of the planet's biodiversity.[2]
- **Canada is an ocean nation** whose economy, environment, and social fabric are inextricably linked to the oceans and their resources.[2] Eight of ten provinces and all three territories directly border oceans and marine waterways, and over 25 percent of the population live in coastal zones.[3]
- Water travels from Canada's oceans into **lakes and rivers**, into the atmosphere, and then back into the oceans again. Protection of Canada's oceans includes protection of Canada's lakes, rivers, and estuaries.[2]
- With **over $20 billion in annual economic activity** and many billions more in ocean trade passing through Canada's waters, oceans and their resources are significant contributors to the overall Canadian economy.[3]

Threats to Aquatic Ecosystems and Marine Biodiversity

- There is global recognition that **marine and coastal ecosystems** worldwide are suffering a **decline** in biodiversity and alterations to ecosystem functions.[4]
- Increased marine shipping (e.g., spills, collisions, noise), **historical coastal development** and **erosion**, climate change, contaminants, overfishing, transport, aquatic invasive species, and **habitat degradation** (e.g., salt marshes) are identified as some of the principal threats to aquatic ecosystem health and thus **priorities** for restoration intervention.[2]
- In Canada, environmental assessments, conducted by Indigenous groups, special interest groups, DFO, and Canadians cite concerns regarding the **cumulative environmental effects** on **aquatic habitats in Canada**.[4]

Why Our Oceans are Important



Source: Department of Fisheries and Oceans Canada website

Canadians rely on our oceans for food, jobs, clean air and much more.

Ensuring our oceans and marine ecosystems continue to be productive for generations requires protection from threats of pollution, climate change, and overfishing.[5]

[2] Department of Fisheries and Oceans Canada, Why our oceans are important, 2018, https://www.dfo-mpo.gc.ca/oceans/importance/index-eng.html.
[3] Department of Fisheries and Oceans Canada, Canada's Oceans Strategy, 2017, https://www.dfo-mpo.gc.ca/oceans/publications/cos-soc/index-eng.html.
[4] Department of Fisheries and Oceans Canada, Coastal Restoration Fund Terms and Conditions.
[5] Department of Fisheries and Oceans Canada, Canada's oceans agenda, 2019, https://dfo-mpo.gc.ca/campaign-campagne/oceans/index-eng.html

Evaluation Findings - Relevance

Alignment of the Program with National and Regional Priorities

Finding: The Coastal Restoration Fund provides funding for large-scale, multi-year restoration projects that consider the connectivity between freshwater and marine environments, and which are aligned with regional and national priorities. The program funds a broad range of activities and recipients highlighted other activities that could have been beneficial.

Identification of National and Regional Priorities

- The **Oceans Protection Plan** (OPP) identified coastal restoration as a key priority to address threats to aquatic ecosystems and marine biodiversity loss.
- The **national priorities** under the OPP informed the CRF program design, including:
  - Protecting and restoring marine ecosystems; and
  - Creating stronger Indigenous partnerships and engaging coastal communities.
- CRF program representatives worked closely with stakeholders to **identify priority activities**, including but not limited to, restoring estuaries to improve fish passage, coastal watersheds, and nearshore habitats—activities that will contribute to restoring **historical coastline modifications** (see box).
- Regions also conducted outreach to **identify regional priorities**, including restoring fish habitats, which will benefit specific fish species in each region (Figure 3).

Restoring Historical Coastline Modifications

Across Canada, the anthropogenic (human-influenced) changes to marine and freshwater environments, take many forms, including, but not limited to:

- Construction of wharves, jetties, or seawalls, which can lead to changes to salinity in marshes, erosion of marshes, and loss of aquatic habit;
- Construction of dams and causeways which impede fish passage and can lead to sediment entrapment behind dams which may degrade the water of essential sediment sources; and
- Industrial and residential shoreline development and infilling of estuaries leads to fragmentation and loss of eelgrass, salt marsh, and kelp habitats upon which local fish and organisms rely from predation and as a migratory corridor.

Figure 3. Regional Fish Species

Pacific	Central &Arctic	Quebec	Gulf	Maritimes	Newfoundland & Labrador
Chinook salmon as a food source for the Southern Resident Killer Whale	Freshwater and Arctic fish species migration	Capelin as prey for fish, birds, and marine mammals, including belugas	Improved habitat connectivity for Atlantic salmon, spotted wolffish, brook trout, and other species	Improved habitat connectivity for Atlantic salmon, including the inner Bay of Fundy Atlantic salmon	Capelin as a food source for Atlantic cod, whales, and seabirds

Evaluation Findings - Relevance

Alignment of the Program with National and Regional Priorities (continued)

Consideration of Priorities in Proposal Assessment Process

- **Alignment** with national and regional priorities was considered when assessing proposals.
- Components 1 and 2 addressed **national priorities**, while component 3 focused more on **regional priorities**.

Alignment of Funded Projects with Identified Priorities

- Approximately 55% of CRF projects address the need to **improve fish passage for migration**, including marine and freshwater environments, for spawning and rearing grounds for a variety of fish.
- Approximately 40% of projects are aiming to mitigate **historical anthropogenic modifications** to the coastline.
- Approximately 20% of projects are conducting studies on the landscape to determine restoration needs.[6]

Additional Funded Activities Suggested

- Interviewees agreed that the CRF covers a **wide range of activities**, however they highlighted **additional activities that would have been beneficial** with regards to eligible activities for funding. Three key activities were highlighted most frequently.
  - **Communication and outreach** with local communities not partnered with CRF. Interviewees explained their importance of building community trust to the long-term success of their projects. Capacity building and skills development activities helped to bridge these gaps in a few circumstances.
  - **Abandonment removal**, as in some areas clean-up is a priority before a project can begin.
  - **Land procurement**, as recipients reported that many projects span over private lands and without ownership and it is unclear whether restoration efforts will be conserved in the future.

The Prince Edward Island chapter of Trout Unlimited Canada is working to replace impassable culverts with bridges, box culverts, or fish passages. This work allows for free passage of many species to travel upstream to spawn in the freshwater systems.

The Memramcook Causeway in New Brunswick, built in 1973, is an example of an anthropogenic modification that has negatively affected aquatic organisms inhabiting the Petitcoadiac watershed. The CRF provided funding to plan replacement of this causeway.

[6] Due to rounding and projects having more than one objective, totals do not equal 100%.

Evaluation Findings - Effectiveness

Impact of the Coastal Restoration Fund

Finding: The Coastal Restoration Fund allowed for the development of strategic plans to identify and determine appropriate restoration measures in coastal areas, and the upstream freshwater environments. It is still early in the life of the program and the annual reports that recipients are required to complete provided limited information on the impacts of the projects. However, there are indications that funded projects are contributing to restoring coastal areas and will have a positive impact on endangered and threatened species.

Implementing Coastal Restoration Fund Projects

- During the first year of implementation, approximately 50% of recipients developed **mitigation and restoration strategies** by identifying physical and biological components and conditions of habitats for their specific project.
- This planning phase allowed recipients to **prioritize** needs and led to determining **appropriate measures** to implement and effectively restore the selected sites to help ensure **sustainability** of developments.
- There was unanimous agreement among interviewees that **studies and planning enhanced the effectiveness and efficiency of projects**. Recipients were able to find the best solution for a specific area in need of restoration.
- The other 50% of projects were **ready to start** upon signing the contribution agreement, as they already had implementation plans.
- During the second and third years of CRF, recipients have been implementing their restoration plans.

CRF Annual Reporting Limitations

- Recipients are required to submit a year-end report within 60 days of the end of the fiscal year. Reports include **financial and performance information**, such as progress on milestones. Recipients receive funding upon approval of their annual report.
- The evaluation team reviewed all 31 year-end reports for 2017-18.
- For 2018-19, the evaluation team reviewed **15 of 38 year-end reports**. The other 23 reports were not approved by NHQ at the time of the evaluation. For more detail on the approval of annual reports, see pages 19-21.
- Analysis of the approved year-end reports yielded an **incomplete** picture of CRF project progress.
- Reporting is **inconsistent** among approved year-end reports, for example, variable methods were used to measure geographic area restored.
- In response, the program is developing a **guidance document** to provide instructions to funded recipients on how to report progress in their annual reports. At the time of the evaluation, the draft guidance document had not been shared with recipients.

Evaluation Findings - Effectiveness

Impact of the Coastal Restoration Fund

Impact of the Funded Projects

- Given that the projects are not yet completed, it is too early to understand the full impact of the CRF. However, there is evidence that **projects are on track** to achieve their expected results.
- Measures are being put in place to restore coastal areas and projects and as noted on page 9, **funded projects align with identified priorities** including improving fish passage for migration through **restoration of fish habitat**, **mitigating human-imposed barriers**, and **conducting studies on the landscape** to determine restoration needs.
- Projects are also are expected to **have an impact on threatened and endangered species**.

Restoration of Fish Habitat

- The CRF has funded projects that are **improving fish habitat**, including:
  - physical **habitat improvements** in estuaries and coastal watersheds, such as the restoration of eelgrass and salt marshes, which provide environments for fish to mature and be safe from predation; and
  - **restoring** riparian vegetation and salt marshes destroyed by agricultural or other human changes to **coastal environments**.

Kensington North Watersheds Association Ltd. has restored a salt marsh. The channel was infilled with sediment due to erosion from nearby potato farms which prevented the salt marsh from acting as a buffer zone to protect the coastline. Prior to completing this work, the group tested techniques to determine the most effective methods to restore the salt marsh.

On the eastern shores of Vancouver Island, foreshore hardening and infilling of estuaries have resulted in fragmentation and significant loss of eelgrass, salt marsh, and kelp habitats that are used by juvenile salmonids. The Comox Valley Project Watershed Society is restoring these areas with the construction of a salt marsh bench, along with other measures to increase habitat connectivity and decrease habitat fragmentation.

Evaluation Findings - Effectiveness

Impact of the Coastal Restoration Fund

Mitigating Human-Imposed Barriers

- The CRF has also funded projects that are **mitigating human-influenced changes**, including:
  - **breaching dykes or jetties** and the replacement of impassable culverts to allow free passage of many species of fish to spawn in freshwater systems; and
  - **installing or improving existing fish ladders** to provide migratory corridors for anadromous species to spawn in freshwater systems.

Conducting Studies on the Landscape

- The CRF has also funded projects that are **conducting studies on the landscape** to determine restoration needs, including:
  - **environmental improvements** and **needs assessments**; and,
  - gathering **multiple datasets to create one large, accessible, data base** from which information can be disseminated.

The Squamish Estuary Salmon Habitat Recovery Project is focused on improving fish access and habitat through culvert replacement, realignment of a causeway, and installation of an intake structure.

Traditional culverts (left photo) are replaced with box culverts (right photo). Fish have been found passing through the new culverts in the first year of installation. More fish passage is expected in the coming years.

Ducks Unlimited Canada in Gulf Region is increasing connectivity on two coastal river systems on the upper Bay of Fundy through barrier removal and the application of fish passage science to improve the performance of an existing fish ladder.

This new fish ladder, shown above right, has decreased the velocity of the flow downstream and improved the migration route for a range of species including Atlantic salmon, alewife, blueback herring, and American eel.

The Pacific Salmon Explorer (PSE) is an online data visualization tool that was launched in 2016. Through the CRF, the PSE was extended to other areas of southern British Columbia.

By compiling data for salmon populations in the coastal watersheds of southern British Columbia, this project helps to identify priority areas for coastal restoration and supports the development of strategies to mitigate key threats and pressures that impede the recovery of salmon populations.

Evaluation Findings - Effectiveness

Impact of the Coastal Restoration Fund

Expected Impact on Threatened and Endangered Species

- Given the evidence of work conducted through the CRF, as discussed on the previous two slides, the program is expected to have a positive impact on threatened and endangered species.
- All interviewees agreed that although it is **early to see significant impacts on endangered and threatened species**, measures are being put in place and there are early observations that projects are on track to achieve their expected results.
- As discussed on page 8, each region has its priority fish or marine species that projects are addressing through the restoration activities. For example:
  - Projects in the Pacific Region will support efforts to recover salmon for the endangered northeast Pacific **Southern Resident Killer Whale** population; and
  - Projects in the Quebec Region and the Newfoundland and Labrador Region are focused on **improving habitat for capelin** as prey for threatened and endangered fish, birds and marine mammals in the regions.

Ducks Unlimited Canada

Pacific Region

In Pacific Region, Ducks Unlimited Canada is working to re-connect habitat through dike breaches and improvements to water control structures. While it is early in the restoration process, juvenile Chinook salmon are starting to move into the breached areas.

Fyke net sampling in the Fraser River, British Columbia

Gulf Region

In the Gulf Region, Ducks Unlimited Canada is increasing connectivity in the Bay of Fundy through barrier removal and improving existing fish ladders. Specifically, they are monitoring the successful passage of the threatened American eel which serves as prey for many fish, aquatic mammals and fish-eating birds.

The passages had an immediate impact on the passage of eels; the designs that have the greatest number of young American eels pass upstream will be redeployed in successive years.

Juvenile American eels Missaguash River (between NS and NB)

American eels gender select after birth. Research shows that freshwater environments increase the likelihood of female gender selection. Greater access to freshwater environments is expected to increase the American Eel population.

American eel ladder in the Missaguash River (between NS and NB)

Evaluation Findings - Effectiveness

Target Groups and Collaboration Between Recipients and Their Partners

Finding: The Coastal Restoration Fund reached its intended target group and is increasing collaboration between funded recipients and their partners. Almost all funded projects include an Indigenous group in a variety of roles, including project lead, project partner, or employee of the lead organization. In some cases, this involvement is leading to improved relationships with the Indigenous groups.

Intended Target Groups for Program Funding

- CRF targeted large-scale projects that would be more suitable for **high capacity organizations**. In some cases, smaller organizations partnered with larger organizations to be funded.
- The **CRF funded a total of 64 projects with recipients** across Canada, which included Indigenous groups, non-profit organizations, non-governmental organizations (NGOs), and academic groups (Figure 4).
- **All funded recipients were assessed as low risk**. A review of each potential recipient's capacity to engage in a large-scale project was conducted, based on regional knowledge of the recipients or, in some cases, a previous relationship with the department.

Figure 4: Total Number CRF Recipients and Type of Funded Organization

Funded Recipients and Their Partners

- All funded recipients **collaborated with at least one partner** to implement their projects, most of which were other Indigenous groups, non-profit organizations, NGOs, and academic groups.

Opportunities for Networking and Collaboration

- There was consensus among interviewees that the CRF is **increasing collaboration and networking** between funded recipients and their partners.
- In some cases, **larger organizations are working with smaller partners to share skills**, including technical and project management, to co-develop and co-manage projects.
- Academic partnerships are also **enhancing the skills of graduate students**. Interviewees noted that graduate students are developing important on the job skills through their involvement in the program.
- The regional offices in Pacific and Quebec Regions brought funded recipients together in 2018 and 2019 to encourage **networking and sharing of skills** and techniques among similar projects. This was cited as a good practice and recipients from other regions indicated they would benefit from similar gatherings.
- In March 2020, many CRF funding recipients and their partners attended a **workshop in Vancouver**. Recipients agreed that the workshop provided an opportunity to network and to learn about each other's projects.

Evaluation Findings - Effectiveness

Target Groups and Collaboration Between Recipients and Their Partners (continued)

Indigenous Groups Involvement

- Approximately 40% of CRF projects are Indigenous-led and **almost 100% have Indigenous involvement** in a variety of roles, including project lead, project partner, or employee of the lead organization.
- Interviewees noted that the CRF **administrative requirements**, such as proposal preparation, project management and reporting, **were barriers** to increasing Indigenous-led involvement in the program.
- Interviewees cited other challenges to Indigenous involvement in CRF, including the **short time to respond to the expression of interest**, which left little time for Indigenous groups to develop their proposals.

Working Relationships with Indigenous Groups

- Some interviewees, both Indigenous and non-Indigenous, suggested that more help to prepare proposals and annual reports, as well more **timely payment of advances**, would have helped to improve the working relationship with Indigenous groups.
- Workshop recipients highlighted that **Indigenous partnerships play a critical role** in CRF by providing traditional knowledge including changes in landscape and species over time.
- Interviewees indicated that, overall, the funding is playing a positive role and is **improving the working relationship between Indigenous groups and the department**.

Hudson Bay Summit, 2018, Montreal

At the Hudson's Bay Summit in 2018, the Arctic Eider Society used CRF funding to bring together 27 communities, including Indigenous organizations, governments, academics and non-profit organizations.

Together, they developed a multi-community map using icons to identify restoration needs and the level and type of information available for the site or community.


Community-implemented restoration project in Coral Harbour, Nunavut

Restoration activities in Coral Harbour are part of a larger project led by Dalhousie University, involving 25 communities in Nunavut. The university assisted with the administrative tasks, while supporting the local experts, including elders and other coastal resource users, to independently design and implement the entire restoration project at Coral Harbour.

Evaluation Findings - Effectiveness

Networks and Capacity Beyond the Life of the Program

Finding: Recipients are building networks with their partners and in some cases with other recipients. In the absence of future funding, it is unclear whether these networks will continue after the life of the program. However, recipients and partners are developing new skills and capacity, including traditional Indigenous knowledge, technical restoration skills, and increased project management competency. These new skills and the capacity are expected to go beyond the life of the individual projects.

Maintaining Networks Beyond the Life of the Program

- As mentioned on page 14, there was consensus among interviewees that **CRF is increasing networking** between funded recipients and their partners.
- There have been a few **opportunities for recipients to come together to network**, including recipient meetings in some regions and the recipient workshop in March 2020 that brought together 81 recipients and partners.
- Interviewees and recipient workshop participants noted that networking is necessary to sustain projects over the long term, however, the **continuity of networks depends on the availability of future funding**, as common projects bring groups together.

Recipient Workshop, Vancouver, BC (March 2020)

Building and Maintaining Capacity

- There was a consensus among interviewees that the **skills, knowledge, and capacity** acquired through participation in CRF **will continue** and benefit recipients and their partners, **beyond the life of the program**.
- **New technical skills** acquired through participation in CRF include, for example, environmental assessments, mapping, data management, and monitoring of projects.
- Interviewees and workshop recipients noted that **working with Indigenous groups** leads to a greater understanding of traditional knowledge and more capacity to work together in the future.
- In some cases, CRF recipients and partners can apply their new skills, knowledge, and capacity to other projects they are also working on.
- **Skills and capacity** acquired through CRF can be used to **strengthen proposals** for future funding.
- Interviewees indicated that **some groups may lose staff** after program funding ends and may experience a decline in capacity.

Evaluation Findings – Efficiency & Program Delivery

Delivery of Grants and Contributions Programming: Good Practices and Lessons Learned

Finding: The department's overall grants and contributions budget authority has increased significantly over the last five years. Despite limited access to standardized processes in the department with regards to grants and contributions at the outset of the program, good practices were used in the design of the Coastal Restoration Fund. Program management has continued to make improvements during its implementation, although there are further opportunities to address identified challenges, including the lengthy reporting process, which is having an impact on the disbursement of funds to CRF funding recipients.

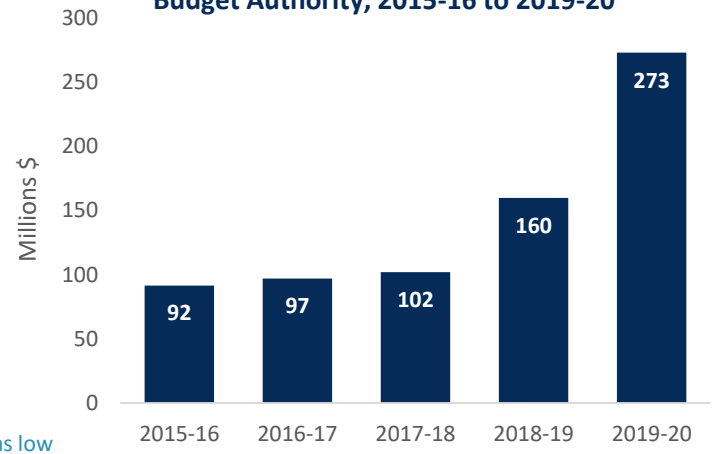
Transfer Payment Programs: Grants and Contributions

- The Policy on Transfer Payments[7] outlines the roles and responsibilities for the delivery and management of transfer payment programs.
- The policy states that **monitoring, reporting and auditing should reflect the level of risk specific to the program**, the value of funding in relation to administrative costs, and the risk profile of the recipient. In addition, the Directive on Transfer Payments[8] states that:
  - **where advance payments are essential** to the achievement of objectives, **they should be provided** for in the funding agreement and be based on the recipient's cash flow requirements;
  - retaining a holdback of a portion of any payment should be based on the risk of non-performance or overpayment;
  - an advance payment may be made in a fiscal year to **cover the federal government's share of expected eligible expenditures** for April of the following fiscal year to meet the objectives of the funding agreement;
  - **timely accounting from recipients** is needed to ensure that advance payments are being spent for authorized purposes and that unexpended balances are reasonable in regard to the recipient's cash flow requirements; and
  - for transfer programs that give priority to Indigenous people, departmental managers should work towards having **consistent approaches** that are reflective of the needs of Indigenous people.

Growth Transfer Payment Program: Grants and Contributions at DFO

- Over the past five years, the **use of grants and contributions** (Gs&Cs) programs to achieve the DFO's departmental objectives has **nearly tripled**, increasing from $92 million in 2015-16 to $273 million in 2019-20 (Figure 5).
- In response to a review of the department's use of G&Cs programs, the department is **increasing capacity and created a Centre of Expertise on Gs&Cs** to develop and implement a consistent, streamlined, and efficient way to deliver G&Cs across the department.

Figure 5: DFO's Grants and Contributions Budget Authority, 2015-16 to 2019-20



All CRF recipients were assessed as low risk during the proposal assessment phase.

[7] See: https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=13525.
[8] See: https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=14208.

Evaluation Findings – Efficiency & Program Delivery

Delivery of Grants and Contributions Programming: Good Practices and Lessons Learned

Good Practices in the Design of the Coastal Restoration Fund

- Standard departmental processes for the management of G&Cs were not in place during the design of the CRF. Nonetheless, DFO interviewees indicated that **lessons learned from other departmental Gs&Cs** programs were used to develop CRF, including, but not limited to:
  - using national and regional priorities to determine eligible program activities;
  - requiring **monitoring and maintenance** on the long-term sustainability of aquatic coastal habitats for all projects. Interviewees agreed on the added value of monitoring and maintenance to understand the long-term benefits of the projects;
  - including **strategic planning** as an eligible activity; and
  - using **multi-year funding** with no leveraging requirements that allow for 100% stacking limit.[9]

https://www.dfo-mpo.gc.ca/oceans/crf-frc/index-eng.html

Improvements During Program Implementation

- The program is working to **streamline processes**, including a standardized contribution agreement and is developing guidance and a checklist for year-end reporting.
- The program held a number of **in-person DFO staff meetings** at NHQ and in regions to provide training, which were well-received by program staff.
- The program also provides **online training** for DFO staff and recipients. Interviewees suggested more online training about program processes would be helpful.
- The **CRF website** gives recipients the opportunity to showcase their work.
- The **recipient workshop** in Vancouver in March 2020 brought together 81 recipients and partners to share their experiences and expertise.

Coastal Restoration Fund Salary and Operation and Maintenance Funds

- The **networking, training, and workshops** that took place during the implementation of the CRF were funded through salary and operations and maintenance program funding.
- Grants and contributions programs previously did not typically consider this type of spending as part of the agreement.
- It was noted that the activities funded **increased the likelihood of success of individual projects through collaboration**, and led to **building more capacity** among recipients and DFO program staff.

[9] Stacking limit refers to the maximum level of total Canadian government funding authorized for any one project.

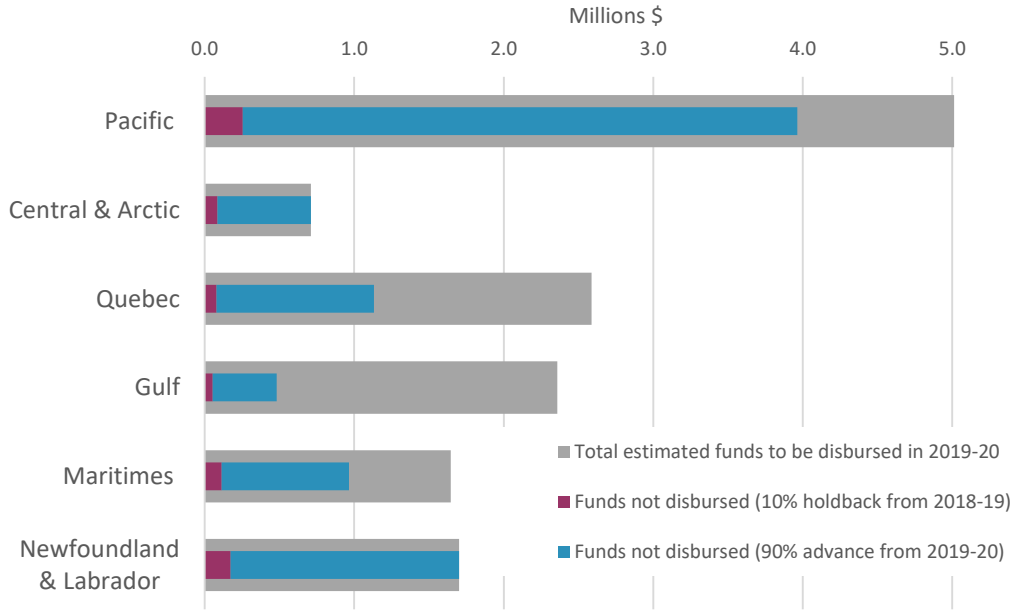
Evaluation Findings – Efficiency & Program Delivery

Delivery of Grants and Contributions Programming: Challenges

Disbursement of Funds to Recipients

- Recipients receive **90% of the first year of funding upon signing their contribution agreement** with the department.
- **Ten percent of the first year funding is held back** pending approval of recipients' year-end report, which happens in the next fiscal year.
- Upon approval of the year-end report, recipients typically receive the **10% holdback[10] from the previous fiscal year and 90% of the current year of funding** to implement the current year of the project's plan.
- For fiscal year 2019-20 approximately **$14M was to be disbursed** to recipients in components one and two, comprising 40 projects. The $14M represents the 10% holdback from 2018-19 and the 90% advance for 2019-20.
- As of January 2020, funds totalling $8.3M, representing **59% of payments due, had not been disbursed** for all regions to recipients in components one and two (Figure 6). The $8.3M represents the 10% holdback from 2018-19 and the 90% advance for 2019-20. See next page for more detail on the reasons for the delays in disbursements.

Figure 6: Funds not Disbursed in 2019-20, Compared to Funds that Were to be Disbursed (as of January 2020)



As of April 2020, additional disbursements have been made to CRF funding recipients.

However, 24% ($3.1M), of the funds that were to be disbursed in 2019-20 were still outstanding.

[10] The 10% holdback is not disbursed if the recipient underspent the previous fiscal year.

Evaluation Findings – Efficiency & Program Delivery

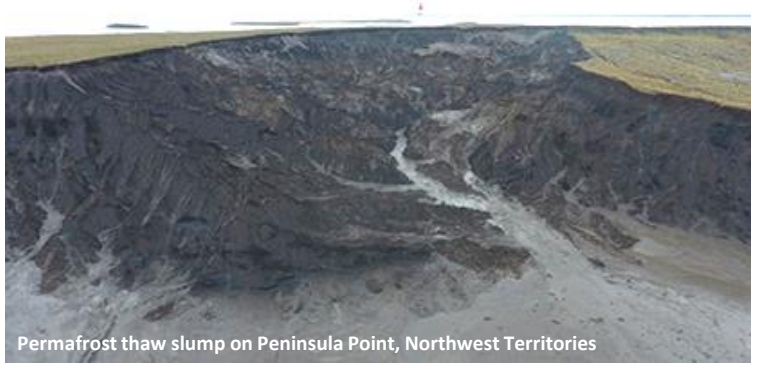
Delivery of Grants and Contributions Programming: Challenges

Year-End Report Review Process

- As explained on page 10, **recipients are required to submit a year-end report** within 60 days of the end of the fiscal year. Reports are **reviewed at the regional level** and then sent to **national headquarters for review and approval**.
- Regions and national headquarters use a **database system to track correspondence** between the department and recipients, both at the regional and national levels.
- There can be more than 100 entries in the database for each CRF project. Each entry is entered manually, **so there is inconsistency leading to limitations in assessing when reports are received**, reviewed, and revised in the region, then sent to headquarters for review, revisions, and final approval.
- Although **estimates vary by region**, regional review can take at least eight weeks with three to five iterations between the regional office and the recipient. National review can take at least six to eight weeks with two to three iterations between NHQ and the regional office. Circumstances which can add to these estimates include:
  - delays in receiving year-end reports from funding recipients or information missing from the year-end reports (e.g., missing deliverables, key invoices, or required documentation);
  - other regional and national priorities, which can put report reviewing on hold;
  - staff turnover leading to delays in reviewing reports; and
  - the 2019-20 Federal election affected the review of year-end reports, particularly due to the Caretaker Convention, which places restrictions on departmental activities.[11]
- There are **no service standards** for review of year-end reports in the regions or in national headquarters.
- As of February 2020 only **15 of 38** year-end reports for 2018-19 had been approved by NHQ.

Shoreline of Ship Cove, Newfoundland

WWF-Canada is working to rebuild and maintain habitats for capelin and other priority species along the coast of Newfoundland. Through collecting traditional, local, Indigenous and scientific knowledge, habitat restoration is expected to benefit the marine ecosystem and coastal communities.



Permafrost thaw slump on Peninsula Point, Northwest Territories

The Aurora Research Institute is working to fill critical knowledge gaps about the effect thaw slumping on landscape runoff, and nearshore water and fish habitat by studying unprecedented rates of thaw slump activity on the Beaufort Sea Coast.

[11] See: https://www.canada.ca/en/privy-council/services/publications/guidelines-conduct-ministers-state-exempt-staff-public-servants-election.html).

Evaluation Findings – Efficiency & Program Delivery

Delivery of Grants and Contributions Programming: Challenges

Challenges with Program Delivery

A number of challenges related to program delivery were identified by program staff and recipients. Key themes are summarized below.

Lengthy Report Review Process

Duplication of Effort

- There are **many layers of review** of the year-end reports. Reports are closely reviewed in the regions and then again at the national level.

Time Away from Project Implementation

- Recipients and regional staff agreed that financial accountability and project reporting is necessary. However, the lengthy reporting process takes both **regional field staff and recipients away from conducting and managing the project.**

As noted, the program is implementing guidance on the reporting process.

Need to Streamline Process

- A **more streamlined process** for reporting and approval sign-off is needed; the ability to get the money into the hands of people doing the work in a timely fashion is very important.

Level of Risk Aversion

- All funded recipients were assessed as **low risk.**
- Recipients and regional staff noted that the level of **risk avoidance** in the management of the program is not compatible with the program's objectives.
- The Directive on Transfer Payments allows managers to **tailor cash management arrangements** to the assessed level of risks of individual transfer payments.

Delayed Payments

- Recipients indicated that some organizations are **using their own funds** to keep the project moving forward until they receive disbursements from the department.
- Recipients noted that it is challenging to get the work done as planned **without upfront funding**.

Level of Flexibility

- Large multi-year **projects typically evolve** over time and delays can occur due to various issues, such as seasonal requirements, availability of staff, and adjustments based on modelling.
- Recipients would like **more flexibility** to move funds between expense categories and from one fiscal year to another to reflect that large projects are sometimes delayed or may change in scope with new information.

The program is required to comply with the Directive on Transfer Payments.

Funding changes of 10% per category per fiscal year are subject to NHQ approval.

Conclusions and Lessons Learned

The CRF used a number of different approaches for the management of Gs&Cs during its implementation. While the program is still in the implementation phase, these approaches have contributed to its success and have been identified as lessons learned. These lessons, which are summarized below, could be used by DFO as best practices in future the development and implementation of other Gs&Cs programs.

Need for Coastal Restoration and Alignment with Priorities

Canada's waterways play a significant role in the life of Canadians by linking the economy, environment, and social fabric. Activities funded under the Coastal Restoration Fund respond to an identified need to address threats to aquatic ecosystems and to marine biodiversity loss along Canada's coastlines.

From the outset, the program was designed using the national priorities that were identified as part of the Oceans Protection Plan and by working with stakeholders to identify regional priorities. The identified priorities were considered when assessing project proposals. As a result, the CRF has provided funding for large-scale, multi-year restoration projects that are aligned with national and regional priorities such as improving fish habitat and restoring historical coastline modifications.

> **Lesson learned #1:** Clearly identifying national and regional coastal restoration priorities during the design and early implementation phase of the Coastal Restoration Fund program ensured that funded projects aligned with identified priorities.

Impact of the Coastal Restoration Fund

The CRF has funded 64 projects totalling $70.5 million. As part of eligible funding, CRF recipients were able develop studies and strategic plans prior to undertaking their projects. This allowed recipients to prioritize needs and determine appropriate measures to implement and effectively restore the selected sites, which contributed to positive outcomes for projects and will ensure their long-term sustainability.

> **Lesson learned #2:** The funding of studies and planning, as part of Coastal Restoration Fund projects, enhanced the effectiveness and efficiency of projects by allowing recipients to prioritize needs and determine appropriate measures to restore sites and will help ensure their long-term sustainability.

Given that the program is still in its implementation phase, it is too early to see the full impact of the CRF projects. In addition, there are some limitations with respect to the annual reports that recipients are required to provide, which are to report on project impacts. This includes the fact that not all year-end reports have yet been approved by DFO and that reporting is inconsistent among approved year-end reports (e.g., variable methods were used to measure geographic area restored).

Despite this, there are indications that funded projects are contributing to restoring coastal areas. CRF projects are implementing activities to improve fish passage for migration through habitat restoration (e.g., restoring salt marshes), mitigating human-imposed barriers (e.g., replacing impassable culverts), and conducting studies on the landscape to determine restoration needs (e.g., environmental improvements and needs assessments). These projects are also expected to have a positive impact on endangered and threatened species (e.g., increasing fish populations that serve as prey for the Southern Resident Killer Whales).

Conclusions and Lessons Learned

Impact of the Coastal Restoration Fund (continued)

As part of the Coastal Restoration Fund, recipients are required to implement monitoring and maintenance of the long-term sustainability of aquatic coastal habitats that have been impacted by the projects. This monitoring and maintenance is viewed as an important activity to understand the long-term benefits of the projects.

> **Lesson learned #3**: The requirement for monitoring and maintaining the long-term sustainability of projects, as part of the Coastal Restoration Fund, will increase the understanding of the long-term benefits of the funded projects.

Target Groups, Collaboration and Networks

The CRF targeted large-scale projects that were suitable for high capacity organizations. The program reached its intended target groups and is resulting in increased collaboration, as all funded recipients have partnered with at least one organization to implement their projects.

Almost all funded projects include an Indigenous group in a variety of roles, including project lead, project partner, or employee of the lead organization. In some cases, this involvement is leading to improved relationships with the Indigenous groups. The administrative requirements of the program were identified as a barrier to increasing Indigenous-led involvement.

As a result of the CRF, recipients and their partners are developing new skills and capacity, which are expected to go beyond the life of the individual projects.

In addition, the CRF program allocated salary and O&M funding to provide opportunities (e.g., training, workshops) for recipients and their partners to network and share expertise with each other. These opportunities were viewed as valuable, however in the absence of funding, recipients were uncertain the extent to which these networks would continue after the life of the program.

> **Lesson learned #4:** Networking and skills sharing events, both at the national and regional level, provided recipients and their partners with the opportunity to meet, share expertise, and learn about each other's projects.

The Delivery of Grants and Contributions Programming

At the outset of CRF, there were limited standardized tools and processes in place for the management of grants and contributions. Despite this, good practices were used in the design of the Coastal Restoration Fund and program management has continued to make improvements during the implementation of the program.

Some of these improvements included the development of standardized contribution agreements; developing checklists for year-end reporting; and training for both program representatives and recipients, which was viewed as very useful.

Given that DFO's grants and contributions budget authority has almost tripled over the last five years, the department's Centre of Expertise for Grants and Contributions has been working to put in place more standardized processes and tools for the management of grants and contributions programs.

> **Lesson learned #5:** Given the increase in grants and contributions programs within DFO, it is important for the department to have standardized tools and guidance for the management of grants and contributions for program managers at the outset of the program, including ongoing training to ensure consistent application of the tools and guidance across the department.

Conclusions and Lessons Learned

The Delivery of Grants and Contributions Programming (continued)

One of the biggest changes identified with respect to the delivery of the CRF is related to the disbursement of funds to recipients. As per the Policy on Transfer Payments, monitoring and reporting should reflect the level of risk specific to the program. The CRF currently releases a 90% advance payment to recipients in their first year, with a 10% hold back of the remaining annual funding. The 10% holdback and the next 90% advance payment is released upon approval of the year-end report from the first year.

As of January 2020, 59% of payments due in 2019-20 had not been disbursed for projects funded in components one and two—a value of $8.3M. The delay is attributable to delays in approving the year-end reports that recipients are required to submit. A number of factors were identified that contribute to delays in approving the year-end reports, including: a lengthy year-end report review process, competing priorities within the department, a lack of service standards for the approval of the year-end reports, low risk tolerance, and low level of flexibility to move funds between fiscal years and funded activities. The 2019-20 Federal election also had an impact on the reviewing of annual reports.

Lesson learned #6: To ensure that there are no delays with the disbursement of funds, it is important to have service standards in place for key points in the process prior to program implementation.

Lesson learned #7: To support efficient program delivery it is important that the reporting process be designed to ensure compliance with the obligations of the funding agreement but also be reflective of the level of risk specific to the program.

Appendices

Missaguash River, between Nova Scotia and New Brunswick

Appendix A: Evaluation Matrix

Evaluation Questions	Indicators	Data Analysis	Doc/File Review	Interviews	Field Observations	Recipient Workshop
Relevance						
1. To what extent has the Coastal Restoration Fund addressed an identified need? Are there any gaps in the types of activities funded?	1.1 Evidence and views regarding the need for the restoration of marine ecosystems in Canada, including access to alternative/additional programs		X	X	X	
	1.2 Alignment of funded projects with identified need, including regional priorities		X	X		
	1.3 Evidence and views on gaps in the types of activities funded to restore marine ecosystems in Canada		X	X	X	
Effectiveness						
2. To what extent did the CRF contribute to increasing collaboration with recipients and their partners to address coastal restoration? (outcome 1)	2.1 # of recipients (primary network), $ value of projects, disaggregated by region, type of recipient, and whether a previous relationship with DFO existed	X	X			
	2.2 # and type of collaborations that recipients make with other partners (secondary network), disaggregated by region, type of recipient, and whether a previous relationship with DFO existed	X	X	X		
	2.3 Evidence and views on whether the program reached its intended target groups and whether any gaps exist		X	X		
3. To what extent, and in what roles, do funded projects include Indigenous groups?	3.1 # and % of contribution agreements that include one or more Indigenous groups		X			
	3.2 Typology of the involvement/roles of Indigenous groups among the funded projects		X	X		X
	3.3 Views regarding access to CRF and participation of Indigenous groups			X		X
	3.4 Factors that facilitate or hinder the ability of Indigenous groups to access CRF			X	X	

Appendix A: Evaluation Matrix

Evaluation Questions	Indicators	Data Analysis	Doc/File Review	Interviews	Field Observations	Recipient Workshop
4. To what extent have CRF projects contributed to improved relationships with Indigenous groups?	4.1 Views on how to measure and define improved relationships with Indigenous groups			X		X
	4.2 Views on changes to the relationship			X		X
5. To what extent is CRF contributing to restoring coastal areas in Canada? (outcome 2)	5.1 # of funded strategic planning and studies in key coastal areas and their identified benefits		X	X	X	
	5.2 # of sites and geographic area (m^2) restored and expected to be restored as a result of CRF projects		X		X	
	5.3 # of biological processes maintained, restored, and improved, and expected to be maintained, restored, and improved		X		X	
	5.4 Evidence and views about the effect of monitoring and maintenance on the long-term sustainability of aquatic coastal habitats			X	X	
6. Are there early indications that endangered and threatened species are benefiting as a result of coastal restoration projects? (outcome 3)	6.1 # and % of contribution agreements that include a planned benefit to endangered and threatened species		X		X	
	6.2 # and % of CRF funded projects that are contributing to the rehabilitation of aquatic habitats (target 90% by March 2022)		X		X	
	6.3 Evidence and views on CRF's contribution to the rehabilitation of aquatic habitats, including challenges and constraints			X	X	

Appendix A: Evaluation Matrix

Evaluation Questions	Indicators	Data Analysis	Doc/File Review	Interviews	Field Observations	Recipient Workshop
7. Are there early indications that CRF investments are creating and maintaining networks and building recipient capacity that go beyond the life of the funded project? (outcome 4)	7.1 The extent to which CRF has led to networks, and is expected to lead to networks, that extend beyond the life of a project			X		X
	7.2 Extent to which projects will continue without CRF funding			X		X
	7.3 Evidence and views on the nature and extent of capacity building that go beyond the life of the funded project		X	X		
	7.4 Total funding distributed under the CRF	X				
Efficiency & Program Delivery						
8. To what extent is the delivery of the CRF in line with good practices for efficient management of Gs&Cs programs?	8.1 Good practices/lessons learned from other DFO Gs&Cs programs were applied in the development of the CRF, including findings from previous relevant evaluations		X	X		
Are there lesson's learned from CRF that can be applied to other Gs&Cs?	8.2 Views on processes that were improved or lessons learned that could be applied to other Gs&Cs			X		

Appendix B: Evaluation Methodology and Limitations

INTERVIEWS

The evaluation team conducted 19 interviews with 30 individuals in the regions and National Headquarters, to discuss program relevance, effectiveness, and efficiency and program delivery. Interviewees included program managers and funded recipients in all DFO regions (Gulf, Pacific, Central and Arctic, Quebec, Maritimes, and Newfoundland and Labrador).

Funded recipients that were interviewed were selected to include a range of different types of projects and recipient organizations, projects that were in different stages of implementation, and those that were in different geographic areas in the two regions that were visited.

FIELD OBSERVATIONS

During site visits conducted to Pacific and Gulf Regions, the evaluation team visited a total of 21 different project sites, representing 10 projects, to observe different types of restoration activities undertaken with CRF funding.

Project sites were selected to include a range of different types of projects and recipient organizations, projects that were in different stages of implementation, and in different geographic areas in the two regions.

Several different types of sites were viewed, including: fish passage structure installations, dam removal, eel grass restoration, culvert replacement, and dike breaches. Informal discussions were held with recipients at each site to understand the need for restoration at the site, methodologies undertaken, and the early or expected results.

DATA ANALYSIS

CRF program statistics (e.g., # of agreements, # of partners) and financial data were analyzed to understand the funded projects and to assess the extent to which the program is reaching its intended objectives.

DOCUMENT/FILE REVIEW

The document review included information relevant to CRF, such as program documents, contribution agreements, recipient annual reports, and evaluation reports of previously evaluated DFO G&Cs programs.

> **Limitations**: Not all year-end reports were available for review at the time of the evaluation and the reports had inconsistent methods of reporting on project results. This meant that information on project results was not available for all projects. The evaluation team used a combination of available year-end reports, information gathered through the field observations, the recipient workshop, and discussions with project recipients to develop findings related to the impact of CRF projects.

RECIPIENT WORKSHOP

A three-day recipient workshop was hosted by the CRF Program in March 2020 in Vancouver, British Columbia. The objective of the workshop was to provide CRF funding recipients with an opportunity to share experiences and/or showcase new initiatives, in a way that could contribute to improving projects underway. The evaluation team attended the workshop as observers and have incorporated relevant information into the evaluation findings.

> **Limitation**: Not all recipients were able to attend the workshop, thus the results are not representative of all funded projects. The evaluation team used a combination of the results of the workshop, information gathered through the field observations, program documentation, and discussions with project recipients to develop findings related to the impact of CRF projects.