

Regional Evaluation of the Community Futures Program (CFP)

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EXECUTIVE SUMMARY

REGIONAL EVALUATION OF THE COMMUNITY FUTURES PROGRAM

This report presents the results of an evaluation of the Community Futures Program (CFP) in B.C. which was conducted from September 2024 to June 2025. Created in 1985, the CFP is Canada's longest-running national community economic development (CED) program. It is designed to support community economic development and build the self-reliance and capacity of smaller communities to realize their full sustainable potential.

Of the 268 Community Futures (CFs) organizations located across Canada, 34 are located in B.C. and funded by Pacific Economic Development Canada (PacifiCan). PacifiCan is responsible for administration and delivery of the CFP in B.C. While specific services may vary, CFs commonly provide businesses with access to financing, counselling, information and referrals as well as support related to community strategic planning and economic development projects and activities. Each CF manages an investment fund, consisting of past contributions from the federal government and earnings retained from financing activities. Associations support the CFP by providing training for CF board and staff members, networking and events, marketing and communications, and other special initiatives and support.

This evaluation assesses program relevance, performance, and efficiency. The scope of the evaluation covers the period from 2018-19 to 2023-24. The methodology included a survey of 31 CF managers and 55 community representatives, interviews with 11 representatives of PacifiCan, 3 Community Futures network partners, and 7 ecosystem representatives, focus groups, follow-up interviews with a sample of 8 CF managers, a literature, document and data review, and a review of other programs that provide services similar to the CFP.

CONCLUSIONS

Relevance

- **Relative to larger urban centres, the communities served by the CFP in B.C. commonly face greater challenges to economic growth and sustainability.** They contend with aging populations, less developed infrastructure and capacity for development, and greater vulnerability to economic cycles and the impacts of climate change. Businesses in these communities often struggle with reduced access to business financing and services, workforce shortages, housing constraints, lower levels of business innovation, more limited access to business services, and challenges related to business succession.
- **The evaluation found a strong continuing need for the services provided by the CFP, particularly related to business financing, business services, and community economic**

development. These services support economic development, helping to offset some of the challenges rural communities face. While there is a need for community strategic planning, that need is met at times by other organizations such as municipal and regional governments.

- **The CFP fills gaps in the programming available for rural business development and works with a range of partners in promoting community economic development.** Accounting for far less than 1% of business credit in Canada, the CFP is distinct from other sources in its focus on providing comparatively lower value loans to small businesses in rural communities. Within B.C., it is one of the few sources of business services located in rural areas and typically the only local source matching services with access to financing. In supporting community economic development, the CFP works in partnership with other organizations in developing strategies, implementing initiatives, and leveraging funding.
- **The CFP aligns with PacificCan priorities for business growth and diversification, the federal government's Rural Economic Development Strategy and objectives related to diversity, equity and inclusion.**
- **While there is a strong need, the strength of that need tends to decline as the size of community increases.** Of the two million people in B.C. residing in areas served by the CFP, about 39% reside in CMAs (with a population of over 100,000). Communities in more densely populated areas tend to face less significant challenges to development and have greater access to other resources.

Performance

- **The CFs in B.C. place highest priority on helping entrepreneurs and existing SMEs to further develop their business.** CF managers in B.C. reported that they place greatest priority on financing SMEs (84% identified it as a high priority) and managing their loan portfolios (77% identified it as a high priority), followed by providing business information and advisory services to SMEs (61%).
- **These efforts are effective in supporting small and medium-sized business development.** More specifically, the CFP has been effective in:
 - *Increasing access to capital.* Over the six years, the CFP provided 3,339 loans totalling \$186.8 million, leveraged with funding from other sources. These loans supported establishment of new businesses, business expansion and succession in rural communities in B.C.
 - *Improving business survival rates.* Analysis conducted by Statistics Canada indicates that businesses in B.C. that receive CFP loans have, on average, higher business survival rates than comparable business which have not received a CFP loan.
 - *Enhancing business operations and entrepreneurship.* The CFP supported delivery of nearly 115,000 business advisory services and training for over 60,000 business participants.

According to community representatives as well as CF managers in B.C., the CFP has a significant impact in terms of improving business practices (community representatives provided an average rating of 4.6 on a scale 1 to 5, where 1 is no impact at all and 5 is a major impact), increasing entrepreneurship (4.5), and strengthening and expanding rural businesses (4.4). The CFs report these services supported the creation, expansion or maintenance of over 13,000 businesses.

- **Somewhat lower priority is placed on CED activities.** Forty-two percent of CF managers indicated that they place a high priority on CED projects and partnerships while only 10% place a high priority on leading or supporting community strategic planning (10%). All CFs reported involvement in at least one CED project while 10% indicated that they are not involved in community strategic planning (in some regions, that need is met by other organizations).
- **Even though it is commonly a lower priority, the CFs in B.C. have been involved in a large number of CED projects and plans that have been effective in identifying key issues and mitigating some of the constraints to development.** Over the six-year period, the CFP in B.C. supported the development of 572 strategic plans and the implementation of 2,147 community-based projects, involving project investments of over \$70 million and over 2,700 partnerships. The community representatives reported that the CFP has had a significant impact in terms of strengthening community capacity for socio-economic development (4.5). They also highlighted 45 projects supported by the CFP, rating them as highly successful. These initiatives drove economic growth while also supporting broader goals such as affordable housing, employment, and cultural inclusion. The ability of CFs to focus their CED activities and services on local priorities has enabled them to respond to economic conditions and emerging challenges ranging from plant shutdowns to natural disasters and the COVID-19 pandemic. Many projects would have been delayed, scaled back, or cancelled in the absence of support from the CFs.
- **When considering the impact of CFP in building and diversifying economically sustainable communities, it is important to keep in mind the comparatively small scale of the CFP relative to the size of rural economies.**

Program Design and Delivery

- **The CFP benefits from a well-established and efficient program design and delivery model.** Key elements that contribute to the efficiency of the CFP include:
 - *High level of community engagement and local decision-making.* The grassroots model enables direct engagement with the communities, builds long-term relationships, and fosters a sense of community ownership and collaboration.

- *Flexibility with respect to the services delivered.* By working with their communities and partners in establishing local and regional priorities, CFs are able to tailor their services to align with the needs of the communities and businesses.
- *Experienced leadership.* Fifty-nine percent of CFs managers have been with the program for over 10 years and 82% have been involved for at least five years.
- *Leveraging volunteers.* The program benefits from the contributions of a broad base of volunteers (averaging eight volunteers per CF in B.C.).
- *Leveraging partnerships.* Strong partnerships enable the CFP to leverage additional funding, enhance service delivery, and implement shared economic development initiatives.
- *Leveraging operating funding.* Of the 31 CFs surveyed, 87% indicated they received operating funding from other sources. The ability of CFs to access funding from other sources allows for the hiring of additional staff, creating economies of scale, specialization, and sharing of overhead expenses. Funded services are largely complementary. While pursuing other funding can absorb a portion of staff time, there was no indication in surveys, interviews or focus groups that this is a major issue.

In addition, CF Managers and network partners noted that program efficiency has benefited from recent efforts to better manage costs, although there is concern that these efforts may affect negatively operations going forward.

- **However, the CFP in B.C. also faces some significant challenges going forward including finding ways to better enable the program to keep pace as technology advances and the environment in which it operates evolves.** The evaluation highlights the need to modernize the CFP to scale service delivery and streamline operations, refine the funding model, strengthen the Minimum Performance Standards (MPS) Model, increase the value of CFP loans outstanding, and optimize the number and distribution of CFs.

The most significant concern is the need to modernize operations. The highly decentralized structure of the CFP (i.e., 34 independently operated offices) slows the adoption of existing and rapidly emerging technologies to deliver advisory services, mentorship, e-learning resources, and virtual training programs training, expand the reach and accessibility of CFP offerings, provide more personalized support to rural businesses, and support CED initiatives. This will become more of an issue as technology, particularly AI, advances. CF Managers and community representatives recommended modernizing CF operations in areas such as operating systems, shared resources, and service delivery. They also expressed frustrations with legacy loan and client relationship management systems that no longer meet the demands of modern service delivery. CF managers recommended the program would benefit from working more collaboratively in the further development of common systems, processes, forms, more standardized training and training protocols, onboarding materials, marketing and communications materials, and operational documents. There is also a need to increase target market awareness of the CFs and their services including financing.

RECOMMENDATIONS

- 1. Support the CFBC in working with CFs to develop and implement a modernization strategy for the CFP in B.C.** To help keep pace with changes that will impact the CFP going forward (especially advances in technology), the CFBC should be asked to lead development and implementation of a modernization strategy. While some improvements can be made at the CF level, many are best undertaken at the network level. As such, CFBC needs to play an important role in coordinating change and assisting CFs in making improvements.

The strategy should review opportunities to lever technology and strengthen operating systems, share resources, and support improvements in service delivery. The strategy should establish priorities, recommend investments and timelines, propose an implementation plan, and be submitted as a key component of its annual plan and application for funding. PacifiCan can support this process by encouraging CFBC to develop the strategy and plan, providing support for strategy development as well as input to help shape that strategy, and reviewing the results in making future funding decisions. PacifiCan can also incentive adoption of shared systems, resources, and technologies by the CFs.

- 2. Review and refine the program funding model, as needed, to ensure sustainability, effectively balance the three sources of funding, and incentivize improvements in operations.** The operations of CFs and CFBC are funded through a mix of dedicated CFP budget allocations, supplementary funding, and transfers from investment funds. In 2022–24, PacifiCan provided nearly \$11.2 million, with CFs also increasingly relying on investment fund transfers, which added up to 31% of the operating budget for some. Many CF managers recommended increasing core funding to address staffing challenges, enhance technology, and sustain services, particularly in rural areas facing talent shortages.

PacifiCan is currently working with CFBC to develop a joint approach to support the ongoing operating sustainability of the CF network in B.C. The challenge is to develop a funding model that not only effectively balances the three sources of funding (base, supplementary, and investment transfers) but also strikes an effective balance between funding for individual CFs and funding for system or network improvements. The need for increases in direct CF funding could be offset by network-wide system improvements (which could improve productivity and reduce costs at the CF level) and through increasing reliance on investment fund transfers. Key considerations in the design of the funding model include (but are not limited to) the modernization strategy, a better understanding of costs of the CF level and the impact that system improvements could have, and an assessment of extent to which future funding could incorporate transfers from investment funds.

- 3. Strengthen the Minimum Performance Standards (MPS) Model.** While key informants strongly support the CFP, representatives from PacifiCan, network partners, and CF managers acknowledged that some CFs are underperforming. Strong leadership and governance are closely tied to CF success, while weaker CFs tend to be less proactive, experience more staff turnover, and struggle to stay visible in their communities. Recruiting

and training capable managers and board members is particularly challenging in smaller or remote areas. Diversity on boards was highlighted as important for modernization and outreach. PacifiCan's Minimum Performance Standards (MPS) model sets targets based on regional characteristics, and while most CFs meet or exceed these, the model is outdated and often lacks real impact. Many CFs view the standards as administrative requirements rather than tools for performance improvement. Key concerns include low ambition in target-setting, lack of consequences or support for underperformance, and unclear indicators. To be effective, the MPS should be updated to include more meaningful targets, clearer priorities, and potentially tied to funding or required improvement plans.

- 4. Review options to increase the value of CFP loans outstanding.** The active loan percentage in British Columbia declined from 68% in 2018–19 to 58% in 2022–23, then rose to 63% in 2023–24. Increasing the value of loans outstanding could improve the economic impact of CFP relative to PacifiCan's operating contributions. To boost loan activity, three strategies should be considered: raising awareness through coordinated marketing and common branding; introducing performance-based incentives for CFs that exceed loan targets; and increasing the \$150,000 loan cap, which has not been updated since 2010. Most stakeholders believe raising the limit would not create competition with banks, as CFs serve different client segments and banks have withdrawn from many of these communities.
- 5. Examine the benefits and, if warranted, develop a strategy or plan to optimize the number and distribution of CFs in B.C.** PacifiCan, CF network partners, and CF managers discussed the potential benefits of reducing the number of CFs to improve efficiency, better align services with demand, and free up funding for broader system improvements. Some suggested excluding high-population areas, noting that nearly 40% of the population served in B.C. lives in communities over 100,000 people, where the need for CFP support may be lower. Others argued that need can vary regardless of size. Amalgamating CFs in remote or overlapping regions was also explored, though barriers such as funding limits, community concerns, and governance challenges have discouraged consolidation. PacifiCan should explore an optimization strategy, review the distribution of CFs, and reduce financial disincentives to encourage consolidation where appropriate.
- 6. Examine options and develop a strategy to increase the participation of key target groups in the CFP.** According to Statistics Canada reporting, the percentage of businesses in B.C. that received CFP loans and are majority owned by women, Indigenous peoples, youth, and persons with disabilities did not vary significantly from the percentages among SMEs that did not receive a CFP loan. Stakeholders noted uneven application of diversity, equity, and inclusion (DEI) practices across the network, with many CFs lacking strategic frameworks, training, or targeted services. Underserved groups continue to face barriers such as stigma, limited outreach, and unsuitable program design. Possible options to improve equity, recommendations include setting participation targets, enhancing outreach, diversifying staff and boards, offering tailored supports, adapting service delivery, and embedding DEI into strategic planning and training.

1. COMMUNITY FUTURES PROGRAM

1.1 STRUCTURE OF THE PROGRAM

In B.C., the CFP is administered by PacifiCan, which provides funding support to 34 CFs located across the province, outside of the major urban centres of Vancouver and Victoria. The 34 CFs are members of Community Futures Association of B.C. (CFBC).

Roles of PacifiCan

PacifiCan administers the CFP in B.C. in accordance with the Terms and Conditions established at the national level, which were last renewed in 2010. This includes responsibilities related to:

- **Planning:** Reviewing strategic plans and operating plans prepared by CFs and CFBC.
- **Funding:** Funding CFs and CFBC in accordance with contribution agreements.
- **Management** of government funds under the Transfer Payment Policy. Measures are in place (e.g., reporting and audit requirements) to ensure the CFP is delivered in accordance with the contribution agreements, Terms and Conditions of the CFP and other Government of Canada policies.
- **Reporting:** Establishing performance measures at the regional level and contributing to the National Performance Measurement Strategy (NPMS). PacifiCan requires that CFs report on a series of indicators, some of which are outlined in the NPMS and some that are unique to the PacifiCan. PacifiCan compiles the data submitted by the CFs, including Business Numbers of businesses assisted by the CFs for submission to Statistics Canada for analysis.

Roles of CFs

CFs are community-based non-profit organizations governed by a volunteer Board of Directors and led by an Executive Director or Manager¹. Their core activities fall into four categories:

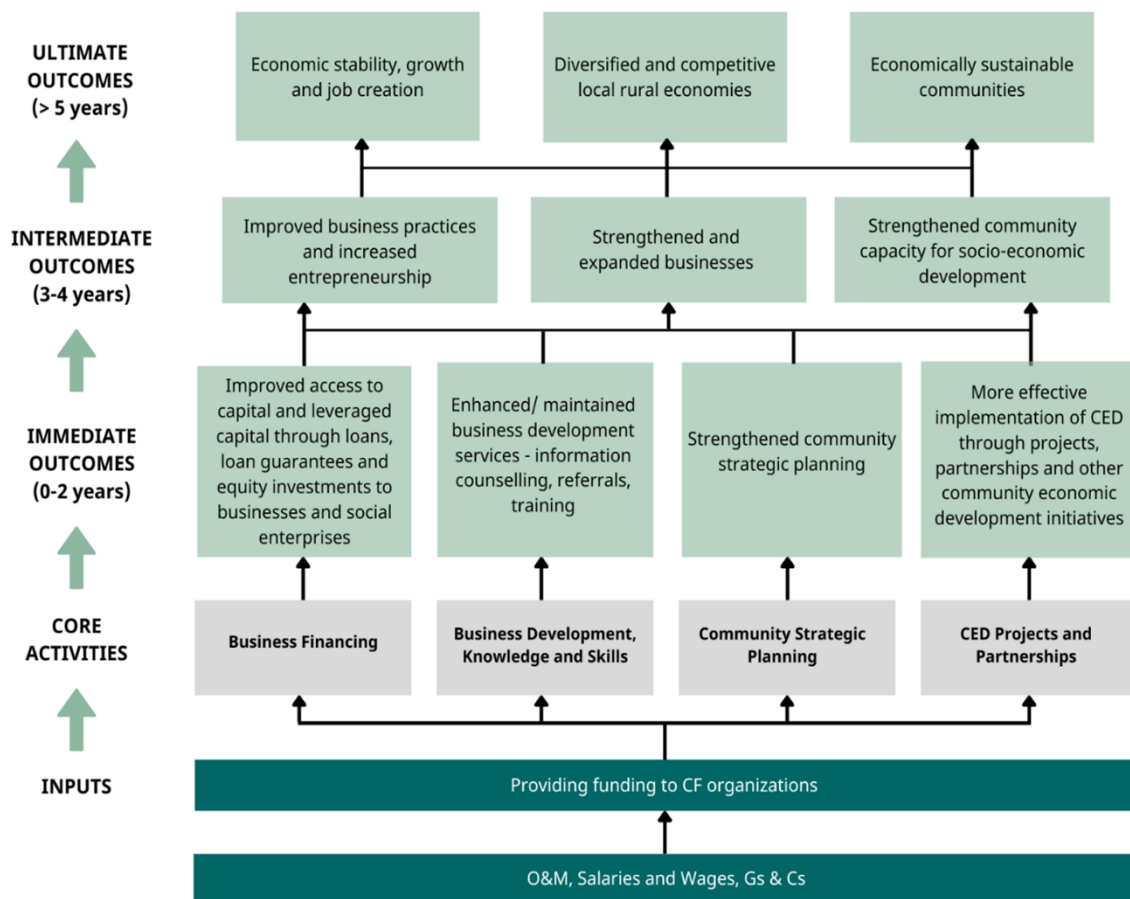
- **Business financing** to assist existing small and medium-sized enterprises (SMEs) or help entrepreneurs to create new SMEs. CFs focus extensively on providing loans but can also provide loan guarantees and equity investments. CFBC operates a centralized lending and investment pool to enhance the financial capacity of its 34 member organizations.
- **Business services.** CFs deliver a range of business counselling, information, training and referral services to SMEs to support business development, knowledge and skills.
- **Community strategic planning** by working with their communities to assess local problems, establish objectives, and plan and implement strategies that will guide development in areas such as human capital, infrastructure, entrepreneurship, employment, and the economy.

¹ The title of the lead executive of a CF can vary across CFs (e.g., Executive Director, Manager or CEO). For the purposes of this report, the lead executives are referred to as CF managers.

- **Community-based projects and partnerships.** CFs collaborate with local and regional partners in implementing strategic community projects or deliver special initiatives targeted to local issues and priorities.

These core activities are expected to improve business practices, increase entrepreneurship, strengthen and expand businesses, and strengthen community capacity for CED. In the longer-term, the CFP is expected to result in economic stability, growth and job creation; diversified and competitive local rural economies; and economically sustainable communities.

Figure 1: Program Logic Model for the Community Futures Program²



While an ultimate outcome refers to rural economies, the CFP does not formally define “rural”. CFs were not normally established in Census Metropolitan Areas (defined by Statistics Canada as communities with over 100,000 residents), although populations may have grown in population beyond that after being approved. In this report, the term “rural” represents the regions served by the CFP.

² From the Community Futures Program National Performance Measurement Strategy, February 2020

Role of CF Associations

The CFBC is the provincial CF association for the 34 CFs located in B.C. It also forms part of Community Futures Pan West (CF Pan West) alongside Community Futures Alberta, Community Futures Saskatchewan and Community Futures Manitoba. Examples of services and support that are provided to CFs in B.C. by CFBC and CF Pan West include:

- **Training for board and staff members.** Examples include board, technical and management training modules and workshops offered by the Community Futures Leadership Institute (e.g., training on topics such as business development, investment fund management and community economic development).
- **Networking and events** including conference sessions, professional development events and capacity building focused on topics such as AI utilization, digital marketing, communications techniques, data presentation and content creation, developmental lending, social finance awareness, and DEI awareness.
- **Toolkits and resource materials** (e.g. best practices templates, policies, procedures, strategies and documentation).
- **Marketing and communications** (e.g., promotion of the CFP, services and client stories through various social media platforms, websites, and digital media initiatives including vlogs and podcasts).
- **Supporting development and delivery of training** targeted at businesses, through investing in content development, tools and technology.
- Manages the **Community Futures Lending & Investment Pool (CFLIP)** for B.C.

1.2 PROGRAM FUNDING

Western Economic Diversification Canada (WD) divided into Prairies Economic Development Canada (PrairiesCan) and Pacific Economic Development Canada (PacifiCan) on August 6, 2021. Up to that point, WD provided funding for the CFs and CF associations in western Canada.

For 2022-23 and 2023-24, PacifiCan was the sole source of funding for the CFP in B.C. In 2023-24, the funding totalled nearly \$11.2 million annually of which \$9.1 million comes from a dedicated CFP budget envelope through parliamentary appropriation and \$2.1 million consists of supplementary funding. On average, the CF have received nearly \$300,000 annually in funding from PacifiCan.

**Table 1: CFP Funding Provided by WD and PacifiCan
by Year (April 1, 2018, to March 31, 2024)**

Year	Western Economic Diversification Canada ³	PacifiCan
2018-19	\$30,193,278	--
2019-20	\$28,216,989	--
2020-21	\$26,058,699	
2021-22	\$22,775,370	\$6,133,274
2022-23		\$9,736,132
2023-24		\$11,186,211

Source: Data Provided by PacifiCan

³ Western Economic Diversification Canada (WD) was replaced by PrairiesCan and PacifiCan on August 6, 2021. The funding provided by WD was contributed to CFs and CF associations in all four western provinces.

2. OVERVIEW OF THE EVALUATION

2.1 PURPOSE AND SCOPE

The evaluation covers the period from 2018-19 to 2023-24 and assesses the relevance, performance, and design and delivery of the program in B.C. The evaluation issues and questions are listed below.

Table 2: CFP Evaluation Issues and Questions

Issue	Evaluation Questions
Relevance	<ol style="list-style-type: none"> 1. What are the economic development needs and challenges faced by rural SMEs and rural communities targeted by the program? 2. What are the characteristics of the ecosystem in which the CF operates? What are the major gaps in terms of the services needed by rural SMEs and rural communities? 3. How well-aligned is the CFP with the needs of the target groups and the ecosystem in which it operates? What are the gaps that could be addressed by the program and the areas of overlap? 4. How well-aligned is the CFP with the current departmental priorities of PacifiCan, particularly those related to inclusivity groups (women, youth, Indigenous, and persons with disabilities)?
Performance	<ol style="list-style-type: none"> 5. To what extent have the intended immediate, intermediate, and ultimate outcomes been achieved? Is the CFP addressing community needs and gaps in rural entrepreneurial support effectively? 6. What other outcomes, positive or negative, have resulted from the CFP? 7. How well-positioned and resourced are CFs to deliver incremental or time-limited programming to address ad hoc issues (e.g. disaster relief and economic adjustment and recovery on their own initiative, or on behalf of PacifiCan)?
Program Design and Delivery	<ol style="list-style-type: none"> 8. What factors have contributed to and constrained the effectiveness of the existing services and achievement of high performance outcomes? 9. How does the design and delivery of CFP vary across B.C. in terms of the services and support provided to SMEs and communities, the level of service provided, and the CF delivery model and sources of funding? How do CFs adapt their programming to balance the needs of the communities they serve and address geographical differences? 10. What changes to the design and delivery of the CFP in B.C. should be considered to enhance the impact of the CFP and better align it with departmental priorities, the needs of the target groups, and ecosystem? 11. How should the Minimum Performance Standards (MPS) model for the CFP in B.C. be updated to better capture key performance-related measures and incentivize high performance outcomes?

During the evaluation planning process for the CFP in B.C., four additional priorities were identified:

1. **Performance Standards:** The Minimum Performance Standards (MPS) model for the CFP in B.C. has not been updated in over two decades and there were concerns that the model is outdated and the targets may be too low to incentivize performance. Updating the MPS could help to improve the performance and sustainability of the CF network in B.C.
2. **Service Delivery:** B.C. CFs operate differently across the province. A better understanding of the differences will help in reviewing the effectiveness of CF delivery in different regions.
3. **Other Partner Programs:** CFs are also delivering some other programs for other partners. The evaluation was designed to provide some insight into the breadth of these programs.
4. **Defining potential strategic directions to be incentivized.**

2.2 METHODOLOGY

This evaluation was conducted in three phases: planning, research and reporting.

Planning

To prepare the project work plan, the consultants participated in meetings with PacifiCan, reviewed program documents and data, and prepared an evaluation matrix. We then developed the methodologies and tools to undertake the assignment, which were then approved by PacifiCan.

Research

The methodology included a detailed review of literature, documents and program performance data, a review of other programs available for rural SMEs and communities, a survey of CF managers, a survey of community representatives, interviews with a broad cross-section of key informants, focus groups, and case studies focused on a sample of CFs.

The **literature review** focused primarily on developing a profile of the communities and SMEs targeted by the CFP including a review of the key challenges they face. **Documents and performance data** were used to develop a detailed program profile and review alignment between the CFP and government priorities. A **review of other programming** provided an overview of the characteristics of the ecosystem in which the CFP operates and identified the niche it fills.

Interviews were conducted with 21 **key informants** to gather insights on their perceptions and experiences with the CFP including 11 representatives from PacifiCan, 3 representatives from the CF network partners (associated with the CF associations), and 7 members of the programming ecosystem (e.g., other organizations that may provide services to SMEs and communities).

All 34 **CF managers** were invited to participate in a survey, from which 31 responses were received (a response rate of 91%). In addition, **55 community representatives** were surveyed to better

understand local needs, program gaps, and the role of CFs as well as obtain feedback on a sample of CED-related initiatives in which they were involved. The community representatives' contact information were provided by CFs. Respondents included representatives from local municipalities (20%), a local or regional economic development agency (16%), a local business (11%), a local non-profit (11%), a consultant (9%), the chambers of commerce (7%), and other organizations (26%) such as financial institutions, a trust, the provincial government, and sector associations.

Follow-up interviews were conducted with managers from a cross-section of eight CFs to better understand differences in operations across CFs as well as follow-up on some key issues such as the MPS model and their involvement in other programs. We also reviewed a sample of CF strategic plan and annual reports.

The evaluation also draws from three **focus groups** conducted as part of a national evaluation of the CFP. These focus groups involved 27 representatives, including RDA representatives, CF managers, and CF associations. Each group included representatives from B.C.

Analysis and Reporting

Draft findings were prepared summarizing data collected from the CF and Community surveys, as well as the series of interviews conducted. The findings were then used in developing this evaluation report.

2.3 LIMITATIONS

The challenges and limitations associated with this evaluation include:

- The period covered by the evaluation overlaps the time of the COVID-19 pandemic. The pandemic impacted the CFP by slowing the rate of business startup and expansion. In addition, during 2020 and 2021, CFs were involved in delivering the Regional Relief and Recovery Fund (RRRF) in rural and remote areas, a Government of Canada emergency program created to provide liquidity support to businesses and organizations affected by the pandemic. While outside the scope of this evaluation, their involvement in RRRF delivery may have impacted CF operations. B.C. CFs received \$88.6 million of RRRF funding, but delivered \$72.2 million.
- Statistics Canada is engaged annually by the RDAs to conduct an analysis of the economic impacts and survival rate of businesses that received assistance under the CFP over a five year period. However, as discussed in the national evaluation, there are challenges regarding the extent to which the methodology captures the net impact of the CFP on the SMEs supported.

- The findings are based on several sources of data, including interviews, surveys and focus groups with program stakeholders. To mitigate the risk of bias, the evaluation triangulated the information with at least one other source of data unless otherwise noted.

2.4 STRUCTURE OF THE REPORT

Major findings regarding relevance and the need for the program are provided in Chapter 3, the performance of the program are provided in Chapter 4, and program design and delivery including differences across CFs are provided in Chapter 5. The conclusions and recommendations are presented in the Executive Summary.

3. RELEVANCE OF THE PROGRAM

3.1 CHALLENGES FACING TARGETED COMMUNITIES AND SMEs

Relative to the large urban centres in B.C., communities served by the CFP face a distinct set of economic and demographic challenges that affect their resilience and growth. They contend with aging populations, less developed infrastructure and capacity for development, and greater vulnerability to economic cycles and the impacts of climate change.

About 39% of B.C.'s population (nearly two million) and 38% of businesses (about 82,000) are located in areas served by the CFP.⁴ In these areas, there is an **increasing concentration of older residents**, particularly in smaller communities. In 2021, 24% of B.C. residents in areas served by the CFP were aged 65 or older (27% in communities classified as rural and remote), compared to 18% in the rest of the province. A key factor is that newcomers, who account for most of the population increase in B.C., are much less likely to settle in regions served by the CFP.⁵ Newcomers, who are on average younger than the non-immigrant population, accounted for 15% of the population in areas served by the CFP in 2021, compared to 32% in the major centres.

Less developed infrastructure, ranging from roads and utilities to broadband access, as well as **less capacity for development** continues to hinder business growth and workforce mobility in rural regions. Rural businesses are impacted more by rising transportation costs because they tend to be selling their products outside their local municipality or region.⁶ Smaller communities tend to have limited capacity and resources for community economic development initiatives.

Communities served by the CFP also tend to have **greater vulnerability to economic cycles and the impacts of climate change**. Primary industries (agriculture, forestry, fishing, mining, quarrying, and oil and gas extraction) and manufacturing sectors, which directly account for about 17% of employment in rural communities (as compared to 6% in the major urban centres), tend to be more cyclical than the broader economy. Many communities are dealing with the challenges of ongoing shifts away from traditional industries such as forestry, fishing, aquaculture, agriculture, and mining. Due to their geographic location and more limited capacity to respond to climate emergencies, rural communities experience greater impacts from climate change than their urban

⁴ To better understand the needs and challenges facing these communities and their businesses, we developed a profile of the population served by the CFP by taking the total B.C. population and excluding those areas known not to participate in the program. The profile uses the results of the 2021 Census of Population. A similar methodology was used to develop an estimate of the number of active businesses based on business counts.

⁵ The majority of newcomers are under 34 years of age. Statistics Canada, Immigrants make up the largest share of the population in over 150 years and continue to shape who we are as Canadians, October 26, 2022

⁶ Innovation, Science and Economic Development Canada SME Profile: Rural enterprises in Canada, June 2023

counterparts.⁷ ⁸ Climate change can impact rural and small-town businesses in various ways, such as widespread flooding and landslides in southwestern B.C. (e.g. Merritt), wildfires in Lytton and the Okanagan, and droughts in the southern interior.

Businesses in these communities often struggle with reduced access to business financing and services, workforce shortages, housing constraints, lower levels of business innovation, more limited access to business services, and challenges related to business succession.

SMEs outside of the major urban centres, particularly startups and smaller businesses, face **greater difficulties in securing financing** from traditional institutions, limiting their growth and sustainability. Whereas 70% of urban SMEs receive debt financing from chartered banks, only 45% of rural SMEs do so.⁹ Communities away from the major centres tend to be viewed by banks as riskier because local economies tend to be less diversified, and more cyclical and dependent on a small number of major employers.¹⁰ In addition, interviewees noted that the physical presence of banks has been declining in many communities.

B.C. businesses outside of the major population centres report **greater difficulties in attracting and retaining workers**.¹¹ Education levels tend to be lower, with 16% of individuals in the B.C. communities served by the CFP having no certificate, diploma, or degree (compared to 12% in larger centres) and 18% having a bachelor degree or higher (compared to 35% in larger centres). There has been a continuing outmigration of young people moving to the large urban centres for education and work, contributing to "brain drain" effect and limiting the size of the entrepreneurial pool.¹² Key informants noted that a **lack of affordable housing** (a barrier shared with the major centres) adds to the difficulties of attracting and retaining workers.

SMEs outside of major centres report **lower levels of business innovation** (e.g., R&D activities, patent intensity and new business creation¹³), **less access to business services** which are often concentrated in larger centres, and **greater risk with respect to business succession**, given the smaller market and entrepreneurial base, aging populations, and difficulties in accessing capital.

3.2 ROLE OF THE CFP IN ADDRESSING THESE CHALLENGES

There is a strong, continuing need for the services of the CFP, particularly related to business financing, business services, and community economic development.

⁷ Government of Canada, Rural and Remote Communities: National Issues Report, 2021

⁸ Tamara Krawchenko, Supporting Rural and Remote Economies: What Canada Must Do Now, 2023

⁹ Innovation, Science and Economic Development Canada, SME Profile: Rural enterprises in Canada, 2022

¹⁰ Innovation, Science and Economic Development Canada, SME Profile: Rural enterprises in Canada, 2022

¹¹ Statistics Canada, Business Conditions in Rural and Small Town Canada: Interactive Dashboard, 2024

¹² Yujiro Sano, Cathlene Hillier, Michael Haan, & David Zarifa, Youth Migration in the Context

Of Rural Brain Drain: Longitudinal Evidence from Canada, 2020

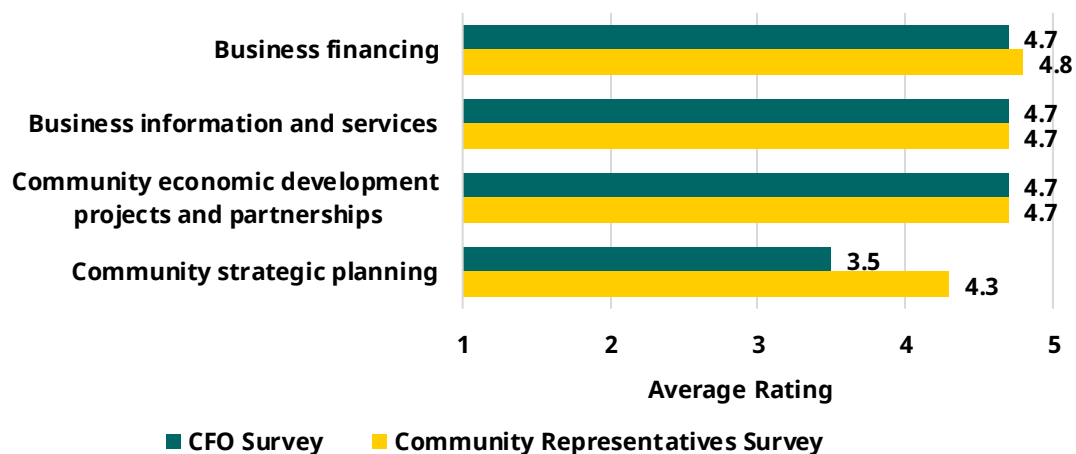
¹³ The Organization for Economic Co-operation and Development (OECD), Enhancing Rural Innovation in Canada, 2024

Each key informant group highlighted the need for the services provided by the CFP. At the macro level, the CFP works with partners in developing strategies and implementing actions targeted at development opportunities or issues. At the micro level, it provides SMEs with financing and other services to support business development, expansion and succession.

Community representatives and CF managers rated the need for business financing, business information and services, and CED projects and partnerships highly. While still an important service, CF managers rated that, on average, there is less need for their organization to get involved in community strategic planning because, at times, that need is met by other organizations such as municipal and regional governments.

Figure 2: Rating of Need by Type of Service

How much of a need is there in your community or communities for the following types of programming and services provided through the CFP? (On a scale of 1 to 5, where 1 is no need at all, 3 is somewhat of a need, 5 is a major need)



Source: CF Manager & Community Surveys

Business Financing and Services

According to key informants, the CFP helps to address gaps in financing available to SMEs in rural communities. CFs tend to have a higher risk tolerance than conventional lenders, are present in the community, can respond quickly, and understand the community context in which the businesses operate. CFs approve loans based on their “5 C’s of lending: Character, Capacity, Conditions, Capital and Collateral”. Due to their community connections, CFs are better able to make decisions based on the characteristics of the person behind the business, and not just on business metrics which traditional banks rely on. The business services and information complement business financing and help to increase likelihood of business success. CFs can work with loan clients and non-clients, providing mentorship, coaching, advisory services, and training to help start or expand a business.

Community representatives and CF managers highlighted the need for services related to business planning, financial guidance, training, and mentorship as well as support related to digital adoption and marketing skills. Some noted that the need for these services is increasing given shifting economic conditions and concerns about the future economic outlook.

A few examples of how CFs have supported business development are outlined below.

Launch of a Sustainable Oral Care Startup

AVO Everlasting Essentials Inc., a woman-owned company offering sustainable dental products, successfully launched in 2023 with key support from Community Futures. Founders Amy Pannu and Jessica Drader turned to Community Futures for guidance during their startup phase, receiving assistance with the loan application process, business planning, and connections to the Export Navigator Program. This support, coupled with financing, was instrumental in helping them bring their environmentally conscious, modern oral care line to market.

From CFBC 2023-24 Annual Report

Driving Expansion of West Coast Wilderness Lodge

West Coast Wilderness Lodge, a key contributor to the Sunshine Coast's tourism economy, expanded significantly thanks to the support of Community Futures. When conventional funding options fell short, Community Futures provided initial and follow-up loans that enabled the lodge to improve guest facilities, refinance high-cost private mortgages, and purchase a zodiac boat to enhance marine tourism offerings. This support also helped the lodge add six accommodation units and plan for future growth, boosting job creation, tourism revenue, and the lodge's long-term financial sustainability.

From CFBC 2023-24 Annual Report

Growth of Local Bike Manufacturer in Revelstoke

Jackalope Bikes, a small manufacturer of gravel and full suspension bikes in Revelstoke, BC, was launched with vital support from Community Futures. Owner Jack Sutter worked with a Startup Revelstoke Coordinator and Business Analyst to develop a business plan and secure a startup loan. Funding from Community Futures covered essential costs such as tools, equipment, leasehold improvements, marketing, and prototype development. Since opening in winter 2021/22, the business has steadily progressed toward its goal of producing 500 bikes annually and employing 5–10 people.

From CFBC 2022-23 Annual Report

Community Economic Development

CFs commonly work with partner organizations to implement CED initiatives designed to address key opportunities or issues. Initiatives may focus on issues as diverse as investment, business or worker attraction, entrepreneurial development, opportunity identification, sector development, business innovation, housing and infrastructure, emergency preparedness, entrepreneurial training, and economic recovery. Examples of the broad range of initiatives are provided below.

Table 3: Examples of CFP Projects and Initiatives

Type	Example
Collaborative Community Projects	<ul style="list-style-type: none"> • Vernon Immigration and Settlement Plan - Developed in collaboration with local government and nonprofits to support newcomer integration and economic inclusion. The CF played a lead role in community engagement and strategy facilitation. • Maker Space Project - A partnership between a CF and a regional post-secondary institution to create a maker space that supports innovation, entrepreneurship, and skills development in trades and technology. • Downtown Trail Improvement Committee - CFs in the Trail region participated in a cross-sector initiative to revitalize the downtown core through beautification, improved business access, and tourism promotion. • WeSportFish.com Tourism Initiative - A regional marketing campaign designed to boost local economic activity by promoting sport fishing. Community Futures contributed funding and technical support to local business participants. • Co-Working Space Development - CFs collaborated with municipalities and chambers of commerce to repurpose underutilized buildings into co-working hubs, improving infrastructure for remote workers, entrepreneurs, and freelancers. • Medical Clinic Launch Support - In rural communities experiencing health care access issues, CFs supported the business planning and financing of new medical or multi-practitioner clinics as part of regional attraction strategies. • Consulting Hubs and Business Resource Centres - Some CFs helped launch shared consulting spaces where small business owners can access free or subsidized services including legal, accounting, and marketing advice.
Business Advisory and Support Programs	<ul style="list-style-type: none"> • Entrepreneur in Residence Program - A CF-led program where experienced entrepreneurs provide mentorship, guidance, and strategic advice to startups and small businesses at various stages of growth. • Enterprise Challenge - A business pitch competition supported by CFs that fosters entrepreneurial thinking and provides seed funding to promising new ventures. Participants receive coaching and training before pitching to a panel of judges. • Self-Employment Program - Delivered in partnership with WorkBC, this program supports unemployed individuals in launching their own businesses. CFs provide training, business plan development, and mentoring services.
Regional Economic Development Initiatives	<ul style="list-style-type: none"> • Innovate 2030 Economic Development Master Plan - This long-range plan was developed in partnership with local governments, businesses, and nonprofits. The CF led consultations and data analysis to shape strategic economic directions. • Integrated Economic, Sustainability, and Housing Plans - The local CF supported the District of Wells in producing interlinked plans that guide

Type	Example
	<p>development, environmental stewardship, and workforce housing over a multi-year horizon.</p> <ul style="list-style-type: none"> • Cariboo Region Labour Market Study - Conducted to assess current and projected workforce needs across multiple sectors. CFs collaborated with local employers, educational institutions, and municipalities to identify strategies for labour attraction and retention.
Organizational Strategic Planning	<ul style="list-style-type: none"> • Community Futures Central Island Strategic Plan - A five-year strategy focused on enhancing entrepreneurship, supporting workforce development, and building long-term economic resilience. The process included stakeholder interviews, SWOT analysis, and facilitated planning workshops. • Shuswap Economic Development Society Strategic Plan - A comprehensive plan to guide the Society's economic development priorities. CF staff supported the planning sessions and integrated measurable outcomes to track progress over time.
Disaster Recovery and Preparedness	<ul style="list-style-type: none"> • Shuswap Economic Recovery Task Force - Launched in response to the Bush Creek Wildfire, this initiative mobilized local organizations to support affected businesses through emergency loans, recovery planning, and workforce re-entry programs. CFs co-led coordination and outreach. • Business Continuity Planning Workshops - CFs facilitated sessions to help local businesses and nonprofits create emergency preparedness and disaster recovery plans, particularly in wildfire-prone and flood-risk areas.
Other Projects	<ul style="list-style-type: none"> • Co-working space • Leadership Vancouver Island Plan Development • New Medical Clinic Development • General plan development • The Consulting Hive

3.3 RELATIONSHIP TO OTHER PROGRAMS

CFs are widely viewed as complementary to other regional and national programs supporting rural communities and SMEs. Their ability to adapt services and focus on local needs helps to minimize duplication and enhances impact. The following reviews the relationship of the CFP in B.C. to other sources of financing, business services and support for community economic development.

Accounting for a very small percentage of business credit in Canada, the CFP is distinct from other sources of business financing in terms of its focus on providing comparatively lower value loans to small businesses in rural communities.

Relative to financial institutions, the CFP is a minor supplier of capital. Across Canada, CFP loans totalled \$1.89 billion over the past six years, which is equal to only about 0.16% of the average business credit outstanding in Canada of \$1.17 trillion.¹⁴ Most business credit in B.C. is provided by banks and financial institutions, primarily in large loan amounts to urban-based businesses. BDC is

¹⁴ Statistics Canada, Business credit outstanding, by supplier type and authorization level, Table 33-10-0013-01

also an important source, providing larger-scale financing (average loan over \$500K) to SMEs primarily in urban centres.¹⁵ In contrast, the CFP focuses on providing smaller loans (average ~\$56K in B.C.) in rural communities.¹⁶

Various other financing programs targeting underserved groups of entrepreneurs have been established, mostly with support from the federal government. Examples include WeBC (Women's Enterprise Centre), the Black Entrepreneurship Program, Indigenous Financial Institutions¹⁷, Futurpreneur, Newcomer Entrepreneur Loans, and the Entrepreneurs with Disabilities Program (EDP).¹⁸ While there can be some overlap, the CFP is distinct from these programs in terms of its focus on rural communities.

The CFP is one of the few sources of business information and advisory services located in rural areas and typically the only local program matching services with access to financing.

Federal government funded programs that provide financing targeting underserved groups often provide business information and advisory services. However, access is limited to those groups and the programs operate from many fewer localities than the CFP. Local economic development offices, chambers, and sector associations do not provide financing and generally have little involvement in providing business information, advisory support, and other business support.

In supporting CED, CFs work in partnership with other organizations in developing strategies, implementing initiatives, and leveraging funding.

CED usually involves multiple community or regionally based organizations working together to develop strategies and implement initiatives to pursue opportunities or address challenges facing the community. As such, CFs commonly work with other parties such as municipalities, regional governments, local economic development offices, chambers of commerce, industry associations, and others in establishing development priorities, creating partnerships, contributing funding, and securing funding from other sources. These close partnerships minimize the potential for duplication and help to ensure that CFP initiatives reflect local priorities.

While CFs provide some funding for CED initiatives, the ability to access other sources of funding is often critical to implementation. Common sources include other programs offered by PacifiCan (e.g., Community Economic Development and Diversification program), other federal government programs (e.g., Canada Community Revitalization Fund), the provincial government (e.g., B.C. Rural Dividend program), local municipalities, trusts such as the Northern Development Initiative Trust, Island Coastal Economic Trust and Columbia Basin Trust, credit unions (e.g. Coast Capital Savings

¹⁵ Innovation, Science and Economic Development Canada, 2010-2022 Business Development Bank of Canada Legislative Review Report

¹⁶ <https://cba.ca/article/fast-facts-the-canadian-banking-system>

¹⁷ 4 of the 11 Indigenous Financial Institutions (IFIs) in B.C. are also CFs (referred to in the report as combined CF/IFIs)

¹⁸ The EDP in B.C. is delivered through CFs

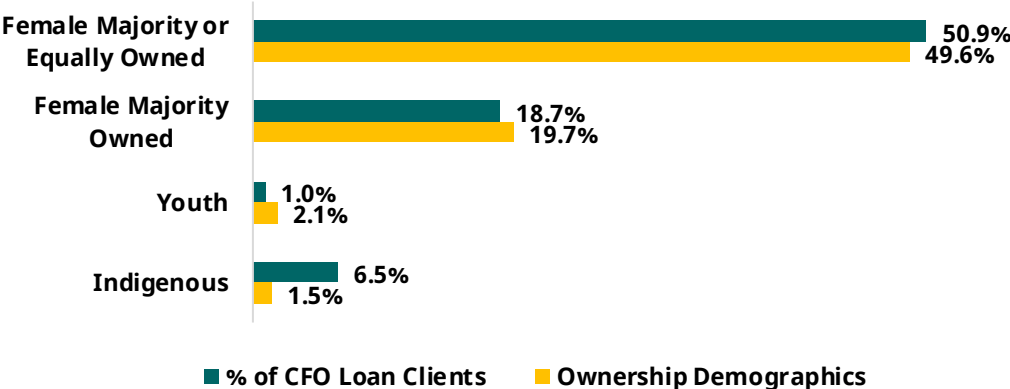
and VanCity) and foundations (e.g., Vancouver Foundation). The role of the CF can vary depending on the characteristics of the local area. Medium and larger regional governments and municipalities typically have the resources needed to lead regional economic development plans and initiatives, whereas smaller communities have less capacity to lead that function.¹⁹ CFs may lead on some projects while other community and regional partners may lead on others.

3.4 ALIGNMENT WITH GOVERNMENT PRIORITIES

The CFP contributes toward PacifiCan priorities related to diversity, equity and inclusion, although equity group participation rates have not increased in recent years.

A key indicator for *Communities are Economically Diversified in B.C.* in PacifiCan’s Departmental Results Framework is the percentage of SMEs that are majority-owned by women, Indigenous people, youth, and persons with disabilities in British Columbia. Data compiled by Statistics Canada indicates that businesses in B.C. receiving CFP loans are nearly as likely to be majority-owned or equally-owned by women, more likely to be owned by Indigenous entrepreneurs but slightly less likely to be owned by a youth 29 years or younger.

Figure 3: Comparison of CFP Loan Clients to Those Not Received CFP Loans²⁰



Source: Statistics Canada, Evaluation of the Community Futures Business Performance for 2017-2021

To monitor and improve outreach, PacifiCan requires CFs to track client data by gender, Indigenous identity, age, and disability status, enabling a more nuanced understanding of who is being reached and where gaps may exist. In the last 6 years, the CFP in B.C. served 21,148 women (accounting for 27% of all clients served), 11,505 Indigenous clients (15%), 5,213 youth clients (7%)

¹⁹ Federation of Canadian Municipalities, Rural challenges, national opportunity: Shaping the future of rural Canada

²⁰ The data was generated by Statistics Canada by matching records of CFP loan clients with data from the National Accounts Longitudinal Microdata File (NALMF) and the Diversity Skills Database (DSD). The data in the chart is presented as a percent of the owners that were classified in the matched data. Classification data was not available (e.g. no data on owner’s gender, age or Indigeneity) for between 40% and 47% of businesses that received CFP loans. A further description of the comparative analysis is provided in Chapter 4.

and 3,333 persons with disabilities (4%). Of the 5,136 loans issued by CFs in B.C., 35% went to women entrepreneurs, 11% to Indigenous entrepreneurs, 10% to youth, and 5% to entrepreneurs with disabilities (this includes loans made through programs other than the CFP such as the Entrepreneurs with Disabilities Program (EDP) and the RRRF). In addition, of the 2,147 new community-based projects that were implemented from 2018-19 to 2023-24, 25% included a focus on women, 25% on Indigenous people, 22% on youth and 17% on persons with disabilities. As indicated in the table below, the percentage of loan clients and overall clients that who are women, Indigenous, youth, and persons with disabilities varied widely over the six years.

Table 4: Percentage of Clients Served and Loan Clients by Group 2018-19 to 2023-24

	Variation in Annual Percentage from 2018-19 to 2023-24			
	Women	Indigenous	Youth	Persons With Disabilities
% of Clients Served	20%-31%	12%-20%	6%-8%	4%-5%
% of Loan Clients	30%-41%	7% to 16%	7% to 16%	4%-8%
% of New CED Projects	18%-44%	18%-41%	17%-38%	9%-31%

Source: Performance data supplied by PacifiCan

The data is self-identified. Some individuals may avoid disclosing Indigeneity or disabilities due to fear of stigma or negative consequences, leading to underreporting.

Data on visible minorities is not reported by CFs. A challenge identified by CF managers is that the percentage of residents who are visible minorities tends to be considerably lower in regions served by the CFP than in the major urban centres. For example, according to 2021 Census, visible minorities account for 54% of the population in Metro Vancouver as compared to 34% in the rest of the province. That difference may narrow over time. In response to labor shortages and demographic shifts, immigration has been emerging as a strategic area of focus for CFs and rural communities. Communities are actively collaborating with provincial governments to attract newcomers and developing wraparound supports that help newcomers transition into entrepreneurship or meaningful employment, supporting both individual success, long-term economic integration and broader community resilience.

The CFP aligns with PacifiCan priorities for community diversification and the federal government’s Rural Economic Development Strategy.

The CFP is broadly aligned with the department’s priorities regarding business growth and diversification. A review of the latest Departmental Plan (2023-24) from the period covered by the evaluation indicates that PacifiCan’s Departmental Results Framework focused on three key departmental results, one of which aligns with the CFP: *Communities are Economically Diversified in B.C.* The CFP is less aligned with the innovative component of *Businesses are Innovative and Growing* and with the third departmental result, *Businesses invest in the development and commercialization of innovative technologies in British Columbia.*

The CFP also aligns with the objectives of the 2019 Economic Development Strategy for Rural Canada.²¹ The Strategy includes a focus on strengthening rural economies, creating jobs and opportunities by supporting local businesses, entrepreneurship, and innovation. The Strategy notes the role of the CFP in helping communities adapt to emerging opportunities.

²¹ Government of Canada, Rural Opportunity, National Prosperity: An Economic Development Strategy for Rural Canada", June 2019

4. PERFORMANCE

4.1 BUSINESS DEVELOPMENT

The CFP increased access to capital for SMEs through providing 3,339 loans totalling \$186.8 million, leveraged with funding from other sources. These loans supported establishment of new businesses, business expansion and succession in rural communities in B.C.

Loan activity declined significantly during the pandemic, which was attributed to a decline in business startup and investment as well as the focus of CFs on delivering the RRRF. Coming out of the pandemic, loan activity was initially slowed by rising interest rates and inflation. However, in 2023-24, CFP loan values recovered to pre-pandemic levels and volumes nearly recovered.

Table 5: Reported Number and Value of CFP Loans, Leverage and Employment (2018-19 to 2023-24) excluding RRRF loans

Fiscal Year	Loans	Value	Average Loan	Leveraged Funding	Leveraged Per \$1.00 Loans	Jobs
	#	\$	\$	\$	%	#
2018-19	651	\$35,574,439	\$54,646	\$29,460,284	\$0.83	1,854
2019-20	685	\$36,914,368	\$53,890	\$42,825,885	\$1.16	3,601
2020-21	498	\$19,694,400	\$39,547	\$18,937,224	\$0.96	1,194
2021-22	398	\$23,935,754	\$60,140	\$15,556,532	\$0.65	997
2022-23	501	\$34,115,121	\$68,094	\$32,116,074	\$0.94	1,768
2023-24	606	\$36,576,179	\$60,357	\$28,589,941	\$0.78	1,836
Total	3,339	\$186,810,261	\$55,948	\$167,485,940	\$0.90	11,250
Average/CF	98	\$5,494,419				331
Annual/CF	16	\$915,737				55

Source: PacifiCan Performance Data

On average, the loans leveraged \$0.90 in funding from other sources for every loan dollar provided by the CFP. The CFs reported the loans created or maintained 11,250 jobs (3.4 jobs per loan).

The CFs also report on the loans by type of client. The data on client type is skewed because it includes data on all loans (including RRRF loans), not just those associated with the CFP. Of the loans, 40% (44% of loan value) were made to new businesses, 57% (51% of loan value) to existing businesses, and 3% (5% of loan value) involved business succession. Excluding the two years RRRF loans were provided, new businesses account for 51% of the loans (49% of the loan value).

The CFP supported delivery of nearly 115,000 business advisory services and training for over 60,000 business participants. The CFs report these services supported the creation, expansion or maintenance of over 13,000 businesses.

Table 6: Delivery of Business Services (2018-19 to 2023-24)

Fiscal Year	Advisory Services	Training Participants	Total	Businesses Created, Maintained & Expanded
2018-2019	20,287	10,856	31,143	1,316
2019-2020	16,059	10,344	26,403	1,330
2020-2021	19,004	10,153	29,157	3,065
2021-2022	20,430	13,746	34,176	2,446
2022-2023	19,723	7,792	27,515	3,082
2023-2024	19,181	8,892	28,073	2,424
Total	114,684	61,783	176,467	13,663
Average/CF	3,373	1,817	5,190	402
Annual/CF	562	303	865	67

Source: PacifiCan Performance Data

PacifiCan representatives and CF network partners highlighted the important role that training, workshops, seminars, mentorship and advisory services play in encouraging entrepreneurship and helping entrepreneurs develop their capabilities and improve business operations. Key topic areas identified by those interviewed and surveyed include financial planning and budgeting, bookkeeping, cash flow management, financial literacy, e-commerce, succession planning, digital literacy, and business strategy. These services can help entrepreneurs navigate complex challenges such as compliance, human resources management, and technological adoption.

4.2 COMMUNITY ECONOMIC DEVELOPMENT

Over the six-year period, CFP supported the development of 572 strategic plans and the implementation of 2,147 community-based projects, involving project investments of over \$70 million and over 2,700 partnerships.

On average, the 34 CFs reported 2.8 strategic plans and 10.5 community-based projects annually as indicated in Table 7. CFs reported annually investing \$56,558 in community-based projects, equal to an investment of \$5,386 per project. For every dollar invested by CFs, \$5.21 was invested from other sources (an average of \$28,008 per project).

Strategic plans play an important role in identifying opportunities and challenges affecting community development, which can then be targeted through community-based projects. On average, the CFs reported that of the 10.5 projects they undertook on average each year, 3.7 of the projects were directly linked to a community strategic plan (whether led by the CFs or not).

CFs reported an annual average of 9.8 partners involved in CED projects and 3.5 partners involving strategic plans. They partner with a range of organizations including municipalities, regional governments, local economic development offices, chambers, industry associations, and others in developing strategies, planning, implementing and managing projects and securing funding.

Table 7: Reported Data on CFP Strategic Plans and CED Projects (2018-19 to 2023-24)

Fiscal Year	Number		Funding for Projects			Projects Linked to Strategic Plans	Partnerships	
	Community Strategic Plans	New Community Based Projects	CF Funding	From Other Sources	Leverage Per CF \$1.00		Strategic Plans	CED Projects
	#	#	\$	\$	\$	#	#	#
2018-19	88	360	\$2,331,422	\$7,496,144	\$3.22	116	64	271
2019-20	92	356	\$1,251,299	\$9,607,501	\$7.68	127	130	327
2020-21	96	456	\$2,709,065	\$12,204,745	\$4.51	127	169	317
2021-22	115	316	\$983,151	\$12,128,585	\$12.34	139	142	301
2022-23	86	339	\$2,055,947	\$10,300,288	\$5.01	136	138	491
2023-24	95	320	\$2,206,933	\$8,396,884	\$3.80	117	79	282
Total	572	2,147	\$11,537,817	\$60,134,147	\$5.21	762	722	1,989
Per CF	16.8	63.1	\$339,347	\$1,768,651	--	22.4	21.2	58.5
Per Year	2.8	10.5	\$56,558	\$294,775	--	3.7	3.5	9.8

Source: PacifiCan Performance Data

According to the key informants, CED and strategic planning are very important in fostering resilient, adaptable communities capable of weathering economic and social change. This can be critical in more rural and remote areas, where economic diversification is limited and the impact of disruptions can be profound.

Community representatives highlighted 45 projects supported by the CFP, rating them highly successful. These initiatives drove economic growth while also supporting broader goals such as affordable housing, employment, and cultural inclusion. Many projects would have been delayed, scaled back, or cancelled in the absence of support from the CFPs.

When asked to rate how successful their project was in achieving their objectives, community representatives provided average ratings ranging from 4.5 to 4.9 depending on the type of project.

Table 8: CFP Projects and Initiatives Reported by Community Representatives

Type of Project	Number of Projects	Average Success (1 - not at all successful to 5 - very successful)
Collaborative Community Projects	10	4.8
Business Advisory and Support Programs	10	4.8
Organizational Strategic Planning	8	4.7
Regional Economic Development Initiatives	7	4.9
Disaster Recovery and Preparedness	4	4.5
Other (e.g., co-working space, medical clinic)	6	4.5
Total	45	4.7

A common focus was supporting businesses through transitional periods, such as the pandemic and environmental challenges, as well as fostering community development through initiatives like affordable housing, employment creation, and cultural diversity. Additionally, projects have enhanced collaboration among service providers, improved business resilience, and increased community engagement and awareness.

The CFs played diverse roles in projects, such as developing, planning and leading initiatives, providing funding and administrative support, securing additional funding, and participating as project partners or on steering committees.

Table 9: Role of the CFs in the CED Project

Themes	#	%
Participated in the consultations	28	62%
Planned/developed the initiative	27	60%
Served as a project partner/on the steering committee or oversight body	27	60%
Led the initiative	23	51%
Provided administrative support	23	51%
Provided funding for the activities or initiatives	20	44%
Provided other in-kind support	18	40%
Secured funding from other sources	18	40%
Other (e.g., collaborated with community stakeholders, informing community of progress and obtaining community feedback)	2	4%
Total Responding	45	100%

According to community representatives, without the support of CFs, projects or initiatives would likely have been reduced in scope (33%), delayed (20%), implemented over a longer time period (9%), or cancelled (25%).

Table 10: Outcomes if CFs did not participate in the project

Themes	#	%
Reduced in scope	18	40%
Cancelled	14	31%
Delayed	11	24%
Implemented over a longer time period	5	11%
Don't know / No response	4	9%
Implemented as planned	1	2%
Other (e.g., lack of support from other CFs, difficulty for businesses to operate)	3	7%
Total Responding	45	100%

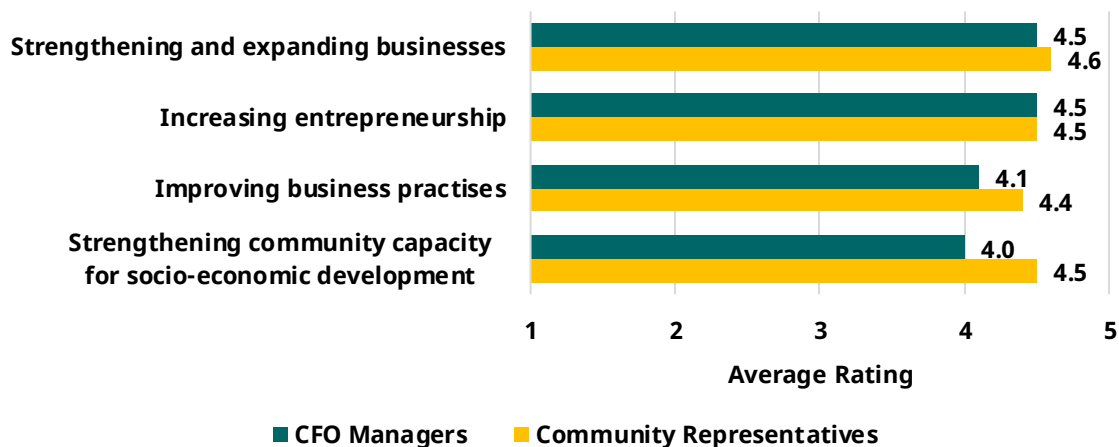
4.3 INTERMEDIATE AND ULTIMATE OUTCOMES

In B.C., the CFP has had a significant impact in terms of improving business practices, increasing entrepreneurship, strengthening and expanding rural businesses, and strengthening community capacity for socio-economic development.

Representatives from the communities and the CF Managers were asked to rate the impact of the CFP in terms of achieving the intermediate objectives outlined in the logic model. As indicated, the impact was rated highest in terms of strengthening and expanding businesses and increasing entrepreneurship and slightly lower in terms of improving business practises and strengthening community capacity for socio-economic development.

Figure 4: Achievement of Intermediate Outcomes

Question: On a scale of 1 to 5, where 1 is no impact at all, 3 is somewhat of an impact and 5 is major impact, please rate how much of an impact the CFP has had in the area you serve in terms of:



Network partners and PacifiCan representatives emphasized that the CFP continues to be a cornerstone of rural entrepreneurial support, particularly for early-stage businesses that struggle to access financing through traditional institutions. CFs are uniquely positioned to meet these needs, offering both flexible loans and comprehensive business development services that can include support in business planning, training, and mentorship. This integrated support model not only helps entrepreneurs get their businesses off the ground but also builds long-term capacity within local economies.

In recent years, CFs have also played an important role in helping businesses transition into the digital economy. Through support in digital marketing, e-commerce, and the adoption of new technologies, they’ve helped clients enhance profitability, expand market reach, and improve competitiveness. This blend of financing and hands-on business support was consistently cited as a defining strength of the program, particularly in rural and remote regions where other supports may be limited or absent.

The community representatives rated the impact of their regional CF highly across a range of attributes related to business development and CED.

Table 11: Achievement of Other Impacts (Community Representatives)

Question: How much of an impact do you believe your local Community Futures organization has had in terms of the following (on a scale of 1 to 5, where 1 is no impact at all, 3 is somewhat of an impact, and 5 is a major impact)?

Focus Area	Average Rating
Business Related Impacts	
Increasing access to capital for small businesses	4.7
Supporting the development of business knowledge and skills	4.6
Increasing the survival and growth rate of local small businesses	4.6
CED and Strategic Planning	
Supporting CED by playing a key role in the development of important CED projects	4.5
Supporting CED by playing a key role in the project implementation	4.5
Contributing to economic stability, growth, and job creation	4.5
Strengthening strategic planning in your community or region	4.2

Analysis conducted by Statistics Canada indicates that businesses in B.C. that receive CFP loans have, on average, higher business survival rates that those which do not.

Statistics Canada prepares an annual report comparing the growth and survival rate of businesses that received CFP loans to a control group of businesses with similar characteristics that did not receive a CFP loan. Round 12 found survival rates for CFP clients in B.C. declined from 87% after one year to 63% after 5 years (compared to a decline of 83% after one year to 47% after 5 years among non-clients).²² After controlling for business characteristics, Round 13 and Round 14 both found CF clients less likely to exit (i.e., more likely to survive).²³ Round 13 found five year survival rates averaged 96.9% among CFP clients versus 89.7% among non-clients. Round 14 found five year survival rates averaged 83.7% among CFP clients versus 81.7% among non-clients.²⁴ Methodological challenges make it difficult to draw reliable conclusions regarding the impact of CFP loans on revenue and employment growth. The national evaluation describes the methodological challenges.

When considering the impact of CFP in building and diversifying economically sustainable communities, it is important to keep in mind the scale of the CFP relative to the size of rural economies.

As an illustration, the number of loans provided by the CFP per year (3,339 over the past six years) is equal to about 0.7% of the number of businesses active in the region served by the CFP (81,897 as noted in Chapter 3). That being said, the CFP has a moderate influence on diversifying the economy

²² Statistics Canada, National Data from Round 12 (unpublished)
²³ Statistics Canada, Evaluation of the Community Futures Business Performance for 2016-2020
²⁴ Statistics Canada, Evaluation of the Community Futures Business Performance for 2017-2021

by providing financing across a range of economic sectors. Relative to the broader population of businesses reported for B.C. in Round 14, businesses financed by the CFP were more likely to be involved in other services, primary production (e.g. agriculture, forestry, and fishing) retail, accommodation and food services, arts entertainment and recreation , and manufacturing and less likely to be in professional, scientific and technical services, construction, or real estate, rental and leasing.

4.4 AD-HOC RESPONSE TO COMMUNITY CRISES

The flexibility of CFs has enabled them to respond to economic conditions and emerging challenges ranging from plant shutdowns to natural disasters and the COVID-19 pandemic.

According to CF managers and network partners, CFs play an important role in assisting communities in responding to emerging crises, whether economic, environmental or health. A key strength is the ability of CFs to quickly implement new initiatives. For example, CFs have mobilized to address challenges related to natural disasters such as fires and floods in their communities. The Rural Resiliency Initiative (RRI) was created within the CFBC to accelerate mobilization of expertise and experience to provide support for businesses in rural communities before, during and after economic disruptions and disasters. The Economic Quick Response & Recovery Team (EQRRT) works with government and other partners to facilitate and coordinate effective economic-focused emergency response and recovery efforts for rural businesses.

PacifiCan provided \$5.5 million under its CEDD program to CFBC for the Disaster Recovery and Economic Adjustment Initiative (DREAI) to help businesses and enterprising not-for-profits that have been impacted by economic downturns in designated regions across rural British Columbia.

PacifiCan representatives and network partners also highlighted the important role that CFs played in administering the RRRF in the areas they serve. The CFs delivered Stream 2 of the RRRF in the communities they served, which provided funding of up to \$40,000 and what was termed as expansion funding which provided some businesses with the opportunity to access further funding of up to \$20,000 (for a maximum of \$60,000). In total, CFs from B.C. delivered \$72.2 million in RRRF funding.

5. PROGRAM DESIGN AND DELIVERY

5.1 PROGRAM STRENGTHS

The program design and delivery model is well established and incorporates key features that contribute to its effectiveness.

Efficiency and effectiveness benefit from the high level of community engagement and local decision-making, the ability of CFs to tailor their services to local needs, experienced leadership, and the extent to which the CFP leverages other resources including the volunteer workers and partners, other sources of operating funding, business investment and funding for CED projects.

Perceived Effectiveness and Efficiency

The community representatives who were surveyed view the primary objectives of the CFP to be supporting entrepreneurial and small business development and facilitating CED. When asked to rate how effective the program has been in achieving these objectives on a scale of 1 to 5, where 5 is very effective, community representatives provided an average rating of 4.7. Both the community representative and CF managers rated the CFP highly in terms of improving business knowledge, skills and business practices, increasing entrepreneurship, and strengthening and expanding businesses as well as supporting CED through projects and strategic planning.

CF managers rated the program design and delivery as efficient, providing an average rating of 4.0 on a scale of 1 to 5, where 1 is not at all efficient and 5 is very efficient. Seventy-one percent rated program efficiency as a 4 or 5. Other key informants who were interviewed, including PacifiCan representatives, ecosystem members, and CF network partners, were also very supportive of the CFP design, highlighting the effectiveness and efficiency of the program model in combining direct support for businesses with planning and support for CED initiatives.

Elements Contributing to Effectiveness and Efficiency

Key elements that contribute to the effectiveness and efficiency of the CFP include:

- **Level of community engagement and local decision-making.** PacifiCan representatives and CF managers emphasized that the CFP's community-driven approach, featuring local governance structures including volunteer boards, is central to its success. This grassroots model enables direct engagement with the communities, builds long-term relationships, and fosters a sense of ownership and collaboration. A combination of in-person outreach and virtual tools enables CFs to build connections and deliver programming in geographically dispersed areas.
- **Flexibility with respect to the services delivered.** CFs work with their communities and partners in establishing local and regional priorities. They then adapt their services to align

with the needs of the communities and businesses. Flexibility is highest with respect to CED with CFs reporting projects in B.C. focused on issues as diverse as nonprofit medical clinics and housing cooperatives.

- **Experienced Leadership.** Most CFs are led by experienced managers, who provide continuity, institutional knowledge and are well-connected with their communities and committed to local economic development. Of the 31 CF managers surveyed, 59% have been with the program for over 10 years and 82% have been involved for at least five years.
- **Leveraging of volunteers.** The program benefits from the broad base of volunteers who serve on CF boards and committees, provide expertise, and connect CFs to partner organizations. An average of 286 people have been involved annually with the CFs in B.C. (averaging eight volunteers per CF), volunteering an average of 35 hours each annually.
- **Leveraging of partnerships.** Strong partnerships were consistently identified as a key success factor by CF managers, who highlighted collaborations with municipalities, educational institutions, chambers of commerce, industry associations, Indigenous communities, and organizations serving marginalized groups. Across the 34 CFs, an average of 332 partners were engaged annually in 677 new or ongoing community-based projects. These partnerships enable the CFP to leverage additional funding, enhance service delivery, and implement shared economic development initiatives.
- **Leveraging of investments.** Nearly \$11.2 million annually in operating funding was provided for the CFP in the two full fiscal-years (2022-23 and 2023-24) following establishment of PacifiCan. In turn, the CFs reported issuing \$35.3 million in loans annually (further leveraged by \$0.86 in businesses investment from other sources for every loan dollar provided) and CED investments totalling \$11.5 million (including funding from other sources). The combined value of CF loans, leveraged business investment and CED investments averaged \$77 million annually, equivalent to about \$6.90 for every dollar in annual operating funding provided by PacifiCan.
- **Leveraging of operating funding.** CFs complement operating funding received from PacifiCan with funding from other sources. On average, CF managers estimated that their organization receives about 72% of their operating funding from the CFP²⁵. Of the 31 CFs surveyed, 87% indicated they received operating funding from other sources such as other federal government programs (e.g., Indigenous Growth Fund, Aboriginal Entrepreneurship Program and Community Services Recovery Fund), the provincial government (e.g., self-employment, rural and regional economic development, WorkBC, digital economy projects, and other initiatives), and trusts and credit unions (e.g., Northern Development Initiative Fund, Economic Trust of the Southern Interior and VanCity Credit Union). Examples include CF North Fraser, which holds a provincial contract through WorkBC to deliver the Self-Employment Program. CF Stó:lō partnered with Vancity to launch a three-year pilot program called *Wealth Mindset*. They also secured funding to hire an Indigenous Business

²⁵ The average level of funding from other sources is likely understated in that one CF known to receive significant funding from other sources did not respond to the CF survey.

Emergency Advisor to support information sharing and community outreach. Urban-proximate CFs often have greater success in accessing additional streams, while more remote offices struggle to do the same (the percent of staff paid from resources outside of PacificCan was lowest in the Vancouver Island/Coast and North regions).

The evaluation found that the ability of CFs to access funding from other sources largely benefits the CFP. The funding allows for hiring of additional staff, creating economies of scale, specialization, and sharing overhead expenses. Funded services are largely complementary (e.g., assistance such as self-employment support, training, Indigenous Financial Institutions (IFIs) loans or CED activities) and enable CFP funding to be used more strategically. While the RRRF and other crisis related programming (e.g. assisting communities in responding to an environmental crisis) may temporarily take away from other activities (e.g. redirect CED activities), such activities are consistent with the broader mandate of supporting rural communities and businesses. While pursuing other funding can absorb a portion of staff time, there was no indication in surveys, interviews or focus groups that this is a major issue.

In addition, CF Managers and network partners noted that program efficiency has benefited from efforts to better manage costs, although there is concern that these efforts may affect negatively operations going forward.²⁶ CF managers and network partners report that CFs faced significant inflationary pressures (e.g. related to operational costs such as wages, insurance, audit fees, rent and other expenses) which incentivized them to pursue cost savings. CF managers reported achieving savings by reducing staffing levels (according to data from CFNC Annual Reports, average staffing per CF in B.C. has declined by 47% since 2011), restricting wage increases,²⁷ and reducing occupancy costs (e.g., finding smaller or less expensive spaces) and overhead expenses. However, some indicated that, as costs increased, they reduced investments in training and professional development, and service delivery (e.g., reducing the level of advisory services, mentoring and site visits for clients) which may negatively impact on effectiveness in the medium-term.

5.2 DIFFERENCES ACROSS CFs

The CFs vary widely in terms of their characteristics and operations, reflecting differences in their priorities as well as characteristics of the regions in which they operate.

To investigate differences, we reviewed performance data across CFs (with a particular focus on 2023-24) and conducted follow-up interviews with eight CFs. Key differences are highlighted below.

Priority Services and Activity Levels

²⁶ These concerns are discussed in Section 5.3

²⁷ Wages are the primary expense for a CF. In January and February of 2022, the CFNC compiled financial statement data from most of the CFs across Canada and found that wages accounted for 66% of expenses. The next highest cost was occupancy expenses at 6% of expenses.

Overall, CF managers in B.C. reported that they place greatest priority on financing SMEs and managing the loan portfolios, followed by providing business information and advisory services to SMEs. Lower priority is placed on leading or supporting CED projects and partnerships, and lowest priority is placed on leading or supporting community strategic planning.

Table 12: Priority Focus Areas for CFs in B.C.

Question: Please indicate which services tend to be a higher priority for your CF (e.g. in terms of the time and resources your organization dedicates to that service), and which tend to be a medium, lower or no priority (i.e. you do not deliver those services)?

Priority Areas	No	Low	Med	High	Average Rating
	0	1	2	3	
Financing SMEs	0%	6%	10%	84%	2.8
Managing the loan portfolio	0%	0%	23%	77%	2.8
Providing business information and services to SMEs	0%	0%	39%	61%	2.6
Leading or supporting CED projects and partnerships	3%	16%	39%	42%	2.2
Leading or supporting community strategic planning	10%	40%	40%	10%	1.5

Source: Survey of CFs in B.C.

In 2023-24, all 34 CFs were involved in providing CFP loans. The level of loan activity and even the nature of those loans varies across regions. For example, CF Cariboo-Chilcotin noted how it adapts to the needs of its clients by setting up different loan products depending on their situations and offering flexibility such as varying repayment schedules. Some differences across CFs includes:

- The average number of loans issued varied by region, being lowest in the north (9.3 annually per CF) and the Lower Mainland (11.0) and highest in the Vancouver Island/Coastal Region (20.8) and Kootenays (20.2). The lower number of loans in the north may reflect challenges associated with serving a large geographic area with a low population density.
- The four Indigenous CFs (which serve as both CFs and IFIs) provided the largest number of loans in total (39.6); however, over two-thirds (26.8) came from sources other than PacifiCan loan funds. However, one CF/IFI accounted for most of the loans provided by Indigenous CFs. The combined CF/IFIs tend to use the CFP to provide lower value loans (an average of \$33,739) while their IFI loan funding provides higher value loans (i.e., \$179,934).

All 34 CFs were also involved in at least one CED project, including 33 that were involved in one or more projects where they played a supporting role (an annual average of 12.3) and 28 that led at least one project (an average of 5.8 annually). CFs in northern B.C. tend to be involved in fewer CED projects (6.2 supported and 1.5 led annually). Emphasis on CED tends to be lower among the CF/IFIs (who also report a higher percentage of staff involved in loans). CED initiatives are tailored

to local needs. For example, CF North Okanagan prioritized workforce development to drive local economic growth and address regional skill gaps. They are also collaborating with a local firm to offer workshops on artificial intelligence, helping businesses better understand and apply these emerging tools. The staff at CF Alberni-Clayoquot have prioritized succession planning for clients.

Size of the Region Served

While some CFs operate in concentrated regional hubs, many CFs operate in large geographic regions encompassing more rural and remote areas with limited infrastructure. This is particularly true for CFs in northern B.C., the central interior and the eastern Kootenays. For example, CF Nadina noted that they serve a population of under 20,000 people located at distances ranging as far as 250 kilometres. Other serve even larger territories. According to the CF managers, CFs in the larger regions work to extend the reach of their services through a mixture of travel, partnerships, and virtual service delivery. Some CFs used to operate satellite offices.

CFs widely use virtual tools (e.g., Zoom, Teams) to reduce travel time and expand service access. Technology has become a mainstay of client engagement, especially since COVID-19, allowing CFs to build connections across dispersed geographies. The extent of digital integration varies based on available resources and comfort levels. Some CFs have fully embraced remote models, including 100% virtual advisory services and CRM systems, while others still prefer to focus on in-person service. CF Howe Sound tries to have a physical presence in their communities, traveling weekly or bi-weekly to communities like Whistler and Pemberton.

Staffing Levels

Overall, the 34 CFs in B.C. reported employing an average of 6.9 staff members in 2023-24, of which 3.4 were supported by PacifiCan core funding and 3.5 were supported by other sources of funding. The number of staff supported by PacifiCan core funding ranged from 2 to 8. The five CFs which serve the highest population regions (i.e. with over 100,000 residents) had fewer staff paid for by CFP funding (2.4 versus 3.7) and in total (4.2 vs 7.3).

Twenty-nine of the 34 CFs have at least one staff member paid from resources beyond PacifiCan core funding. With the exception of one CF, which delivers a range of employment services apart from the CFP, these CFs employ from one to seven employees paid from other sources.

Many CF managers across the network report heavy workloads and high stress levels, driven by community expectations, large service areas, and limited internal capacity. The use of virtual tools has helped increase efficiency but has not solved broader capacity concerns. CFs with larger teams or more external funding tend to have more sustainable workloads and structured approaches to staff well-being. Smaller or more remote offices often depend on a few individuals wearing multiple hats, leading to higher strain and less capacity for strategic growth.

Approval of Large Value Loans

CFs typically provide up to \$150,000 in financial assistance to any single small or medium-sized enterprise (SME) or social enterprise. However, loans exceeding this amount (up to 15% of the CF's investment fund) may be approved under specific conditions (e.g., having formal policies in place and documenting failed efforts to secure co-financing from other lenders). To preserve the integrity of their investment fund and maintain operational capacity, CFs tend to balance smaller loans against larger investments that carry greater risk. Joint or syndicated lending arrangements are encouraged to help mitigate these risks. Any financial assistance over \$150,000 must be approved by the board of directors (not a sub-committee) and the decision must be clearly documented in the signed minutes of the board meeting.

Across the 34 CFs, 8.8% of the loans were for over \$150,000 in 2023-24. Of the 34 CFs, 16 had no high value loans, seven had 1, seven had 2 or 3 loans, and four had 5 or more in 2023-24. The maximum number of high value loans was seven. The percentage of loans that were over \$150,000 was by far the highest in northern B.C. (accounting for 23% of loans reported). CFs serving communities with less than 20,000 residents (likely because of the characteristics of the region) or over 100,000 residents (possibly because of other available sources of business financing) were less likely to have provided the larger loans.

Reliance on Partnerships and Volunteers

Strong emphasis is placed on volunteerism and collaboration with local organizations, including Indigenous communities, chambers of commerce, educational institutions, and nonprofits. CFs view these connections as a key to leveraging resources, reducing duplication, and expanding reach—particularly during crises or in underserved areas.

The scope and intensity of partnerships vary. Some CFs have formalized collaborations for multi-year initiatives, while others engage in more informal or opportunistic partnerships. CFs serving large Indigenous populations tend to prioritize co-designed approaches and culturally responsive programming, seeking deeper engagement with Indigenous governance and economic systems. Reported numbers of volunteers tended to be lower among CF/IFIs and CFs in the Lower Mainland.

Strategic planning and community needs assessments guide most CFs in defining their priorities. Input from board members, community partners, and clients plays a central role in annual planning processes. For example, CF Strathcona has a board of directors consisting of local residents who conduct community needs assessments to determine organizational priorities. However, others have taken a less formal approach, establishing longer-term priorities which may be adapted based on immediate community challenges (e.g., closures, disasters, downturns).

Diversity, Equity, and Inclusion

While diversity, equity, and inclusion are recognized priorities across the Community Futures network, the focus and processes can vary between organizations. Indigenous engagement and women's entrepreneurship are common priorities. The combined CF/IFIs were most likely to report loans to Indigenous people (90%) followed by northern (18%) and central interior (15%) CFs. The percentage of loans provided to women was lower in the north (36%) and among CF/IFIs (25%).

Approaches also vary. While some CFs demonstrate strong engagement with equity-seeking groups, others lack the strategic frameworks, dedicated resources, or staff capacity needed to deliver inclusive services consistently. Some CFs offer dedicated programs (e.g., Indigenous business services, LGBTQ entrepreneurship initiatives), while others provide more informal or ad hoc support. For example, CF North Okanagan partners with the Canadian Mental Health Association (CMHA) to provide mental health training and support, and works with the local Indigenous band to deliver cultural tours and training. The organization also has a formal Diversity and Inclusion Committee that advises management on strategies to enhance inclusivity and promote equity throughout the organization. Variability also exists in staff training and organizational understanding of systemic barriers.

Involvement in the Entrepreneurs with Disabilities Program (EDP) also varies across CFs. The EDP is a centralized support program delivered by CFBC province-wide, that provides training, coaching, and workshops to aspiring and established entrepreneurs with disabilities. The EDP does not administer loan funds directly; rather, once EDP clients complete coaching and are ready for funding, EDP refers them to their local CF for potential financing. The program prepares clients for potential lending through skill-building and business plan development. EDP takes a holistic approach, focusing not just on business development but on the overall well-being of the entrepreneur—addressing financial trauma, mental health, accessibility needs, and systemic barriers. Clients are often on fixed incomes such as Canada Pension Plan or Persons with Disabilities and face challenges like housing insecurity, limited digital access, or stigmatization in the lending system. EDP staff are trained in trauma-informed care, mental health, reconciliation, and inclusive practices. In 2023-24, CFs reported issuing 38 EDP loans totaling nearly \$1.4 million (the average loan was \$36,251) with 25 of the 34 CFs reported having EDP loans outstanding as of the end of the year. Use of the EDP is highest in the central interior and Kootenays. As a percentage of their total loans, CFs located in the Lower Mainland (14%) and Central Interior (12%) were more likely to report making EDP and other loans to persons with disabilities. The four combined CF/IFIs have limited or no involvement in the EDP. The utilization rate for the EDP loans is about 53% (i.e., percent of available EDP funds that are loaned out). When asked about factors that may be constraining greater use of EDP loan funds, CF managers noted the reluctance of some persons with disabilities to self-identify (due to fear of stigma or negative consequences), limited numbers of staff trained on disability inclusion and accessibility, and a perception among some that entrepreneurs with disabilities are higher-risk borrowers. In addition, CFs operate with limited staff capacity, which can make it difficult to serve all clients effectively.

Overview of Similarities and Differences

An overview of some of the similarities and differences across CFs is provided in the table below.

Table 13: Similarities and Differences Across CFs

	Similarities	Differences
Funding Models & Financial Realities	<ul style="list-style-type: none"> CFs report ongoing financial pressure, with operational funding that has not kept pace with inflation. Diversifying funding sources is a shared priority across many offices. 	<ul style="list-style-type: none"> Some CFs rely almost entirely on CFP core funding, while others have secured substantial external contracts Urban-adjacent CFs often have an advantage in accessing diversified funding, whereas remote CFs may have fewer opportunities
Service Offerings & Organizational Priorities	<ul style="list-style-type: none"> All CFs offer lending and business advisory services as part of their core mandate. Entrepreneur training and coaching are commonly used to prepare clients for lending and support business success. There is strong alignment around the importance of CED and strategic responsiveness to local needs. 	<ul style="list-style-type: none"> Some CFs offer broad CED programming, while others narrow their focus due to limited resources such as staffing. The degree of personalization in services (e.g., mental health-informed coaching, support for underrepresented groups) varies depending on internal capacity and staff training.
Geographic & Demographic Contexts	<ul style="list-style-type: none"> All CFs operate in regions with diverse geographic and demographic profiles and ensuring accessibility is a universal concern Physical presence—via community visits, partnership, or rotating workspaces helps build connections and trust. 	<ul style="list-style-type: none"> Service area size varies greatly—some CFs cover 250+ km and dozens of rural communities, while others operate in more concentrated zones. Population demographics (e.g., Indigenous-majority communities vs. mixed urban-rural populations) influence the design and delivery of services.
Partnerships & Collaboration	<ul style="list-style-type: none"> CFs value and rely on collaborations with local organizations (e.g., chambers, Indigenous communities, social service agencies). Partnerships are particularly critical for expanding reach in rural or resource-constrained areas. 	<ul style="list-style-type: none"> The formality and depth of partnerships differ—some have structured, multi-year MOUs while others form ad hoc collaborations. Some CFs are embedded in regionally coordinated networks, while others work more independently.
Use of Technology & Remote Delivery	<ul style="list-style-type: none"> Increasing use of virtual tools (e.g., Zoom, Teams) for client meetings, reduces travel burdens and increases service reach. 	<ul style="list-style-type: none"> Some CFs operate with fully remote delivery models, while others still rely heavily on in-person interaction. Level of digital system integration (e.g., CRMs, loan tracking software) varies significantly by office.
Crisis Response & Community Resilience	<ul style="list-style-type: none"> All CFs play a key role in community crisis response, leveraging local knowledge to support economic recovery during emergencies (e.g., wildfires, floods, economic downturns). Partnerships with organizations like the Red Cross are common in emergency response contexts. 	<ul style="list-style-type: none"> CFs with more staff and funding flexibility often take leadership roles in crisis planning and coordination. Smaller or rural CFs may be limited to direct service delivery during crises due to capacity constraints.

	Similarities	Differences
Equity & Inclusion	<ul style="list-style-type: none"> All CFs recognize the importance of serving equity-deserving groups, including Indigenous entrepreneurs, women, youth, and persons with disabilities. Many offer targeted programming or outreach aimed at improving access. 	<ul style="list-style-type: none"> DEI implementation varies significantly—some CFs have formal committees, training, and policies, while others address inclusion informally or reactively. Dedicated programming (e.g., LGBTQ entrepreneurship, Indigenous loan products) is not consistent across the network.
Strategic Planning & Community Responsiveness	<ul style="list-style-type: none"> Most CFs conduct strategic planning and use community input to guide priorities and service offerings. Many CFs conduct needs assessments or engage boards made up of local entrepreneurs. 	<ul style="list-style-type: none"> Formality and frequency of planning varies—some follow structured annual processes, others pivot based on urgent needs or external events. Community feedback mechanisms range from structured surveys to informal conversations and consultations.
Balancing Workload & Staff Well-Being	<ul style="list-style-type: none"> High workloads and staff stress are common across CFs, driven by limited staffing and large service areas. Virtual delivery tools have helped reduce travel time, but not the overall workload. 	<ul style="list-style-type: none"> CFs with more funding and larger teams report better workload management and stronger internal support systems. Some CFs are able to segment roles across specialized staff; others depend on generalists managing multiple responsibilities.

5.3 CHALLENGES AND OPPORTUNITIES FOR IMPROVEMENT

The CFP in B.C. also faces some significant issues and challenges which represent important potential opportunities for improvement going forward.

The evaluation highlighted opportunities to modernize the CFP to scale service delivery and streamline operations, refine the funding model, strengthen the Minimum Performance Standards (MPS) Model, increase the value of CFP loans outstanding, optimize the number and distribution of CFs, and increase the participation of equity-deserving groups in the program.

Modernizing the CFP to Scale Service Delivery and Streamline Operations

While decentralization benefits the CFP by making it more connected to communities and more responsive to local needs, it also slows the rate of change. In a highly decentralized model, improvements commonly have to be made at the local level (i.e. by 34 independent CFs) rather than made at the system level. CF Managers and community representatives highlighted the need to modernize CF operations in areas such as operating systems, shared resources, and service delivery. CF managers expressed frustrations with legacy loan and client relationship systems that no longer meet the demands of modern service delivery. Potential opportunities for the CFP to further leverage existing and rapidly emerging technologies to deliver advisory services, mentorship, e-learning resources, and virtual training programs training, expand the reach and accessibility of CFP offerings, provide more personalized support to rural businesses, and support CED initiatives. CF managers also recommended the program would benefit from working more collaboratively in the further development of common systems, processes, forms, more

standardized training and training protocols, onboarding materials, marketing and communications materials, and operational documents. There is a need to increase target market awareness of the CFs and their services including financing.

As the rate of technology change accelerates, including anticipated advances related to artificial intelligence, there is concern that the CFP will not be able to keep pace and take full advantage of how technology can improve operations, productivity and service delivery.

Opportunity for Improvement: Support CFBC in working with CFs to develop and implement a modernization strategy for the CFP in B.C.

While some of these improvements can be made at the CF level, many are best undertaken at the network level. As such, CFBC may play an important role in coordinating change and assisting CFs in making improvements. PacifiCan should encourage CFBC by to develop a modernization strategy and implementation plan, which can be submitted as key component of its annual plan and application for funding.

Review and Refine the Funding Model

The operations of the CFs and the CFBC are funded through a dedicated CFP budget envelope through parliamentary appropriation and supplementary funding from other programs, as well as transfers from investment funds.

- In 2022-23 and 2023-24, PacifiCan provided nearly \$11.2 million including \$9.1 million from the budget envelope and \$2.1 million in supplementary funding. On average, each CF received \$299,802 in funding.
- PacifiCan allows CFs to transfer up to 75% of the net growth in their respective investment funds to a normal maximum of \$100,000. The amount transferred increased from \$1.07 million in 2018-19 to \$1.68 million in 2023-24 (about \$49,500 per CF). In 2023-24, 18 of the 34 CF made transfers (an average of about \$93,500 per CF with transfers, adding about 31% to their operating funding for the CFP). The aggregate value of the transfers was equal to about 1.2% of the investment funds. For 2024-25, there was a continuing increase in both the number of CFs requesting transfers and the aggregate value of the requested transfers, indicating an increasing reliance on investment fund transfers.

The most common recommendations to improve the program were to increase the level of funding available for operations (cited by 48% of CF managers in an open-ended question) and support an increase in staff and staff retention (35%). CF managers and network partners indicated that increased funding would enable them to better address their ongoing human resource challenges as well as sustain and expand their CED activities and services for SMEs, better market their business and CED services, and invest in newer technology. Particularly in rural and remote areas,

CFs report struggling to compete for talent due to cost-of-living pressures, the smaller pools of talent, competition from other employers and limited resources for competitive salaries or benefits.

Opportunity for Improvement: Review and refine the program funding model, as needed, to ensure sustainability, effectively balancing the three sources of funding and incentivizing improvements in operations

PacifiCan is currently working with CFBC to develop a joint approach to support the ongoing operating sustainability of the CF network in B.C. The challenge is to develop a funding model that effectively balances the three sources of funding (base, supplementary, and investment transfers), is sustainable, and will incentivize improvements in the operations in individual CFs and across the network.

The model should take into consideration:

- The funding requirements of the CFs (including a potential performance-based compensation system should it be introduced). The need for increases in direct CF funding could be offset by network-wide system improvements (which could improve productivity and reduce costs at the CF level) and through increasing reliance on investment fund transfers.
- Investments that will be required at the network level to support system modernization and improvement. The evaluation outlines opportunities to upgrade systems software, further incorporate technology into loan processing, extend the reach and impact of business services, incorporate AI and other technology into CED planning and projects, and broaden and deepen use of shared services, resources, tools and systems. As part of this process, the program would also benefit from reviewing options to better assess and support improvements in the performance of underperforming CFs.
- The potential to increase reliance on investment fund transfers. The 34 CFs provided \$88.6 million in RRRF funding to small businesses in their communities, of which \$57.8 million is projected to be recovered. The recovered funding is being added to the investment funds maintained by CFs and CFBC (for use in line with the Terms & Conditions of the CFP), which would support increased utilization of the interest earned for operating funding.

Strengthening the Minimum Performance Standards (MPS) Model

While key informants are generally very supportive of the CFs, it is also true that all three groups (PacifiCan representatives, network partners, and CF managers) indicated that there are CFs that are underperforming in terms of level of activity (e.g. number of loans and CED projects) connection to the community, and effectiveness. CFs with strong managers and boards tend to be well-connected to their communities, actively promoting their programs and services, successful in deploying their available investment fund capital, and driving community economic development. Less effective CFs tend to be less active, more reactive rather than proactive, experiencing higher staff

and board turnover, and less visible in their communities. Leadership capacity was seen as a key factor determining whether CFs can earn community trust, maintain high standards, and adapt to emerging challenges. Performance can be impacted by challenges that CFs, particularly in smaller and more remote communities, face in recruiting, onboarding, and training CF managers and board members. While difficult to achieve in some communities, some key informants highlighted the importance of diversity in decision-making bodies and boards, driving modernization, and better enabling CFs to reach out to diverse groups.

Performance standards, particularly when backed by meaningful incentives and support for improving performance, could be a very effective mechanism to encourage CFs to focus on the strategic directions, services and priority areas considered most important by PacifiCan. PacifiCan administers a Minimum Performance Standards (MPS) Model, which establishes minimum targets for different groupings of CFs across a range of performance indicators. The 34 CFs are categorized into one of the three groups based on factors including population of the region, location (e.g. proximity to urban centres)²⁸, and economic opportunity (considering unemployment rates, employment levels, and after tax income). Group 1 has the most favorable conditions in terms of ease of conducting business and Group 3 has the least favorable. The following table summarizes the targets for each group, the average results per CF reported for 2023-24, and the percentage of CFs that met their targets. As indicated, most CFs achieve the minimum targets and, on average, well exceeded the targets particularly with respect to new community-based projects and loan values.

²⁸ The CFs are divided into five segments: Urban Adjacent – CF Office is within 50km of one of the major metropolitan areas (Victoria or Vancouver); Intermediate – CF Territory contains a city with population greater than 40,000, Rural – CF office is within 100km or less of a city with population greater than 40,000; Aboriginal Exclusive – CFs that are exclusively Aboriginal; and Other – All other CFs).

Table 14: CF Performance Against the Minimum Standards, 2023-24

Performance Indicator and Reference Number	Annual MPS Values		
	Group 1 (6 CFs)	Group 2 (19 CFs)	Group 3 (9 CFs)
Performance Standard			
Number of new community-based projects (Total)	2	2	2
Number of business training session participants	400	400	300
Number of business advisory services	12	8	6
Value of loans	\$600,000	\$400,000	\$200,000
Average Reported			
Number of new community-based projects (Total)	7.2	9.3	11.2
Number of business training session participants	531.7	502.6	361.7
Number of business advisory services	12.8	18.5	10.7
Value of loans	\$821,757	\$1,030,582	\$494,153
Percent of CFs Achieving Standard, 2023-24			
Number of new community-based projects (Total)	100%	79%	89%
Number of business training session participants	100%	100%	89%
Number of business advisory services	67%	100%	78%
Value of loans	100%	100%	78%

In their annual reports, CFs that missed their minimum targets attributed that to a mix of factors including macroeconomic conditions (e.g. high interest rates which discouraged borrowing), external disruptions (e.g. a major wildfire caused road closures, economic disruptions, and shift in focus from standard CFP services to emergency support and recovery efforts), entrepreneur caution (e.g., economic uncertainty and inflation increase business risk as perceived by the entrepreneurs) and staffing constraints within the CF.

Opportunity for Improvement: Strengthen the Minimum Performance Standards (MPS) Model.

The MPS model for the CFP in B.C. has not been updated in over two decades and the follow-up interviews with CF managers and other research suggest that the existing MPS Model in B.C. has little impact in terms of incentivizing improvements in performance. Concerns expressed regarding the model include:

- **For many CFs, the targets are too easily achieved and do not provide an incentive for improvement.** For most CFs, the minimum standards are perceived more as baseline administrative thresholds than operational drivers (although some other CFs appreciated the stability and consistency MPS offer, particularly for small offices managing lean teams). A few CFs set their own internal KPIs to exceed MPS and maintain a higher

standard of service. To be an effective incentive for improvement, indicators need to be ambitious (often increasing over time) but realistic for the CFs.

- **When targets are not achieved, there is not a meaningful consequence.** Some CFs are consistently not meeting certain targets. Unlike the Community Futures of Tomorrow (CFoT) Model in Atlantic Canada, there are no financial incentives related to achievement of the standards. An expectation in the original design of the MPS was that CFs missing the standard would outline a strategy for improving performance; however, there does not appear to be much follow-up to confirm that action is taken or support for the CF in making those changes.
- **Selection of the targets.** Targets communicate not only expectations but also what indicators are most important to the funder. In addition to being attached to a performance-based funding model, one of the strengths of the CFoT model is that it focuses on two key indicators. This approach clearly communicates that these are two variables that are very important to ACOA and most relevant to attach to compensation. It is not clear that the number of new community-based projects or the combined number of business training session participants and business advisory services are reliable and effective indicators of performance.

The MPS should be reviewed to ensure that the standards are meaningful and to emphasize the importance of the standards (e.g. by attaching funding or requiring action to improve performance)

Increase Utilization of the Investment Funds

The active loan percentage in B.C. (percent of available investment funds that have been loaned out) declined from 68% in 2018-19 to 58% in 2022-23 before increasing to 63% in 2023-24. Across Canada, the comparable percentage ranged from 52% to 93%. Increasing the value of loans outstanding could significantly increase the economic impact of the CFP per operating dollar contributed by PacifiCan.

Opportunity for Improvement: Review options to increase the value of CFP loans outstanding.

Three possible strategies that could be considered to incentivize increased loan activity include:

- **Increase awareness of the program.** According to some CF managers and CF network partners, a factor impacting loan applications has been a gradual decline in awareness of the CFP, reflecting low levels of program promotion undertaken in recent years. Client acquisition relies largely on word-of-mouth referrals and occasional earned media. Key informants emphasized the importance of increasing the visibility of the CFP through coordinated marketing strategies. Investments in digital advertising, social media engagement, and outreach campaigns would raise awareness among potential clients,

community partners, and funder. Awareness could also benefit from the adoption of a more common branding including a common logo.

- **Introducing a performance-based incentive model linked to loan activity would be one strategy to increase the level of loan activity.** Possible options include providing additional funding to CF that exceed their targets (which could be increased over time) and expand their ability to transfer interest from the investment fund.
- **Raise the loan maximum from the existing \$150,000 lending limit, established in 2010** (\$150,000 in 2010 is equal to \$211,000 today, when adjusted by the Consumer Price Index). The lending limit is widely viewed by the CF managers and network partners as outdated and insufficient, particularly in light of inflation and the rising cost of starting or expanding a business. While the limit has not officially been raised, PacifiCan does provide the CFs with considerable flexibility regarding loan limits subject to certain conditions. An increase in the limit may allow the CFs to more aggressively promote the larger loans, which could drive an increase in demand.

While raising the loan limit increases the potential that the CFP competes for loans against financial institutions, the opinion of most key informants is that the risk is low given that banks target more established businesses with larger loans and are commonly pulling back from communities served by the CFP. Confirmation that the loan applicant was declined by a financial institution could be important in demonstrating that there is no overlap.

Optimize the Number and Distribution of CFs

PacifiCan representatives, Community Futures network partners and CF managers discussed the potential benefits of reducing the number of CFs. Adjusting the number and distribution of CFs has the potential to free up funding that can be shared across CFs or used for system improvements. It could better balance the supply of services with local needs and demand, and facilitate greater economies of scale in operations. Although there was no consensus, key informants discussed the potential to:

- **Exclude high population areas.** Some key informants argued that there are communities that have outgrown the intention of the CFP. CFs were not normally established in CMAs, which Statistics Canada defined as municipalities with over 100,000 residents. There has been no requirement for the CFP to stop funding CFs whose population grew beyond that or to adjust regional boundaries served by a CFO to reduce the population served (by excluding certain areas). The results of the evaluation indicate that about 39% of the population served by the CFP in B.C. reside in areas with over 100,000 residents and that the need for the CFP tends to decline as the size of population community increases. Others argued that CFs in larger communities have a valuable impact and that needs can vary widely regardless of community size. Five municipalities in B.C. are served by the CFP and

have a population of more than 100,000; 4 of the 34 CFs have at least one community with a population of over 100,000.

- **Encourage amalgamation.** Potential areas for amalgamation were identified as remote areas where there may not be sufficient demand to adequately support an office as well as areas where CFs are located in close proximity (raising the question whether more than one is needed to serve an area). CFs are permitted to consolidate. That has not occurred, in part because there has not been much incentive encouraging amalgamation. Under existing Terms and Conditions, there is a maximum on operating funding per CFO that can be provided. Therefore, two or more offices that combined could be giving up a considerable portion of their combined operating funding. There are also other disincentives which would need to be overcome. Each CFO board may have reservations regarding whether their community will be adequately served, how the merged CFO will maintain a presence in their community, and how consolidation may disrupt well-established community relationships.

Opportunity for Improvement: Examine the benefits and, if warranted, develop a strategy or plan to optimize the number and distribution of CFs in B.C.

PacifiCan could consider:

- **Conducting a review of the benefits** of further focusing the program by optimizing the number and distribution of CFs in the B.C.
- Where warranted, **developing an optimization strategy and plan.**
- **Reducing financial barriers to consolidation** (which may require changes to the Terms and Conditions regarding maximum operating funding per CFO) and exploring strategies through which consolidated CFs can effectively provide service throughout their expanded region.

Increase Participation of Equity Groups

Data from the latest Statistics Canada analysis (Round 14) indicates that the proportion of CFP loan clients in B.C. who are women, Indigenous and youth is broadly similar to that of comparison group of business owners. More extensive data on CFP loan clients compiled by PacifiCan suggests that equity group participation in the CFP loan program is greater than that reported by Statistics Canada.

However, the data also indicates that the percent of CFP loan clients and overall CFP clients who are women, Indigenous, youth, and persons with disabilities has remained relatively constant as a percent of those served. While some CFs are working to improve their engagement with equity-deserving groups, stakeholders emphasized that the application of diversity, equity, and inclusion (DEI) practices remains uneven across the network. Some organizations lack strategic DEI frameworks, staff training, or targeted programming, leading to a reactive rather than proactive approach. Groups such as women, youth, Indigenous entrepreneurs, and persons with disabilities

remain underserved in some areas due to stigma, program design limitations, and barriers to access—including reluctance to self-identify or a lack of suitable financial products.

Opportunity for Improvement: Examine options and develop a strategy to increase the participation of key target groups in the CFP.

CF managers, PacifiCan representatives, and network partners indicated more could be done to reach out to these equity-deserving groups such as:

- **Establishing targets as part of the revised MPS.** This would reinforce the importance of equity participation and increase accountability.
- **Promoting the program more aggressively to the target groups.** Strategies that have been used by some CFs include undertaking targeted marketing and outreach to underrepresented groups (e.g. utilizing newsletters, social media, websites and traditional media outlets for outreach), engaging in awareness building projects and events, and working with local municipalities, Indigenous communities, and various community organizations and resource groups to encourage referrals
- **Recruiting more board and staff members representing these groups,** and introducing tailored services such as peer mentorships. Several CFs noted that further training in areas such as disability, trauma-informed care, reconciliation, inclusion and accessibility could help to improve the reach and quality of service provided.
- **Adapting programs and processes to better reflect the unique needs of various demographic groups.** Examples include adjusting client intake procedures to accommodate diverse clients, offering materials, resources, or services in multiple languages, and taking a flexible approach to meet clients where they are.
- **Expanding access to staff training and policies** (e.g. establishing diversity committees, undertaking accessibility upgrades, investing in professional development such as GBA+ training and The Four Seasons of Reconciliation certification, participating in DEI training and seminars, developing policies, and incorporating DEI objectives into their strategic planning). These initiatives reflect a broader cultural shift toward embedding inclusion within organizational norms and leadership development.