



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada

Evaluation of the Western Diversification Program (WDP)

**WESTERN ECONOMIC DIVERSIFICATION CANADA
Audit, Evaluation & Disclosure Branch
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Appendices are provided in a separate document as follows:

- APPENDIX A:** Sub-Program Descriptions
- APPENDIX B:** Evaluation Framework
- APPENDIX C:** Crosswalk WDP Terms and Conditions to Program Activity Architecture (PAA)
- APPENDIX D:** Case Study Reports
- APPENDIX E:** Blue Ribbon Panel
- APPENDIX F:** Background on western Canada's resource dependence

ACRONYMS AND SHORT FORMS

Alphabetical by Acronym/Short Form

| | |
|---------------|--|
| AB | <i>Alberta</i> |
| ASC | <i>Alberta-Saskatchewan Centenaries</i> |
| BC | <i>British Columbia</i> |
| CCS | <i>Canada Celebrates Saskatchewan</i> |
| CFI | <i>Canadian Foundation for Innovation</i> |
| DDR | <i>Due Diligence Report</i> |
| EDP | <i>Entrepreneurs with Disabilities Program</i> |
| FJST | <i>First Jobs in Science and Technology</i> |
| GDP | <i>Gross Domestic Product</i> |
| ITPP | <i>International Trade Personnel Program</i> |
| OECD | <i>Organizations for Economic Cooperation and Development</i> |
| OLMC | <i>Official Language Minority Community</i> |
| PAA | <i>Program Activity Architecture</i> |
| PAR | <i>Project Approval Record</i> |
| RDAs | <i>Regional Development Agencies</i> |
| RFP | <i>Request For Proposals</i> |
| SK | <i>Saskatchewan</i> |
| SMEs | <i>Small and Medium Entrepreneurs</i> |
| UDAs | <i>Urban Development Agreements</i> |
| URL | <i>Uniform Resource Locator</i> |
| WD | <i>Western Economic Diversification Canada</i> |
| WDP | <i>Western Diversification Program</i> |
| WEI | <i>Women's Enterprise Initiative</i> |
| WEPA's | <i>Western Economic Partnership Agreements</i> |

EXECUTIVE SUMMARY

The Western Diversification Program (WDP) is Western Economic Diversification Canada's major program. The WDP provides support to projects that develop and diversify the Western Canadian economy. The WDP works to make strategic investments designed to enhance and strengthen the economy in Western Canada. This program also creates economic and/or employment benefits within Western Canada. The goals of the WDP include the following:

- Strengthened innovation that connects research strengths with industry commercialization;
- A competitive and expanded business sector;
- Increased economic activity that improves viability, prosperity, and quality of life;
- Improved business climate; and
- Economic research in innovation, entrepreneurship, and sustainable communities.

The WDP was last evaluated in 2003. The current evaluation is being conducted in accordance with the requirement in the 2003 WDP renewal that the department completes an evaluation of the WDP before the expiry of the program in July 2009. The scope of the current evaluation covers the period from 2003 to 2007. During the time period being covered by this evaluation, the department expended over \$390 million under the WDP.

The evaluation methodology integrates the use of multiple lines of evidence and complementary quantitative and qualitative research methods. This methodology is a means to ensure the reliability of results being reported and the validity of information and data collected. The research methods included: 1) literature and document review; 2) administrative data review; 3) file review; 4) key informant interviews; 5) funding recipient survey; 6) case studies; and 7) focus groups.

The evaluation focused on four main areas: relevance, success, cost-effectiveness, and design and delivery. Limitations in the data collection impacted on the ability of the evaluation to adequately address cost-effectiveness and to some extent the longer-term success of the program.

Relevance

To what extent does the Western Diversification Program remain a relevant program to impact economic diversification and development in Western Canada?

The WDP aligns with Western Canada's current economic development and diversification needs. This conclusion is supported by the literature/document review and key informant interviews. The WDP is seen as a necessary tool, given the current circumstances of the western economic community. Few gaps were identified in the program model, and the program is viewed as responsive to changing economic needs.

Key informants were of the opinion that the WDP model possesses the flexibility to respond to change. In addition, key informants cited the WDP's ability to change when needed as a mechanism to reassess program gaps and/or program modifications.

Under the broader WDP terms and conditions, the department uses a variety of sub-components and agreements to achieve the objectives of the program. These sub-components respond appropriately to specific needs while reflecting the overall objectives of the WDP.

There are several other economic development programs in Western Canada. However, these programs tend to focus on only one or two aspects of economic development and diversification activities that are localised, while the WDP focuses on a broader range of economic impacts that covers all of western Canada. The WDP was seen to complement, rather than duplicate, these other programs.

All stakeholders agreed that a further rationale for a continued role for the federal government was the need to decrease reliance on natural resources and to diversify even those provincial economies that are currently experiencing strong growth. The majority of the stakeholders were confident that the federal government's current role and responsibilities with respect to economic development were appropriate, although they did provide suggestions for clarifying, expanding, or reducing the role.

The report includes one recommendation related to relevance:

The department needs to maintain the current flexibility within the WDP in future design and delivery of the program.

Success

Have the WDP demonstrated that planned results have been achieved as expected for the project funding?

Data analysed from the recipient survey, case studies, and key informant interviews demonstrate that WDP achieved results in each of the department's strategic outcomes. Key informants mentioned a wide range of impacts resulting from the WDP to date. Importantly, most key informants felt that project outcomes could be attributed to the WDP given that the projects could not have gone forward without funding and other support services from the program and its staff.

Strategic Outcome: Policy, Advocacy and Coordination

Results from the file review indicated that economic research projects undertaken within the WDP resulted in increased awareness and understanding of Western issues. Some of the results were used in key departmental policy decisions. Case study respondents spoke positively about the WDP leading to awareness and dialogue about Western issues.

Findings indicated that work in this strategic area resulted in improved coordination of federal economic activities in the west. In the opinion of key informants, awareness and understanding of western issues can be attributed to the work of the department, including relationship, advocacy, and capacity building. Most key informants expressed the opinion that the department has played a substantial role in increased dialogue within federal departments, between the federal and provincial levels of government, and between the federal government and local communities.

Strategic Outcome: Community Economic Development

This strategic area accounted for the majority of activities undertaken by the WDP during the period under evaluation. Funding recipients agree that they have engaged in activities that impact community planning, community economic development and economic adjustment. The administrative data shows more than 1,500 WDP projects targeted this area during the evaluation period. The results of the evaluation support that WDP-funded programs contribute to community planning, economic development and adjustment to mitigate economic crisis.

The file review and the administrative data demonstrated results from projects within this strategic outcome. Examples of results include:

- Enhanced community services;
- Increased capacity in community organizations;
- Increased training to individuals; and
- Developed community partnerships.

Key informants generally agreed that community economic development has been well addressed in the WDP model. Ways in which the model was said to have addressed community economic development was through some of the multi-party agreements as well as other work in rural areas and with Aboriginal communities.

It was suggested that some communities simply cannot be made sustainable through these sorts of programs, and that infrastructure is often more important for some smaller communities.

Strategic Outcome: Entrepreneurship and Innovation

Entrepreneurship accounted for a little over a quarter of the expenditures and projects. Both job and business creation is occurring in WDP-funded projects, although potentially at a higher rate than the administrative data supports.

Funded projects indicated the achievement of successful partnerships and strategic linkages, which all stakeholders believe support entrepreneurship. To many informants, partnership development was noted to be a core aspect of economic diversification. By promoting partnerships, the program was said to improve knowledge transfer, create new investment opportunities, and increase collaboration between sectors and levels of government. Successful partnerships were mentioned to have been brokered between provincial governments and the private sector, with Chambers of Commerce, and with various members of the business community.

The following entrepreneurship results were evident:

- Jobs created or maintained; and
- Businesses created, maintained, or expanded.

Innovation was a strong undertaking in both the expenditures and projects completed. Evidence from the evaluation indicates technology has been a key area of recent

investment with such activities as: training; science and technology programs; involvement in building research centres; and technology commercialization and adoption work.

Key informants expressed the opinion that the WDP has a strong focus and a long-term interest in innovation, and that results in the area of innovation have already been demonstrated. These results include partnerships with universities, and work in the fields of life sciences, fuel cells, nanotechnology, health, environment, and wireless technologies. This success is attributed to strengths of the WDP model, which allow for the flexibility to support infrastructure and support services aimed at innovation, strong work with not-for-profits and other organizations, and core funding for technology linkages.

By funding research and development, the program was said to provide innovative approaches to traditional ways of doing business. Research and development was also said to support new technologies, improve the role for post-secondary institutions in government programs, develop new products, and improve collaboration with local industry and researchers. WDP funding was considered to be especially important in the development of the life sciences cluster.

The report includes three recommendations related to success:

The department should improve performance measurement processes to capture linkages between strategic outcomes and program activities.

The department should develop a system to follow-up on projects after WDP funding ends to track long-term benefits.

The department should continue to use the WDP to strengthen existing and develop new partnerships.

Cost-Effectiveness

Does the WDP remain a cost-effective approach to economic diversification and development in Western Canada?

For every dollar spent under the WDP, a further \$1.82 is leveraged from project partners (for certain sub-components). In total, 417 partners contributed matching funds to projects by the WDP from 2002 to 2007. It is important to note that not all sub-components are required to leverage funds while some have leveraging built into the agreements.

Funding relationships mostly included partnerships with other levels of government, with the majority of funding organizations located in the provincial government. Funding recipients have a number of partners (some projects with multiple partnerships) and, for the most part, these partnerships are not first time relationships.

Opinions expressed by stakeholders indicate that WDP provides value for tax dollars. Direct and indirect benefits from the WDP in areas, such as bringing products to commercialization, reflect the value Canadians derive from the WDP. It was not possible to estimate the full extent to which program delivery reflects “value for money” due to the lack of similar programs for comparison.

Design and Delivery

Does the design and delivery of the WDP program remain appropriate?

Overall, the program design and delivery does remain appropriate. However, some modifications to the current design and delivery were suggested.

Survey recipients and key informants involved in projects reported that departmental staff provided useful consulting, counselling and advice. Information on the WDP and the approval process was easily accessible and program officers were available to answer questions and provide helpful information about the monitoring and payment process. Funding recipients agreed that reporting time and effort was reasonable. Suggestions for improvements primarily dealt with monitoring and measuring success, and included a focus on clarity and streamlining of the approval and reporting process and creating a better awareness of the program.

The department has created an effective management structure for the various sub-components and sub-agreements, but stakeholders see room for improvement. The WDP has a risk management structure that works to ensure accountability and achievement of goals and outcomes, while at the same time supporting the work of partners and networks.

Key informants expressed the view that the biggest single gap in reporting mechanisms is the tracking of long-term impacts of the WDP's investment. Information pertaining to in-kind contributions was not always identified from the files. The evaluation showed that long-term results of projects are generally not tracked after WDP funding ends. The program needs a system to track long-term results.

On improvements to the reporting system, key informants provided the following suggestions:

- Build capacity, especially in smaller organizations to enhance reporting requirements.
- Provide clarity on reporting requirements especially on outcomes and indicators.

The report includes two recommendations related to design and delivery:

The department should improve the monitoring process to ensure that client reporting demonstrates results achieved against project indicators.

The department should improve databases to ensure that all pertinent information is collected and updated.

SECTION 1: INTRODUCTION

1.1 Acknowledgements

Western Economic Diversification (WD) Canada would like to thank all of the key informants, focus group interviewees, case study participants, and survey respondents who generously gave of their time and knowledge to take part in the *Western Diversification Program (WDP) Summative Evaluation* research project. Without their participation and their insights, this report would not have been possible. WD also acknowledges the work done by R.A. Malatest & Associates in some of the data collection and completing the initial draft of the report.

1.1.1 *Western Economic Diversification Canada*

Because Western Canada is such a unique region, the economic priorities and issues distinctive to this region must be taken into account at the national level. WD was designed to allow the national government to address the unique needs of Western Canada and ensure that the region receives the recognition and resources it needs in order to garner continuing success.¹

More specifically, WD's mandate is to promote the development and diversification of Western Canada's economy and to advance the interests of the West in national economic policy.² WD was established in 1987 to help broaden the economic base of the four western provinces: British Columbia, Alberta, Saskatchewan, and Manitoba.³ This work is being achieved primarily through grants and contributions programs, as well as through collaboration with the private sector, government, academic, financial institutions, and research centers.

By targeting three inter-related strategic priorities - innovation, entrepreneurship, and community economic development - WD aims to improve economic competitiveness in the west, and thereby the quality of life of citizens in the region.⁴

1.1.2 *Western Diversification Program*

As WD's major program, the Western Diversification Program (WDP) provides support to projects that develop and diversify the Western Canadian economy. The WDP works to make strategic investments designed to enhance and strengthen the economy in Western Canada.⁵ These programs may also create economic and/or employment benefits, mostly within Western Canada. The goals of the WDP include the following:

- Strengthened innovation that connects research strengths with industry commercialization;
- A competitive and expanded business sector;

¹ Western Economic Diversification Canada, (2005), Working with the West.

<http://www.wd.gc.ca/eng/9004.asp>

² Western Economic Diversification Canada, (n.d.), What We Do. <http://www.wd.gc.ca/eng/245.asp>

³ Western Economic Diversification Canada, (n.d.), Investments in the West. <http://www.wd.gc.ca/eng/45.asp>

⁴ Western Economic Diversification Canada, (n.d.), What We Do. <http://www.wd.gc.ca/eng/245.asp>

⁵ Western Economic Diversification Canada (n.d.) Western Diversification Program <http://www.wd.gc.ca/eng/301.asp>

- Increased economic activity that improves viability, prosperity, and quality of life;
- Improved business climate; and
- Economic research in innovation, entrepreneurship, and sustainable communities.⁶

The WDP supports a variety of activities including the following:

- Research and development leading to commercialization;
- Community innovation and capacity building;
- Cross-industry collaboration;
- Participation in domestic and international markets;
- Improving business productivity;
- Community adjustments to economic changes; and
- Investment in skills, knowledge, and competencies development to support WD's strategic objectives.⁷

The WDP encompasses several sub-components. The most notable of these are cost-shared agreements. The Western Economic Partnership Agreements (WEPAs) are agreements between the federal and provincial governments, whereby project expenditures are divided equally. The Urban Development Agreements (UDAs), in Saskatoon, Regina, Vancouver, and Winnipeg, are agreements with the federal, provincial, and municipal governments to undertake projects at a community-based level. Another important agreement was the Saskatchewan Northern Development Agreement. The WDP is also involved in several sub-components that involve smaller-scope projects, such as Conference Support and Canada Foundation for Innovation Support Program. For detailed descriptions of the sub-components, see Appendix A.

This report provides a summative evaluation of the WDP. The evaluation covered the period June 14, 2003 to March 31, 2007. Within this period, the total number of WDP projects was 3,484 and total expenditures were \$390,256,480.

The WDP administrative data showed that the regional distribution of projects from 2002 to 2007 ranged from a high of 40.3% in British Columbia to a low of 10.7% in Manitoba (Table 1-1). It is important to note that the high number of projects undertaken in BC reflects the large number of conference support projects and the greater population base in the province. The high number of projects in Saskatchewan reflects the high number of centenary projects undertaken in the region.

⁶ Western Economic Diversification Canada (n.d.) Western Diversification Program. Retrieved April 20, 2007 from <http://www.wd.gc.ca/eng/301.asp>

⁷ Ibid.

Table 1-1
Distribution of Projects by Region

| Region | Percentage of Projects by Region | Expenditures by Region |
|--|---|-------------------------------|
| British Columbia | 40.3% | \$135,458,642 |
| Saskatchewan (high number of centenary projects) | 30.3% | \$78,793,013 |
| Alberta | 18.7% | \$103,869,163 |
| Manitoba | 10.7% | \$72,135,662 |
| Total | 100.0% | \$390,256,480 |

n=3,484. Reference: Administrative Data

1.1.3 WDP Terms and Conditions

According to the WDP Terms and Conditions, the objective of the program is to promote economic development and diversification in, and advance the interests of, Western Canada.⁸ The expected results of the funding for this program are as follows:

- To strengthen the Western Canadian innovation system;
- To improve and expand the business sector and business climate, and increase competitiveness of that sector;
- To improve viability in Western Canadian communities; and
- To undertake economic research in innovation, entrepreneurship, and sustainable communities.

Contributions can be made to several organizations, including non-profit organizations, educational institutions, and other government departments (federal, provincial, and municipal). A wide range of costs can be covered by WDP funding, including operational costs, equipment acquisition, and personnel costs. Eligible activities include those related to community economic development and innovation and technology, as well as to business-related activities. All activities should in some way be aimed at developing and diversifying the Western Canadian economy. Funding may be allocated, based on need, on a payable or non-repayable basis, and can take the form of grants or contributions.

1.2 Evaluation Mandate

The WDP was evaluated in 2003, pursuant to the Treasury Board of Canada's decision in January 2002 to renew the WDP's terms and conditions. That evaluation addressed the issues of relevance, success, and effectiveness.

The current evaluation is being conducted in accordance with the stipulation outlined in the 2003 WDP renewal that the department completes an evaluation of the WDP before the expiry of the program in July 2009. The terms and conditions identify the following outcomes of the WDP to be addressed in the evaluation: innovation, entrepreneurship, community economic development, and economic research.

⁸Western Economic Diversification Canada Western Diversification Program Terms and Conditions.

The objective of this evaluation is to examine the relevance, success, cost-effectiveness, and design & delivery of the WDP in order to report on the impacts of the program and to provide recommendations for its future design.

1.3 Organization of this Report

The report is organized as follows:

Executive Summary

Section 1: Introduction

Section 2: Methodology

Section 3: Relevance

Section 4: Success

- Strategic Outcome: Policy, Advocacy, and Coordination
- Strategic Outcome: Community Economic Development
- Strategic Outcome: Entrepreneurship and Innovation
- Unintended Impacts

Section 5: Cost-Effectiveness

Section 6: Design and Delivery

Section 7: Recommendations

SECTION 2: METHODOLOGY

2.1 Scope of Work

This summative evaluation of the WDP included a wide range of data collection methods, each of which are further detailed below. Please note that any category represented in the tables throughout the document with a percent less than three has been combined into an “other response less than 3%” category (with some noted exceptions).

The objectives of the evaluation and the core evaluation issues are presented in Table 2-1. The evaluation framework is presented in Appendix B.

Table 2-1
Core Evaluation Issues

| Objectives | Evaluation Questions |
|---------------------|---|
| Relevance | <p>Do Western Canada's current economic development and diversification needs align with those defined in the WDP 2003 Terms and Conditions?</p> <p>Was the WDP complementary, or did it overlap or duplicate other economic development programs?</p> <p>Do WDP sub-programs respond appropriately to the needs identified in the sub-program's terms of reference, funding agreement, and/or approval authority?</p> <p>Do project assessments demonstrate consideration of appropriate levels of project funding in compliance with the Treasury Board Policy on Transfer Payments?</p> <p>Is there a legitimate and necessary role for government in this program area?</p> <p>Does the WDP model reflect federal and provincial priorities related to western economic diversification and development?</p> <p>Does the WDP reflect the needs of the western economic community?</p> |
| Success | <p>Has WDP contributed to improved coordination of federal economic activities and programs in the west?</p> <p>Has WDP improved understanding and awareness of western issues, including increased access to and participation in federal programs?</p> <p>Has WDP improved dialogue around and understanding of Western Canadian issues, challenges, opportunities and priorities?</p> <p>Have WDP funded programs/activities contributed to enhanced community planning, increased viability and diversification of local economies, and increased levels of community adjustment to mitigate economic crisis?</p> <p>Have WDP funded programs increased participation in international markets, successful partnerships and strategic alliances, and/or foreign investment in Western Canada?</p> <p>Have WDP funded projects increased technology adoption, commercialization and linkages, research and development, community innovation, knowledge infrastructure, or technology skill development?</p> <p>Were there unintended positive or negative impacts from the program?</p> |
| Cost-Effectiveness | <p>Were funds leveraged from other government sources and/or the private sector?</p> <p>Did cost-shared agreements allow WD and its funding partners to carry out activities that would not have been completed otherwise?</p> <p>Are Canadians getting value for tax dollars from the WDP?</p> <p>Is the package of sub-programs resulting from the WDP affordable and do they provide value for tax dollars from the WDP?</p> |
| Design and Delivery | <p>Does the program design and delivery remain appropriate?</p> <p>Are program recipients satisfied with the approval, monitoring, and payment processes?</p> <p>Has WD created an effective management structure for the various sub-programs and sub-agreements that are supported by the WDP?</p> <p>Have projects been adequately monitored, with project reports completed properly and in a timely fashion?</p> <p>Are project reports providing WDP with useful information for project management, evaluation, and monitoring?</p> <p>Does the current WDP reporting system demonstrate outcomes?</p> |

2.1.1 Literature and Document Review

A literature and document review was undertaken to better understand the activities and goals of each WDP sub-component analyzed in this evaluation. To better assess the relevance of the WDP, documents pertaining to economic needs and trends in Western Canada were examined. This allowed for an analysis of whether or not WDP activities and goals align with Western economic needs, and further elucidated whether or not there is a legitimate role for the WDP in the area of western economic development and diversification. The document and literature reviewed included, but was not limited to, the following:

- Information on sub-components;
- WDP Terms and Conditions;
- Articles pertaining to economic development programs;
- Information about the Blue Ribbon Panel (see Appendix E for more details on the Panel);
- Other economic development/diversification programming information; and
- Treasury Board policies and directives.

2.1.2 Administrative Data Review

The objectives of the WDP and the department's strategic outcomes remained the same throughout the entire evaluation period. However, how the department collected administrative data changed in 2005. As such, the administrative data review had to take this into account.

Prior to 2005, the department had a logic model with indicators that linked to the department's strategic outcomes. Departmental officers used these indicators during the project assessment and due diligence phase to ensure that projects would contribute to the achievement of the long-term outcomes. Departmental officers recorded these indicators manually in the project files. These indicators were not used as performance measurement indicators except on an ad-hoc fashion for departmental performance reports.

In 2005, the Treasury Board required departments to develop a Program Activity Architecture (PAA). The PAA was developed as a performance plan to reflect the activity, sub-activity, and project outcomes, as well as indicators and sources where performance information can be obtained. The PAA was designed to guide the measurement of success of the WDP down to the project level and based on the strategic outcomes of the department: policy, advocacy, and coordination; community economic development; entrepreneurship and innovation. Project-level indicators are also intended to reflect or link to PAA indicators. Projects do continue to have unique indicators and outcomes as well. See Appendix C, which outlines the alignment between WDP's Terms and Conditions to WD's PAA.

In 2005, the department developed an electronic database to record and track project assessment and performance indicators, all linked to the new PAA. This database, known as Project Gateway, consolidated and standardized both project assessment indicators and performance measurement indicators into one electronic source.

Projects analyzed for this evaluation were at varying stages of completion. When entered into Project Gateway, each project is assigned a code reflecting the status of the project. As the project moves forward, these status codes are updated. Within the time frame of this evaluation, the majority of projects were completed (74.7%).

Table 2-2 illustrates the strategic outcomes for each project. The majority of projects undertaken were in community economic planning, development, and adjustment related activities (43.9%). Other activities included innovation (30%), and business and entrepreneur-related activities (26%).

Table 2-2
Project Activity under the PAA

| Region | Percentage of Projects | Expenditures |
|--|------------------------|----------------------|
| Policy, Advocacy and Coordination | 0.7% | \$1,339,436 |
| Community Economic Planning, Development, and Adjustment | 43.2% | \$150,049,931 |
| Entrepreneurship | 26.1% | \$95,787,384 |
| Innovation | 30.0% | \$133,079,729 |
| Total | 100% | \$390,256,480 |

n=3,484. Reference: Administrative Data

Activities in the PAA may be further broken down into sub-activity levels. Outlined in Table 2-3 are the sub-activities of the projects examined in the evaluation.

Table 2-3
Project Sub-Activity and Expenditures

| Activity | Expenditures | Number of Projects |
|---|--------------|--------------------|
| Partnership and Coordination | \$177,725 | 8 |
| Collaboration and Coordination | \$81,999 | 4 |
| Research and Analysis | \$898,021 | 10 |
| Economic Research and Analysis | \$181,691 | 4 |
| Community Planning | \$8,823,666 | 171 |
| Community Development | \$88,182,436 | 954 |
| Community Economic Adjustment | \$984,620 | 16 |
| Community Economic Development | \$62,059,209 | 376 |
| Business Development and Entrepreneurship | \$1,588,098 | 117 |
| Entrepreneurship | \$13,924,037 | 373 |
| Improve Business Productivity | \$34,596,792 | 164 |
| Market/Trade Development | \$39,088,902 | 152 |
| Industry Collaboration | \$2,489,612 | 74 |
| Foreign Direct Investment | \$506,139 | 9 |
| Access to Capital | \$3,593,804 | 14 |
| Technology Adoption and Commercialization | \$29,005,999 | 193 |

| Activity | Expenditures | Number of Projects |
|-------------------------------------|----------------------|--------------------|
| Technology Linkages | \$9,734,674 | 69 |
| Technology Research and Development | \$46,220,193 | 157 |
| Community Innovation | \$1,717,969 | 24 |
| Technology Skills Development | \$2,588,389 | 18 |
| Knowledge Infrastructure | \$9,697,784 | 25 |
| Innovation | \$34,114,721 | 552 |
| Total for All Activities | \$390,256,480 | 3,484 |

Reference: Administrative Data

2.1.3 File Review

To determine if WDP funded projects have been successful in obtaining the intended project-specific outcomes, a review was conducted of a sample of 110 files. Of the 110 files reviewed, 86 projects had been completed and 6 projects had been discontinued or cancelled. The rest of the projects were in-progress. The projects selected were mainly from the core Western Diversification Program and some sub-components (Western Economic Partnership Agreements and Urban Development Agreements). Table 2-4 outlines the number of file reviews completed in each region.

Table 2-4
File Reviews Undertaken

| Sub-Program | Number of File Reviews Completed |
|------------------|----------------------------------|
| Alberta | 26 |
| Saskatchewan | 21 |
| British Columbia | 47 |
| Manitoba | 16 |
| Total | 110 |

n = 110. Reference: File review

Researchers obtained pertinent information in each region. In order to analyze the information collected, a database was developed and used to enter the information. In the course of conducting the file review, consultations were also conducted with program officers and Internet searches done to track long-term project outcomes.

2.1.4 Key Informant Interviews

The evaluators developed a key informant database, which included names and contact information for potential respondents. The research team completed semi-structured interviews with key-informants from the department (management and staff), community leaders, representatives from economic development organizations or programs similar to the WDP, experts in the field of western economic development and diversification, and individuals from organizations besides the department that partnered with the recipient.

Community leaders included individuals such as mayors, individuals from regional chambers of commerce, a regional health authority. Representatives from economic development organizations were from Community Futures Development Corporations (CFDCs), regional economic development authorities, economic development ministries, FedNor, and ACOA. Experts included individuals from various universities in the West as well as economists. Other partners interviewed were from provincial governments, municipalities, universities, corporations/businesses, and various councils.

Outlined in Table 2-5 is the number of interviews completed, by stakeholder groups.

Table 2-5
Completed Key Informant Interviews

| Stakeholder Group | Completed Interviews |
|--|----------------------|
| WD Management | 11 |
| WD Staff | 11 |
| Community Leaders | 7 |
| Economic Development Program Representatives | 11 |
| Experts | 8 |
| British Columbia Partners | 12 |
| Alberta Partners | 8 |
| Saskatchewan Partners | 5 |
| Manitoba Partners | 9 |
| Total | 82 |

2.1.5 Funding Recipient Survey

A survey of WDP funding recipients was undertaken to explore critical evaluation questions. For the recipient survey, the evaluators sampled projects based on program expenditure and program funding areas. Thus, projects from programs receiving greater funding had a high probability of being sampled, as did projects funded under the following sub-components, or delivery tools: Western Diversification Program, Western Economic Partnership Agreements, Urban Development Agreements, Saskatchewan Northern Development Agreement, and the Women's Enterprise Initiative.

However, because the WDP database did not contain recipient contact information for every project, the number of possible respondents was reduced to 2,148. The first stage of surveying was based on quotas set for the aforementioned sub-programs; however, in order to maximize responses, these quotas were removed after two weeks of surveying, and all projects were then made available for surveying.

The recipient survey was conducted using a "mixed-mode" methodology (on-line surveying with telephone follow-up). The evaluators sent recipients an email inviting them to participate in the survey. Recipients with available email addresses were sent a personalized URL link in the body of the email invitation, which enabled them to access their personalized surveys by clicking on the link.

Following the initial invitation from the evaluators, recipients were contacted by telephone to invite them to participate in the survey. Several email reminders were also sent to respondents. The mixed-mode survey methodology helped overcome the challenges associated with the contact information.

The recipient survey field test was conducted from December 17, 2007 to December 27, 2007. Full surveying began January 23, 2008 and ended February 20, 2008. In total, 1,042 surveys were completed, with a valid sample of 1,783, and a valid response rate of 58%. The high number of completions and high valid response rate suggest that the data from the recipient survey is a very good representation of recipient views and/or outcomes.

Among the survey respondents, 44.8% had been involved in the project as the project leader/director, 45.3% had been involved as funding applicants and the remaining 9.9% had been involved in project delivery.

2.1.6 Case Studies

Case studies were completed with both WDP funding recipients and with individuals from projects that did not receive funding. The evaluators developed a database of potential case study sites. The database included both non-recipient and recipient sites. A total of nine case studies were completed with funded projects, with at least two visits conducted in each province (Table 2-6). A total of four case studies (one per region) were conducted with non-recipients, or projects that were not funded by the WDP. The following table outlines the projects included in the case studies:

Table 2-6
Projects Selected for Case Studies

| Region | Recipient Projects | Non-Recipient Projects |
|------------------|--|---|
| British Columbia | University of British Columbia Centre for Drug Research and Development | Haida Gwaii Community Futures Development Corporation (is funded through the Community Futures Development Corporation) |
| Alberta | Inunctus TR Labs/NEWT TEC Edmonton Canadian Light Source, Inc. | Calgary Zoo (due to policy change, was not eligible for funding) |
| Saskatchewan | Aboriginal Human Resource Council SpringBoard West Innovations, Inc. SmartPark at University of Manitoba | Saskatoon Zoo Foundation |
| Manitoba | MB Audio Recording Industry Association/ MB Motion Picture Industry Association | United Way of Winnipeg |

At each site visit, interviews were conducted with key program personnel, administrative data pertaining to project outcomes was collected, and, if relevant, a tour of the site was completed. Findings in the case studies were further augmented with consultation done with program officers. Case study reports with thorough information regarding the projects and the activities undertaken during the site visits are included in Appendix D.

2.1.7 Focus Groups

During the survey, respondents were asked if they were willing to participate in a follow-up focus group or if the project in which they had been involved had an available client database to support a project-specific focus group. Based on these responses, participants' lists were developed to support three recipient focus groups and two project specific client (end-user) focus groups. Participation in the focus groups was very low as shown in Table 2-7.

**Table 2-7
Focus Groups**

| Focus Group | Location | Scheduled Date | Number of Participants Agreeing | Number of Confirmed Participants | Number of Actual Participants |
|-----------------------|-----------|-------------------|---------------------------------|----------------------------------|-------------------------------|
| Client Focus Group | Winnipeg | February 21, 2008 | 8 | 5 | 3 |
| Client Focus Group | Vancouver | February 21, 2008 | 8 | 2 | 1 |
| Recipient Focus Group | Vancouver | February 25, 2008 | 13 | 9 | 2 |
| Recipient Focus Group | Saskatoon | February 26, 2008 | 9 | 7 | 1 |
| Recipient Focus Group | Calgary | February 27, 2008 | 6 | 6 | 1 |
| Total | | | 44 | 29 | 8 |

Because of the extremely low turnout, the focus groups findings were limited in the evaluation to being merely a complementary line of evidence.

2.2 Methodological Limitations

The evaluation had a number of methodological limitations. These limitations impacted on the ability of the report to adequately address the issue of cost-effectiveness and to some extent the longer-term success of the program.

Some difficulty was encountered in scheduling some of the key informant interviews. This issue was addressed by supplementing the stakeholder database with replacements if individuals were unable to participate and by extending the time frame for interview completion in order to capture as many completed interviews as possible.

Due to the large size of the WDP and all its sub-components, the methodology for the evaluation did not include a detailed evaluation of each WDP sub-component. Where appropriate, results from sub-components in the evaluation and from other research studies were analysed and included in the report.

Another limitation was incomplete or incorrect contact information available for project funding recipients who were selected to complete the Recipient Survey. In order to mitigate this issue, the evaluators worked with potential respondents to secure correct contact information, to access forwarding information, or to locate replacement respondent

information (in the case of incorrect or out-dated information). Individuals were also contacted, either via telephone or email, in order to ensure that as many potential respondents as possible were given the opportunity to complete the survey.

Finally, estimating the net impacts of a program ideally requires that cross-sectional comparisons be made between samples of recipients and non-recipients from similar populations to ensure that impacts can be attributed to the intervention (WDP funding) and not to differences between the groups. The WDP database did not include contact information for non-funded applicants for the purposes of a survey. This is because the department does not go out and publicly solicit proposals similar to what is done with other funding programs. Sometimes, organizations that approach the department for funding may be deemed ineligible. In those cases, departmental project officers will often redirect those organizations to more appropriate funding organizations. The department generally does not keep a written record of those organizations, as doing so is not seen to be cost-effective or relevant to the overall management of the WDP and achievement of its objectives.

However, because it was critical to the evaluation to examine non-funded projects, a small database of non-recipients was developed. Based on this list, case studies of these projects were undertaken. The non-recipient case studies allowed for some comparison and understanding of the impacts, or lack of impacts, for those projects that did not receive WDP funding.

SECTION 3: RELEVANCE

3.1 WDP Alignment with Western Canada's Needs

Does the WDP (as defined by its 2003 Terms and Conditions) align with Western Canada's current economic development and diversification needs?

The WDP was found to align with Western Canada's current economic development and diversification needs. The literature/document review demonstrated that the objectives outlined in the Terms and Conditions of the program align with Western Canada's current economic development and diversification needs by focusing on diversifying a resource-based economy, and working to support community development, entrepreneurship, and innovation. Key informant interviewees support this view. The WDP is seen as a necessary tool, given the current circumstances of the western economic community. Few gaps were identified in the program model, and the program is viewed as responsive to changing economic needs.

3.1.1 Degree to Which Needs Align

Western Canada has led the nation in economic growth in recent years. The west's share of Canada's population increased from 26.6% in 1971 to 30.4% in 2007. The west's GDP contribution to Canada's total GDP in 2007 (35.3%) is larger than its share of population (30.4%) as economic strength within Canada has shifted westward. Although, there is diversity in terms of the west's industrial base, and over 80% of job gains have been in the service industries, the west remains a resource-based economy. Raw and semi-processed natural resource products dominate the region's exports⁹.

A significant portion of the growth in western Canada is due to rising prices for resource commodities (e.g., oil and gas, coal, and other minerals) rather than to broad-based growth across all sectors. In other words, there is a continuing dependence on resource-based industries. This reliance on commodity exports has resulted in a historical pattern of "boom and bust," as Western Canadian economies remain dependent on cyclical fluctuations in commodity prices. Notwithstanding the rapid economic growth experienced in Western Canada during the past five years, the economic base of the region is still concentrated in commodities.¹⁰ Further literature review on the western economy and its resource dependence are presented in Appendix F to this report.

WDP activities are beneficial in offsetting the heavy reliance on natural resources and the community pressures resulting from the current boom in the resource-based economy. Diversification is necessary to ensure a stable future in the West. The WDP's expected results are designed to improve businesses and ensure that innovative projects are undertaken. A focus on the enhancement and sustainability of communities also aids in meeting the needs of the west.

⁹ *State of the West 2008*. A Canada West Foundation Research released on March, 2008.

¹⁰ Western Economic Diversification Canada (n.d.) About Western Canada. Retrieved April 19, 2007 from <http://www.wd.gc.ca/eng/243.asp>

Western needs are also reflected in a Canada West Foundation research study on the transformations western Canada can expect over the next 10-20 years. A summary of some of the key predictions from the study were:

- **International trade:** Likelihood of trade disputes intensifying. In order to press for freer global trade, Canada may have to abandon its system of supply management in certain agricultural products and the positions of the Canadian Wheat Board which all have a direct impact on the agricultural industry in the west. Western Canada's ports may lose business to competitors if capacity is not expanded.
- **The labour force:** Both employers and employees will continue to emphasize the importance of additional training and education.
- **Post-secondary education and skills development:** Shortages of skilled labour poses threats to certain segments of western Canada's economy. Education, skills development, language training and communication technology will be critical.
- **Energy resources:** Need for the west to take the lead in research and development in alternative energy sources.
- **The knowledge economy:** Need for the west to grow a knowledge-based economy with companies in bio-tech/life sciences, information and communications technology, and alternative energy research.
- **The service sector:** Exportable service industries such as legal, advertising, and business services presenting the greatest opportunities for growth, but also the most vulnerable sectors of the economy.
- **Manufacturing:** Continued out-sourcing of manufacturing jobs to low-cost countries like China, geographic distance from major markets, and lack of large-scale investments required to achieve competitive economies of scale.¹¹

Participants at a summit for business leaders organized in October 2007 in Calgary by Canada West Foundation echoed these predictions. Participants mentioned the following roles for governments in the western economy:

- Increase investments in the universities and the knowledge based economy;
- Increase investments in communications infrastructure;
- Increase support for technology and knowledge transfer;
- Increase inter-provincial and federal-provincial cooperation; and
- Increase support for diversification of the economy away from natural resources.¹²

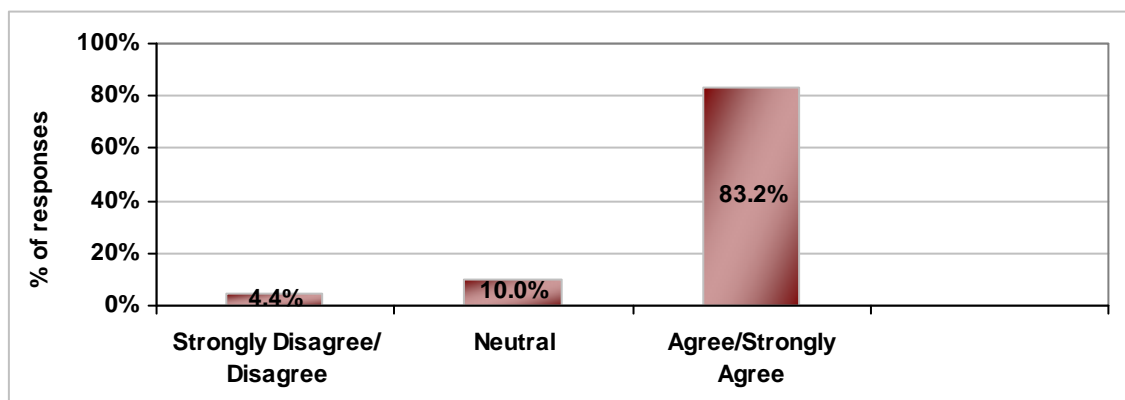
These predictions and the roles align with the objectives and the mandate of the WDP in western Canada as outlined in the program's Terms and Conditions. In support of the literature, key informants, including experts, community leaders and departmental staff and management, also agreed that the WDP's goals align with Western Canada's economic and diversification needs.

¹¹ *The transformations of Western Canada's Economy*. A Canada West Foundation 2006 research report.

¹² *Generating Wealth: A Summit for Western Canada's Next Generation of Business Leaders*. A Canada West Foundation report, January 2008.

As highlighted in Graph 3-1, a significant majority (83.2%) of funding recipients agreed that the WDP makes strategic investments that are appropriate to departmental strategic outcomes in innovation, entrepreneurship and community economic development, given the current economic conditions of the western economic community.

Graph 3-1
Strategic Investments are Appropriate for Western Canada



n=1,042. Reference: Recipient Survey

Alignment with innovation, entrepreneurship, and community economic development objectives

Key informants generally stated that the WDP's objectives of innovation, entrepreneurship, and community economic development align well with the current economic development and diversification needs of the West. Key informants also mention that the program possesses a broad enough mandate and a flexible enough set of practices, which allows it to evolve to meet the needs of changing economies in the long term. About 50% of key informants mention that:

- **Lack of resources impact the WDP's ability to meet need.** The WDP lacked sufficient resources/funding levels to make a substantial difference in the western economy. Lack of resources required that the choices be made between projects, which may result in unmet needs in areas such as the needs of rural communities, Aboriginal peoples in urban areas (for a discussion of programming for Aboriginals, see Appendix J), and work in international trade.
- **Recent changes in delivery will help the program better meet need.** The recent focus on improving management and accountability, and demonstrating results, will improve program delivery, as will learning from best practices.

Opinions among some community leader key-informants were mixed. While some of the community leaders mentioned that alignment was good, others reported that Western Canada's current economic development and diversification needs are not as well aligned with the WDP's objectives. Some of the community leaders indicated that the objectives were too broad and with sub-components not being flexible enough to address current or emerging needs, particularly in the area of youth, Aboriginal economic development, and skills shortages. These views are likely due to limited knowledge of respondents on all

project areas of the WDP, as the file review revealed WDP projects funded and directed specifically in these areas. It should be noted that other government departments (Indian and Northern Affairs Canada and Human Resources and Skills Development Canada) cover these issues in their mandates. Other departmental programs such as Community Futures also target these areas.

Alignment with Economic Research

With regard to how well the WDP model addresses the need for economic research, key informants indicated that current work in this area was very important. Economic research, they argued, serves the following interests:

- A need to understand the current state and future trends of the Western Canadian economy;
- A need to complete impact studies on previously made investments;
- A need to bring stakeholders together;
- A need to maintain awareness of Western Canada's economic landscape, both nationally and internationally; and
- A need to ensure that Canadian governments are aware of Western economic realities.

There was a broad level of support from key informants for the economic research objectives of the WDP. Key informants identified several aspects for potential improvement, including the need to diversify the number of organizations that were utilized to conduct economic research and better publication or dissemination of the research.

Gaps in the Model

An objective of the evaluation was to identify the extent to which the WDP met the various needs of the regions/stakeholders, or whether there are currently program "gaps" that reduce the effectiveness of the program. Key informants indicated that the WDP couldn't address all the economic development gaps in Western Canada. Perceived gaps that were identified included:

- **Need to provide seed or start-up capital for small/medium-sized businesses:** It should be noted that terms and conditions of the WDP do allow for direct funding to businesses. Other departmental programs such as Community Futures Program and Loan Investments Program undertake are also involved in this activity.
- **Sector specific gaps.** Some key informants felt that departmental programs were not providing needed support to all sectors of the economy. In particular, the tourism sector and rural economy sectors were identified as potential gaps for the department.
- **Coordination of funding.** While the department was seen to have some partnerships with other levels of government, stakeholders commented that more could be done with respect to maximizing the leveraging of departmental investments through better cooperation with other community or government organizations.

3.2 WDP Flexibility

Has the WDP evolved to respond to changing priorities and role of government?

Key informants expressed that the WDP has the ability to change when needed. Key informants noted that the changes speak to the program's flexibility in meeting the needs of a changing economy, and acknowledged that progress had been made in terms of modifying services to reflect changing priorities and role of government. The Visioning Process¹³ was cited as an example of the mechanisms used by the department to reassess program gaps and/or required program modifications.

Key informants were of the opinion that the WDP model possesses the flexibility to respond to change. In addition key informants cited the WDP's ability to change when needed, citing the Visioning Process as a mechanism to reassess program gaps and/or program modifications. Several examples were given of the ways the program has evolved over the years, including the following:

- Basic objectives have remained the same, while methods have altered to meet needs of changing economies, government priorities, or overall focus;
- Unsuccessful programming and other initiatives such as direct assistance to businesses have been suspended;
- The ability to refine strategic priorities (e.g., through recent Visioning Process);
- The ability to respond to economic crises (e.g., flooding, Mad Cow, and fisheries);
- Flexibility at the regional level to allocate funding based on community needs;
- A move to building capacity, and working with academia, not-for-profit organizations, business, and industry organizations;
- A greater focus on economic development, productivity, competitiveness, and international trade;
- Increased focus on disparity in Aboriginal communities;
- A greater emphasis on innovation, the knowledge-based economy, and trade development; and
- An emphasis on global competition.

3.3 Sub-Component Response to Needs

Do WDP sub-components respond appropriately to specific needs while also meeting the overall objectives of the WDP?

The WDP sub-components generally respond appropriately to the needs identified, follow funding objectives outlined in the terms and conditions of the sub-component, and reflect the overall objectives of the WDP. Projects are distributed

¹³ In 2006, WD undertook a *Visioning Initiative* consisting of a series of roundtable discussions with western Canadian business, academic and community leaders across the West and in Ottawa to obtain their views on the role, activities and future directions of the Department. This initiative identified three priorities that will provide the focus for the Department's efforts. They include: Diversifying the western economy; Strengthening business growth and competitiveness; and Building strong economic foundations. These outcomes are tracked through WD's PAA.

across a wide range of sub-component areas and reflect a broad array of economic diversification objectives. Sub-components respond appropriately to the needs identified in their specific terms of reference, agreement, and/or approval authority by aligning with the needs of the various agencies and departments involved and reflecting the overall objectives of the WDP. Some sub-components have been terminated, as a result of initiatives like Visioning and previous departmental decisions to move away from providing direct support to businesses.

3.3.1 Distribution of Projects Based on Sub-Component

Projects were undertaken by WDP as well as a variety of WDP sub-components. 24.2% of projects were completed under the broader WDP category. 21.2% of the projects were completed for the Conference Support Program and 19.2% for the Alberta/Saskatchewan Centenaries (most of the projects within this were undertaken in Saskatchewan) (Table 3-1).

Table 3-1
Distribution of WDP Projects by Sub-Component

| Sub-Program | Number of projects | Expenditures |
|--|--------------------|----------------------|
| Western Diversification Program (WDP) | 845 | \$189,848,691 |
| Strategic Initiatives Program | 25 | \$9,712,616 |
| Conference Support Program | 738 | \$4,915,370 |
| AB/SK Centenaries and Canada Celebrates SK (ASC/CCS) | 670 | \$44,955,561 |
| First Jobs in Science and Technology (FJST) | 544 | \$8,912,793 |
| Western Economic Partnership Agreements (WEPA) | 133 | \$55,696,680 |
| Export Readiness-International Trade Personnel Program (ITPP) | 277 | \$3,548,829 |
| Canada Foundation for Innovation Support Program (CFI-SP) | 105 | \$1,838,458 |
| Urban Development Agreements (UDA) in Regina, Saskatoon, Winnipeg, and Vancouver | 77 | \$11,430,252 |
| Official Language Minority Community (OLMC) Internships and Pilot Projects | 19 | \$2,356,253 |
| Canada/SK Northern Development Agreement | 22 | \$3,807,563 |
| Entrepreneurs with Disabilities Program (EDP) | 16 | \$1,356,525 |
| Francophone Economic Development Organization (FEDO) | 3 | \$2,769,998 |
| Women's Enterprise Initiative (WEI) | 8 | \$17,106,891 |
| Prince Rupert Port Authority | 1 | \$30,000,000 |
| Fraser River Port Authority | 1 | \$2,000,000 |
| Total | 3,484 | \$390,256,480 |

Reference: Administrative Data

Sub-components such as First Jobs in Science and Technology and the International Trade Personnel Program have been terminated due to previous departmental decisions.

Projects such as the Prince Rupert Port Authority and the Fraser River Port Authority are specific projects targeted towards an organisation.

3.3.2 Degree to which Sub-Components Respond Appropriately

Each sub-component encompasses a variety of different activities to facilitate economic diversification and development. Sub-components are developed based on the needs of the economic community at the time. For instance, the Alberta/Saskatchewan Centenaries sub-component was developed solely for the celebration of the centenaries in Alberta and Saskatchewan. Other sub-components are formed based on need, as well. For a complete description of the sub-components, please see Appendix A. Expert opinion was quite divided on the degree to which WDP sub-components are currently reflective of the public interest. 50% of experts (4 of 8) commented that current programming is appropriate, while 75% of the experts (6 of 8) questioned the need for the Francophone Economic Development Organization and the Women's Enterprise Initiative. It was further suggested that WD "should award excellence" and avoid "political or niche program" spending.

All sub-components meet the objectives outlined in the WDP Terms and Conditions and also align with the needs of the west. Agreements are based on funding needs and can be developed with the department, other federal government departments, provincial governments, municipalities, or other organizations.

3.4 WDP Model Links to Other Federal Priorities

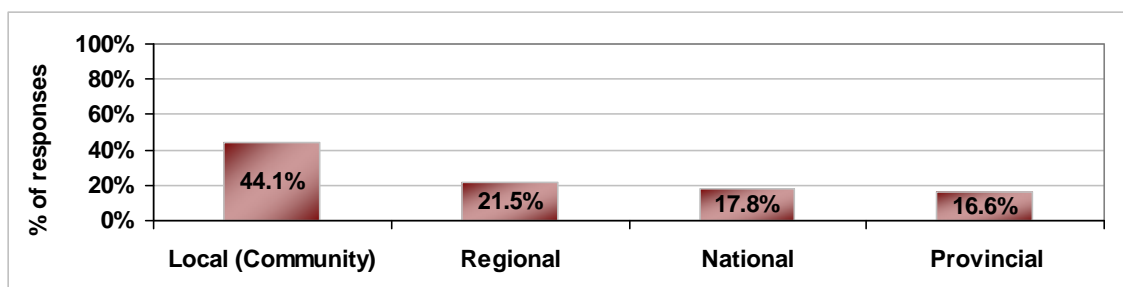
Does the WDP model reflect other federal priorities related to western economic diversification and development?

The WDP model reflects other federal priorities in that projects are provincial, regional, and local (community) in nature. The majority of WDP projects have an exclusively western focus.

3.4.1 Representation of Project Scope

As shown in Graph 3-2, projects are western-focused but range in scope from local to national. Projects were local or community-based (44.1%), provincial (16.6%), regional (21.5%) or national (17.8%) in scope. Some of the projects had the potential to be implemented nationally or to attract other partners nationally, and so were deemed to be national in scope. All projects in the file review and in the case studies had a western focus.

Graph 3-2
Representation of the Project Scope



n=1,042. Reference: Recipient Survey

3.4.2 Linkage to Other Federal and Provincial Priorities and Outcomes

The administrative data contained information on how the WDP projects align with other federal priorities. A total of 1,506 projects in the administrative data indicated alignment with another federal strategy. Innovation and science were more common (10.4%) than other federal strategies (Table 3-2). However, strategies related to Aboriginal issues were still strongly represented (7.6%) in the administrative data.

Table 3-2
Other Federal Strategies - Administrative Data

| Strategies | Percentage |
|--|---------------|
| Innovation and science | 10.4% |
| Sustainability-communities | 8.5% |
| Aboriginal Peoples | 7.6% |
| Business, entrepreneur related | 6.8% |
| Community development, renewal, rural and urban | 5.8% |
| Environment-related | 5.2% |
| Employment, training, human resources | 4.6% |
| Research and development, intellectual property | 3.6% |
| Technology, technology transfer | 3.6% |
| Commercialization, new products | 3.4% |
| International, trade, exporting, global commerce | 3.2% |
| Official languages | 3.1% |
| Other responses less than 3% | 34.4% |
| Total | 100.0% |

n=1,506. Reference: Administrative Data

The file review also provided information on how the WDP projects align with federal priorities. Other federal priorities identified in the file review include Innovation, Science and Technology, Trade Development, Immigration, Tourism and the Aboriginal Agenda.

The WDP model also reflects western provincial priorities. The Alberta provincial government identifies the following priorities on its website: ensure Alberta's energy resources are developed in an environmentally sustainable way; enhance value-added activity; increase innovation, and build a skilled workforce to improve the long-run sustainability of Alberta's economy; and provide the roads, schools, hospitals and other public infrastructure to meet the needs of a growing economy and population. In its speech from the throne in 2007, the Manitoba government identified innovation and competitiveness to promote sustainable economic growth as one of its priorities. The Saskatchewan government in its 2007-throne speech identified a new vision for the economy through a plan for lasting and permanent economic growth in Saskatchewan and a unique and innovative partnership between the private and public sector. The British Columbian government's 2008 throne speech provided support for a strong and growing economy in British Columbia. As a result of the linkages between the WDP and provincial priorities, initiatives such as WEPA have been undertaken with all western provincial governments. The WEPA represent a multi-year funding commitment to foster increased economic activity, and to improve the quality of life in communities across western Canada. Cost-shared agreements signed with each of the western provinces through WEPA allocate about \$50 million in each province to targeted federal and provincial priorities, including innovation, entrepreneurship and community economic development.

3.5 Complement or Supplement Other Programs

Was the WDP complementary, or did it overlap or duplicate other economic development programs?

The document/literature review revealed that there are several other economic development programs in Western Canada. However, these programs tend to focus on only one or two aspects of economic development and diversification activities that are localised, while the WDP focuses on a broader range of economic impacts that covers all of western Canada resulting in complementary programming. Programming supplements the work of other economic development programs, rather than duplicating activities. Based on interviews with economic development key-informants, it appears that while there may be some overlap in some program areas, in general, economic development/diversification activities undertaken by provincial/local authorities were considerably more limited in scope than were WD's programs, and tended to have specific sectoral or program objectives.

3.5.1 Other Economic Development Programs

There are several programs, organizations, and departments that work to develop and diversify the western economy. In many cases, these programs work in conjunction with municipal and provincial governments, or are themselves municipal or provincial departments. These economic development programs may often work closely with WD as well, either by receiving funding, being the delivery mechanism of a program, or collaborating on projects. These organizations include the following:

- Alberta Economic Development Authority (AEDA);
- Alberta Employment, Immigration, and Industry (AEII);
- Alberta Regional Economic Development Alliances (REDA);

- Economic Development Association of British Columbia (EDABC);
- BC Urban Entrepreneur Development Association (BCUEDA);
- Economic Developers Association of Manitoba (EDAM); and
- Saskatchewan Economic Development Association (SEDA).

3.5.2 Activities Undertaken by other EDPs in Comparison to WDP

Key informants involved in economic development programs were asked to discuss the activities undertaken by their organizations to deliver economic development and diversification programming

In some cases, work was focused locally, while in others the mandate was province-wide. Some organizations focused more on policy and program development, while others were mandated to provide particular types of projects: infrastructure development, tourism, research, commercialization, immigrant entrepreneurship, and brokering linkages between the business community and universities and other institutions. A few organizations reported providing client-centred services, such as business counselling. Advocacy and increasing awareness of economic issues were important objectives for a few organizations, as was overall coordination of economic development and responsibility for labour market issues.

In comparison, the WDP focuses on a broad range of issues that encompass most of the activities described and have a mandate that covers the whole of western Canada. WDP cost-shared sub-components such as WEPA tend to involve collaboration with some of these organizations on projects. The file review showed provincial and municipal governments through various economic development programs working with the department on many projects

3.6 Treasury Board Policy Stacking Provisions – Avoiding Funding Duplication

Do project assessments demonstrate consideration of appropriate levels of project funding in compliance with the Treasury Board Policy on Transfer Payments?

In compliance with the Treasury Board Policy on transfer payments, stacking limits are considered for all WDP funded projects, which require a statement of other sources of funding for a project.

Stacking limits are considered when grants and contributions are provided to recipients in order to ensure appropriate levels of project funding. Prior to funding approval, the department obtains a statement of the other sources of funding for a project. Specific limits to total government assistance are considered. As many projects under the WDP are require leveraging funds, the department lends special attention to the types of other funders, and the consequent funding levels, in order to ensure that stacking limits are acceptable. On a risk basis, the department requires some recipients to audit their project funding and expenditures.

3.7 Role for Federal Government

Is there a legitimate and necessary role for government in this program area?

Key informants agreed that the federal government has a responsibility for the national economy. The Federal government role was viewed as acting as a catalyst for diversification, partnering with provincial and municipal governments, providing funding, and leveraging with other partners. While current roles and responsibilities with respect to economic development are viewed as appropriate, there is room for improvement, including increased role clarity and role expansion, as well as increased funding and emphasis on economic diversification.

All stakeholders agreed that a further rationale for a continued role for the Federal government was the need to decrease reliance on natural resources and to diversify even those provincial economies that are currently experiencing strong growth. Literature supports this claim and the need for federal involvement in diversification and development.

3.7.1 Role of the Federal Government

The literature review confirmed the fact that the federal government does have a role in economic diversification and development. The *Canadian Economic Observer's* 2007 report on the western economy highlights strong growth and lower levels of unemployment. Carried largely by growth in the resource industries, such “rapid shifts” can have “negative consequences” like climate change impacts and higher housing prices.¹⁴ In British Columbia, recent growth has been reliant on commodity prices, and while economic development associated with the 2010 Olympic and Paralympic Games continues to be an important opportunity, projects associated with the games also have a distinct time limit. Because diverse and sustainable regional economies are long-term in nature, mitigating the volatility in commodity pricing, currency exchanges and other shifts outside the region, more economic diversification is needed throughout western Canada in order to assure a strong economy in the future.

Internationally, a number of regions have seen evidence of the effectiveness of collaborative economic development that brings together different levels of government and stakeholders.¹⁵ M. J. Porter's influential 1990 text, *The Competitive Advantage of Nations*, stipulates that innovative systems and clusters be seen as strong methods for economic growth. This emphasis has been refined to situate industry, government, and universities as key partners in the creation of “regional innovation systems.”¹⁶

In western Canada, WDP sub-components, including the Western Economic Partnership Agreements, the Canada-Saskatchewan Northern Development Agreement, and the Urban Development Agreement form partnerships across federal, provincial, and municipal governments to contribute to economic development and diversification. WDP's

¹⁴ P. Cross, “Year end review: westward ho!,” *Canadian Economic Observer* (April 2007), 3.18.

¹⁵ InterTradelreland, *Spatial Strategies on the Island of Ireland: Development of a Framework for Collaborative Action* (International Centre for Local and Regional Development), n.p.,

<http://www.intertradeireland.com/module.cfm/opt/29/area/Publications/page/Publications/down/yes/id/324>

¹⁶ Engstrand and Strehlander, 490.

partnership sub-components seek to address local needs within a regional framework. Other sub-components such as the Women's Enterprise Initiative (WEI) serves another important economic development need. The 2003 Prime Minister's Task Force on Women Entrepreneurs report identified the federal government as having an essential role to play in ensuring that the needs of women entrepreneurs are addressed.

Key informants agreed that the federal government has a responsibility for the national economy through balancing disparities between regions and provinces, moving economies beyond provincial boundaries and into national and international markets, and for economic development work with Aboriginal communities. The federal government role includes acting as a catalyst for diversification, partnering with provincial and municipal governments, providing funding, and leveraging with other partners. With respect to funding, it was noted that the federal government funding is critical for projects that would otherwise not go forward including community, non-profit, and private projects ranging from small and rural projects to major infrastructure projects. Key informants also suggested for the federal government to lead strategic initiatives that are needed but which industries are unlikely to invest on their own.

Overall, stakeholders suggested the following responsibilities for federal government's role:

- Supporting innovation;
- Encouraging commercialization or development of high-value industries;
- Funding research and development;
- Encouraging international trade;
- Creating an attractive and competitive environment for business;
- Increasing awareness of Western economic issues through education and advocacy;
- Providing programs to support economic infrastructure and diversification; and
- Providing programming targeted to members of minority or disadvantaged groups.

3.7.2 Appropriateness of Federal Government Role and Responsibilities

The majority of the stakeholders were confident that the federal government's current role and responsibilities with respect to economic development were appropriate, although they did provide suggestions for clarifying, expanding, or reducing the role.

Key informants expressed the view that the current role of the federal government is appropriate given that it is both broad and focused, provides leadership, is not interventionist, and is capable of responding to local needs in the way a more centralized system of programming would be unable to do. Stakeholders suggested that the department seeks to achieve goals that are appropriate to its mandate, and that it makes effective use of funds within those areas government sets as priorities. Key informants cited the need for increased clarity and role expansion around the federal government's current economic development role and responsibilities.

On clarifying the role of the government, key informants provided the following suggestions:

- Improving transparency in program and process design, including administrative processes;
- Developing and refining policies;
- Complementing (rather than leading) the work of provinces and municipalities; and
- Improving coordination generally.

On expanding the role of the government, key informants provided the following suggestions:

- Expansion of programs/services to encourage diversification into international markets.
- Expansion of programs and services to address human resource needs in terms of skills shortages.

As a result of the department's Visioning exercise and the renewed focus on economic priorities, there has been shift in focus of the WDP from Community Economic Development activities to Entrepreneurship and Innovation activities in recent years. This shifting priority aligns with the following views of key informants:

- to focus WDP on economic diversification and development;
- to address strategic gaps in programming such as expansion into international trade and business productivity and competitiveness (entrepreneurship activities) in response to Western Canada's place in an increasingly globalized economy; and
- to place greater emphasis on innovation and technology commercialization.

Within the period of the evaluation (2003-2007), information from the database indicates that 59% of expenditures and 56% of projects were undertaken in Entrepreneurship and Innovation. Out of the 1,517 projects for Community Economic Development, 1,028 were from WDP sub-components that are coming to an end (670 projects in AB/SK Centenaries, 268 projects in Conference Support Program, 69 projects in Urban Development Agreements, and 21 projects in Canada/SK Northern Development Agreement). These WDP sub-components are sun-setting and will result in a reduced emphasis on Community Economic Development projects and greater emphasis on Entrepreneurship and Innovation projects in the future.

SECTION 4: SUCCESS

4.1 Demonstration of Planned Results

Data analysed from the recipient survey, case studies, and key informant interviews demonstrated that the WDP achieved results in each of the department's strategic outcomes. This result was supported by data from the literature review and file review. An assessment of other evaluations and studies completed for WDP projects also indicated that the WDP achieved results in each strategic outcome area. Key informants from all stakeholder groups mentioned a wide range of impacts resulting from the WDP to date. Importantly, most funding partners felt that project outcomes, in general, could be attributed to the WDP given that the projects could not have gone forward without funding and other support services from the program and its staff.

The file review showed that long-term results of projects are not tracked after WDP funding ends. Program officers indicated that most files were closed and archived at the end of program funding thus impacting on data collected for long-term results. Based on the file review, all projects have at least one indicator that links to one or more of the department's strategic outcomes, but nothing is tracked after project completion.

From the file review, linkages could be established between projects classified in different PAA sub-activity areas such as in community planning and economic research. Some projects have linkages between several strategic outcomes. These linkages are currently not being reflected in program reporting since the project officer must choose only one primary strategic outcome, for both practical and financial coding reasons.

The reporting of economic indicators, such as the number of jobs created or the number of businesses created, in the database and in the file review was found to be a challenge in the reporting process for the WDP. This challenge is a result of standardizing definitions, lack of independent reporting mechanisms, measurement timeframes and attribution. While evaluation evidence indicated the achievement of results in some economic indicators; it was not possible to determine the full extent of such results from the database. The evaluators noted that the department continues to work to refine indicators, train project officers and develop better reporting methods and tools.

The success section of the report is organised according to the department's strategic outcomes of:

- Policy, advocacy and coordination;
- Community economic development; and
- Entrepreneurship and innovation.

4.2 Strategic Outcome: Policy Advocacy and Coordination

Results from the file review indicated that economic research projects undertaken within WDP resulted in increased awareness and understanding of Western issues. Some of the results were used in policy decisions such as being referenced in the department's visioning exercise. Case study respondents spoke positively about WDP activities leading to awareness and dialogue about Western issues.

Findings from the file review and the case studies supported the views of key informants that improved coordination of federal economic activities has occurred as a result of the WDP. In the opinion of key informants, improved awareness and understanding of western issues can be attributed to the work of the WDP, including relationship, advocacy, and capacity building. In this respect, most key informants believe the WDP has played a substantial role in increased dialogue among federal departments, between the federal and provincial levels of government, and the federal government and local communities.

WDP projects undertaken in this strategic area are mostly in economic research in the areas of innovation, entrepreneurship, and community economic development that provides a sound basis for economic development in areas of importance to western Canada. Within the timeframe of the evaluation, the WDP contributed \$1,339,436 to fund 26 projects in this strategic outcome. Policy, advocacy, and coordination are not usually accomplished through project work but through most of the policy related work undertaken within the department on behalf of the program.

4.2.1 *Improved Coordination of Federal Activities in the West*

Key informants mentioned that the WDP has contributed to improved coordination of federal economic activities and programs. Ways in which the department was said to have achieved this coordination were as follows:

- **Bringing together partners**, through leadership and active involvement in projects;
- **Advocating for Western interests at the federal level**, and thus, representing a "systematic presence" at the federal level; and
- **Coordinating work with other federal departments and provinces** to institute new projects and actively engage industry and academia, including linking university research with other partners. Examples given included WEPA's and other federal/provincial strategies/joint planning processes.

4.2.2 *Understanding, Awareness and Dialogue about Western Issues*

The file review indicated that projects undertaken in economic research within this strategic outcome area promoted the understanding, awareness and dialogue about western Canadian issues. Two projects are highlighted below including the results achieved within each project:

- Saskatchewan Chamber of Commerce Foundation project to conduct a study of Saskatchewan economic drivers: The project resulted in policy decisions, which utilized scenarios for strategic business planning, and evaluation of partnership agreements.
- The Governors of Alberta three-year research program on small businesses in western Canada: The project was referenced in the department's visioning exercise and has been referenced in various media sources. Final report of the project indicated a significant distribution of the results of the project (4,700 hard copies distributed with over 23,000 hits to the project website).

Case study respondents felt, overall, that the department has contributed to improved coordination of federal economic activities and programs in Western Canada, including with the Canadian Foundation for Innovation, the Industrial Research Assistance Program, and in high-level meetings that create important linkages and dialogue. On the questions of access, dialogue, and awareness, most respondents spoke positively. Nearly all respondents felt that the WDP has led to improved awareness, dialogue, and/or understanding of Western Canadian economic issues, challenges, and priorities in provincial, federal, and international contexts. The following examples were given:

- Organization now has an international profile;
- Inter-provincial trade has increased;
- The project has resulted in the attraction of organizations and people to the region; and
- Communication between different government departments and levels of government has improved.

Results from case studies support the views expressed by the respondents. Two case studies are highlighted below:

- MB Audio Recording Industry Association/MB Motion Picture Industry Association Case Study: WDP funding led to the coordination of the music and film industry in Manitoba. This resulted in the ability to “brand” the industry and promote the idea of “proud to be Manitoban”. Fund recipients mentioned that there has been increased and improved provincial, national and international awareness of the film and music industry in Manitoba in addition to increased participation in international markets.
- Canadian Light Source (CLS) Case Study: WD funding allowed CLS to be heavily promoted across the academic community, as well as in the national and international business community. WD funding afforded CLS the occasion to undertake significant promotional activities locally, provincially, national, and internationally, and has allowed CLS to bring its activities to the “layperson”, and establish its relevance both to the taxpayer, and to businesses who may not have seen a need for CLS resources had it not been promoted to them.

These results from the file review and case studies supported the views of key informants. 84% (62 of 74) of key informants who were asked about this topic strongly agreed that the WDP has improved awareness, dialogue, and/or understanding of Western Canadian economic issues, challenges, opportunities, and priorities. These improvements were attributed to the WDP’s influence having:

- **Improved relationships between federal and provincial governments**, in-part because of the program’s access to policymakers.
- **Increased understanding of Western economic issues** as a result of the WDP bringing people together, through roundtables, industry-wide dialogues, and interdepartmental and multi-jurisdictional collaboration.
- **Brought Western economic issues to the fore nationally**, as a result of advocacy, regional representation, strong economic research, and conference support.
- **Increased capacity within communities** to better define their own competitive advantages, including increased engagement with Aboriginal communities.
- **Increase in international recognition** of the Western economy.

4.3 Strategic Outcome: Community Economic Development

Community Economic Development (CED) accounted for the majority of activities undertaken by the WDP during the time of the evaluation. WDP funded programs contribute to community planning, economic development and adjustment to mitigate economic crisis. Survey recipients agree their projects have engaged in activities that impact community economic development, and administrative data shows that many funded projects target this area. The results of the evaluation indicate that WDP funded projects contribute to community planning, economic development and adjustment to mitigate economic crisis.

Within the timeframe of the evaluation, community related activities represented 41% of the expenditures for all activities undertaken by the WDP accounting for 43.5% of all projects undertaken by the WDP (Table 4-1). CED projects and expenditures accounted for the majority of activities undertaken by the WDP at the time of the evaluation.

Table 4-1
Community-Related Activities

| Activity | Expenditures | Number of Projects |
|---|----------------------|--------------------|
| Community Planning | \$8,823,666 | 171 |
| Community Development | \$88,182,436 | 954 |
| Community Economic Adjustment | \$984,620 | 16 |
| Community Economic Development | \$62,059,209 | 376 |
| Total for Community Planning, Development and Economic Adjustment Activities | \$160,049,931 | 1,517 |
| Total for All Activities | \$390,256,480 | 3,484 |

Reference: Administrative Data

As Table 4-2 shows, survey recipients generally agreed that the work in which they had participated had increased viability and diversification of the local economies (69.9%) and contributed to enhanced community planning (68.3%). Examples of activities undertaken by projects that have community economic related outcomes include strengthened networks and partnerships with schools, building new and/or refurbished facilities, installing new service hook-ups, and enhancing tourism activities.

Table 4-2
Community Impact of WDP Funding

| Community Economic Development Impact | Strongly Disagree/ Disagree | Neutral | Agree/ Strongly Agree | Don't Know/No Response | Total |
|--|-----------------------------|---------|-----------------------|------------------------|--------|
| Increased viability and diversification of local economies | 4.4% | 12.6% | 69.9% | 13.1% | 100.0% |
| Contributed to enhanced community planning | 6.2% | 11.9% | 68.3% | 13.5% | 99.9% |
| Helped mitigate economic crisis | 17.7% | 23.8% | 33.1% | 25.4% | 100.0% |

n= 1,042, Totals may not add to 100% due to rounding. Reference: Recipient Survey

Additionally, the file review and the administrative data demonstrated examples of projects within this strategic outcomes area. Some of the examples are:

- **Enhanced community services** (43 projects). Examples included development of a convention/accommodation facility, a virtual library, refurbishment of an existing centre, development of community tourism infrastructure, and business and community plans.
- **Increase capacity in community organizations** (650 projects). Examples included website development, conferences, and building of resource centres in communities.
- **Individuals received training** (939 individuals). Examples of training individuals received through the WD funded projects included training on cultural issues, technical skill training, on-the-job training, and educational programs.
- **Developing community partnerships** (53 projects). Examples of partnerships included strengthened networks and working with school divisions and individual schools and also with various communities to develop trade potential.

Key informants generally agreed that community economic development has been well addressed in the WDP model. Ways in which the model was said to have addressed community economic development was through the Saskatchewan Northern Development Agreement, the Urban Development Agreements, and through work in rural areas and with Aboriginal communities.

Despite work in rural and Aboriginal communities, key informants noted that these communities present challenges to the community economic development aspect of the WDP model, as it can be difficult to locate an organization with the capacity to handle WDP funding. It was also suggested that some communities simply cannot be made sustainable through these sorts of programs, and that infrastructure is often more important for some smaller communities.

Key informants expressed the need for a clear definition of what community economic development means, given that some communities are not going to be sustainable and other programs, such as Community Futures program, might be more adept at addressing this need.

Evidence from key informants, the file reviews, and in the case studies indicates results having been achieved in projects undertaken in community planning, community development and community adjustment. Some of the results are demonstrated below.

4.3.1 Community Planning

Five out of 10 respondents in the case studies mentioned that their projects contributed to enhanced community planning. Eleven out of 110 files (10.0%) reviewed were targeted towards community planning as presented in the DDR's. Most of the community planning projects involved studies to develop community and business plans. Most of the community and business plans developed have been implemented. Some examples are:

- The Calgary Economic Development project to create a profile and directory of regional businesses: This project was still in-progress at the time of the evaluation and is likely to lead to expected results. Results to date indicate that thousands of business records in the Calgary region have been updated. This has enhanced the identification of businesses and greater information available on the Calgary economy and community supporting business retention, investment, and attraction activities.
- The Oliver and District Community Economic Development Society Feasibility study for Oliver's Wine Village Concept: The study produced a report that placed the town in a position to negotiate for a \$75 million mixed use wine village. Plans for implementation

of the study are far advanced and, according to the website, the Oliver Wine Village will be an experiential riverfront development committed to sustainable tourism and green building practices.

- The Community Futures Development Corporation of 16/37 project to establish the New Aiyansh Community Development Plan: The project resulted in two land use commercial designations in the community with suggestions to include the development of retail shops, rental shops, and offices. The plan also identified tourism commercial areas for the community.
- The British Columbia Co-Operative Association project to host community forums on developing a social cooperative: As a result of the project, the concept of social co-operatives resonated in many communities. Victoria and Lower Island have an established functioning social co-operative network. There are also emerging health co-operatives in the Kootenays. Many employment opportunities have been created from the co-operatives established.
- The Similkameen Valley Planning Society and Town of Princeton business plan to study the viability of purchasing the Princeton airport from the federal government: The plan was developed and approved and resulted in the Town of Princeton purchasing the airport from the federal government.

4.3.2 *Community Development*

Within the community economic development strategic outcome area, community development formed the bulk of the projects undertaken. Eight out of the nine respondents in the case studies mentioned that their projects contributed to community development through increased viability and diversification of the local economy. Thirty-eight out of 110 (34.5%) files reviewed were identified as community development projects. Examples of community development projects from the file review include:

- The Turning Point Society initiative to develop the First Nations shellfish aquaculture industry along BC's north and central coasts: Results from this initiative include the following:
 - Investment Attraction: A Memorandum of Understanding was developed with 2 Chinese companies who expressed interest in the project.
 - Preparation of Individual Business Plans for Communities: A business-planning consultant was identified to develop community business plans.
 - Capacity Building: Malaspina Centre for Shellfish Research received \$2.2 million to advance First Nations shellfish capacity building. Through this, training programs have been organised in the communities including the hiring of a community advisor and a project director.
- The Pacific Corridor Enterprise Council (PACE) project to install an Advanced Traveller Information (ATI) system along the Vancouver and the Lower Mainland's two main border crossings at Douglas (Peace Arch) Blaine and Pacific Highway: The ATI system was constructed and deployed along the border crossings. This system provides leading edge technology with dynamic message signs and software connections to Internet websites so as to communicate southbound delays, conditions, and travel times at each crossing for trip planning and route diversion. PACE and the transportation industry acknowledge that without WD investment, the project would not have been possible. It is anticipated that this prototype technology will be a model for other jurisdictions to follow and/or be guided by.

- The Aboriginal Human Resource Development Council of Saskatchewan project to enhance job placements for northern Saskatchewan residents: Final report of the project indicates over 300 job placements during the life of the project. Initiatives such as this contributed to reports that Canada's employment gap between Aboriginal and non-Aboriginal people grew smaller by 3.3% between 2001 (19.1 %) and 2006 (15.8 %).
- The Immigrant Access Fund Society of Alberta's initiative to support operations and delivery of the immigrant access fund: This initiative resulted in the integration of immigrants into Alberta's workforce. Based on the initiative's progress reports, 106 loans have been approved so far with 13 applicants receiving their accreditation/upgrade training and employment in their field.

4.3.3 *Community Economic Adjustment*

Many example of activities aimed at community adjustment and mitigating economic crisis were given by key-informants, including working with the Aboriginal community, revitalization of Vancouver Downtown Eastside, and other inner city and historic neighbourhoods, and development of better "core" neighbourhoods and improved housing stock. Facing "Mad Cow," pine beetle, fisheries, floods, and forestry adjustment were all mentioned as key examples of the department's involvement in community adjustment to mitigate economic crisis.

In support of these opinions, some projects from the file review can be seen as providing results for community adjustment. An example of such a project was:

- The Community Futures Development Corporation of Central Okanagan Post Fire Tourism Marketing Initiative: This project was undertaken to restore tourist confidence in the Okanagan due to negative media coverage of the fire that damaged wineries in central Okanagan in August 2003. The project re-established tourist confidence in Kelowna and the Okanagan. The project was also able to reverse media damage as visitor volume increased from 2002 to 2003. Upon completion of the project, tourists' data compiled by Tourism Kelowna indicated that visiting patterns have been normalised.

Within the WDP, several sub-component initiatives have also been undertaken to mitigate economic crisis. Two such initiatives were:

- The Fraser River Port Authority Channel Maintenance Program designed to provide the opportunity to regularly dredge the lower Fraser River ports and remove accumulated silt in the channel. This dredging helps to sustain and maintain safe water depths for deep-sea vessels as well as to mitigate the risk of flood in the region.
- The Mountain Pine Beetle and the Community Economic Diversification Initiative, a two-year contribution program targeted to forest-dependent communities with the goal of contributing to long-term stability and diversifying those economies. Community leaders and stakeholders work together to create jobs and support growth and sustainability in communities that have been affected by the pine beetle infestation.

4.4 Strategic Outcome: Entrepreneurship and Innovation

A competitive and expanded business sector in Canada.

Entrepreneurship accounted for a little over a quarter of expenditures and projects in the period of 2003 to 2007. Funded projects cite the achievement of successful partnerships and strategic linkages, which all stakeholders believe support entrepreneurship. Both job and business creation is occurring in WDP funded projects, although potentially at a higher rate than the existing administrative data supports.

According to the database, entrepreneurship-related activities represent 24.5% of the expenditures for all activities undertaken by the WDP (Table 4-3). Entrepreneurship-related activities account for 26% of all projects completed.

Table 4-3
Entrepreneurship-Related Activities

| Activity | Expenditures | Number of Projects |
|--|----------------------|--------------------|
| Business Development and Entrepreneurship | \$1,588,098 | 117 |
| Entrepreneurship | \$13,924,037 | 373 |
| Improve Business Productivity | \$34,596,792 | 164 |
| Market/Trade Development | \$39,088,902 | 152 |
| Industry Collaboration | \$2,489,612 | 74 |
| Foreign Direct Investment | \$506,139 | 9 |
| Access to Capital | \$3,593,804 | 14 |
| Total for Entrepreneurship Activities | \$95,787,384 | 903 |
| Total for All Activities | \$390,256,480 | 3,484 |

n = 3,454. Reference: Administrative Data

66.5% of funding recipients agreed that their project had increased successful partnerships and strategic linkages (Table 6-4). Significantly, fewer funding recipients indicated that their projects had resulted in increased foreign investment (15.0%) or participation in international markets (27.7%).

Table 4-4
Strategic Alliances and International Relationships

| Strategic Alliances and International Relationships | Strongly Disagree/ Disagree | Neutral | Agree/ Strongly Agree | Don't Know | No Response |
|--|-----------------------------|---------|-----------------------|------------|-------------|
| Increased participation in international markets | 22.5% | 17.0% | 27.7% | 2.7% | 30.1% |
| Increased foreign investment in Western Canada | 25.7% | 18.9% | 15.0% | 5.3% | 35.1% |
| Increased successful partnerships and strategic linkages | 5.1% | 12.8% | 66.5% | 2.6% | 13.1% |

n=1,042. Reference: Recipient Survey

With respect to increased participation of Western Canadian economies in international markets and the development of successful strategic alliances, key informants reported seeing positive changes. They however, pointed out that the WDP is too small to have made significant changes on its own, and acknowledged that at least some of this increase could be attributed to other economic diversification programs.

To key informants, partnership development was noted to be a core aspect of economic diversification. By promoting partnerships, the program was said to improve knowledge transfer, create new investment opportunities, and increase collaboration between sectors and levels of government. Successful partnerships were mentioned to have been brokered between provincial governments and the private sector, with Chambers of Commerce, and with various members of the business community. The Urban Development Agreements (UDA) and cost-shared agreements were highlighted as examples of successful partnerships.

With respect to entrepreneurship, projects were also linked with job and business creation and expansion. These economic indicators are not being consistently captured within program reporting processes at present; hence it was a challenge to present these data in the evaluation. Administrative data, the file review, and case studies showed that among WDP projects funded from 2002 to 2007, the following entrepreneurship results were evident:

- **Jobs created or maintained.** From the file review, about 611 job placements occurred in two projects undertaken by the Aboriginal Human Resource Development Council in Saskatchewan. Another 973 jobs were also created or maintained in 10 other projects that provided such information. Three case studies reported about 1,466 jobs created as a result of WD funding for their projects.
- **Businesses created, maintained, or expanded.** The administrative data showed 87 businesses created or maintained. Case study examples included the formation of spin-off companies and business incubation facilities.

Key informants mentioned that the WDP has contributed to entrepreneurship in the west, although it is acknowledged that there are some difficulties with the current model. The WDP's success in entrepreneurship is commonly attributed to the work it does in building partnerships and providing information, particularly in rural communities.

4.5 Entrepreneurship

From the case studies and the file review, most significant results in entrepreneurship activities were in the area of improving business productivity and industry collaboration. An analysis of projects in the file review showed linkages in the results obtained in improving business productivity and industry collaboration to market/trade development, foreign direct investment and access to capital.

4.5.1 *Improve Business Productivity*

Based on the file review, projects in this activity area mostly provided business training to entrepreneurs to improve their productivity. About 14 projects in this activity area were reviewed as part of the file review. Even though the file review indicated that most of the projects were completed, long-term results could not be determined in the evaluation due to the lack of follow-up of participants in training programs. Early results in project reports from more

recently funded projects do indicate progress being made towards the achievement of long-term outcomes. Examples of some early results from some of the projects are:

- The Retail Merchants of BC initiative to develop a customized B.C. retail training program: Comments on the program website indicate that the training program has been transforming BC's retail industry since its inception in 2006. There is the expansion of the training program into new provinces and the addition of new topics.
- The Alliance of Manufacturers & Exporters Canada initiative to provide operating funds for a Saskatchewan Manufacturers Centre: This is a follow-up from two other training projects. The centre provides training to manufacturing companies. Participants reported positive results with over 30 companies trained in this program. Some of the gains reported by some of the companies as a result of participating in this training include: process time reduced by 82%; production time reduced by 40%; travel time reduced by 75%; gross margin increased by 105%; and staff involvement in production process and allowed to make necessary changes.

4.5.2 Industry Collaboration

All lines of evidence in the evaluation supported increases in the number of successful partnerships and strategic alliances. A wide range of partners was represented in funding relationships. There was a strong level of agreement among stakeholders that involvement with the WDP had promoted collaboration (between the federal government and both communities and the private sector), strengthened relationships between partners, and allowed partners to carry out activities they would not have otherwise. Respondents also see partnerships as continuing at the end of WDP funding. It was commonly felt that partnerships did promote collaboration, which resulted in such activities as leveraging and productive discussions.

Survey recipients mentioned the creation of successful partnerships and/or strategic alliances as a key positive outcome. Evidence from the case studies and file reviews and from respondents suggested a number of different types of partners, including: provincial governments (sometimes more than one ministry); private business (from large corporations to small businesses); universities; regional economic development organizations; foundations; research institutes; and other organizations. Based on the file reviews and partner interviews, these partnerships also resulted in leveraging both in-kind and cash funds for projects.

Degree that Agreements Promoted Collaboration/Partnerships/Common Priorities

In terms of collaboration, survey recipients were asked about whether or not partnerships for the projects had promoted collaboration between the federal government and the private sector, and the federal government and the community. 69.6% of respondents agreed that partnerships had promoted collaboration between the federal government and the community (Table 4-5). 75.8% of the respondents agreed that WDP funding allowed partners to focus on common priorities.

Table 4-5
Partnership Collaboration, Strengthening, and Common Priorities

| Statement | Strongly Disagree/ Disagree | Neutral | Agree/ Strongly Agree | Don't Know | Total |
|---|-----------------------------|---------|-----------------------|------------|-------|
| The partnerships developed for this project promoted collaboration between the federal government and the community. | 7.8% | 15.6% | 69.6% | 7.0% | 100% |
| The partnerships developed for this project promoted collaboration between the federal government and the private sector. | 19.4% | 21.3% | 49.2% | 10.1% | 100% |
| WDP funding for this project allowed the partners to more strategically focus on common priorities | 2.9% | 14.2% | 75.8% | 7.1% | 100% |

n=756, excluding NR. Reference: Recipient Survey

Key informants spoke positively about the ability of cost-shared agreements to promote collaboration, strengthen partnerships, and more strategically focus on common priorities. Comments centred on collaborative work and joint funding agreements between the provincial governments (WEPA's) and other agreements, such as the UDA's and the Saskatchewan Northern Development Agreement. These agreements promoted discussion, innovation, competitiveness, strategic investment, and common outcomes. Partnerships were mentioned to often translate into expanded working relationships, and entirely new projects or local linkages.

4.5.3 Market/Trade Development, Foreign Direct Investment, and Access to Capital

Results in these activity areas were more impacted by results achieved in other activity areas. Not many WDP projects in the database were aimed directly at foreign direct investment and access to capital (these two activity areas are also covered by other departmental programs such as Community Futures). A few projects related to market/trade development were included in the file review due to the impact of this activity area on other PAA activities. An example from the file review and the case studies did indicate results achieved in these activity areas:

- The TR Labs/NEWT case study in Alberta to upgrade the NEWT wireless test facility resulted in the establishment of international collaboration with Hong Kong, Singapore and Finland in 2006. Case study respondents believe this collaboration will lead to the participation in international markets. The NEWT test facility is used for the development and support of wireless innovation, which includes education and mentorship programs, strategic business and marketing support, and technical resources.
- The Saskatchewan Trade & Export Partnership initiative to support export financing for SMEs: The project resulted in the establishment of nextrade finance which provides affordable export financing for SME exporters. An economic impact report estimated nextrade support to be over \$9 million since inception in 2004 to December 2006. With an initial capital pool of \$1.2 million, nextrade's impact on the Saskatchewan economy was estimated to be an additional \$18.2 million in economic activity since inception.

4.6 Innovation

Innovation was a strong undertaking in both expenditures and projects completed. Evidence from the evaluation indicates technology has been a key area of recent activity with such activities as training, science and technology programs; involvement in building research centres; and technology commercialization and adoption work. Other examples included: internship programs with venture capitalists, promotion of knowledge-based clusters, and the life sciences cluster.

Within the timeframe for the evaluation, innovation-related activities represented 34.1% of the expenditures for all activities undertaken by the WDP (Table 4-6). Innovation-related activities accounted for 30.0% of all projects completed.

Table 4-6
Innovation-Related Activities

| Activity | Expenditures | Number of Projects |
|---|----------------------|--------------------|
| Technology Adoption and Commercialization | \$29,005,999 | 193 |
| Technology Linkages | \$9,734,674 | 69 |
| Technology Research and Development | \$46,220,193 | 157 |
| Community Innovation | \$1,717,969 | 24 |
| Technology Skills Development | \$2,588,389 | 18 |
| Knowledge Infrastructure | \$9,697,784 | 25 |
| Innovation | \$34,114,721 | 552 |
| Total for Innovation Activities | \$133,079,729 | 1,038 |
| Total for All Activities | \$390,256,480 | 3,484 |

n = 3,454. Reference: Administrative Data

When asked about specific positive outcomes that projects have contributed to or increased, nearly all respondents in the case studies (8 of 9 respondents) cited technology linkages, research and development, community innovation, and technology skills development.

47.1% of the survey recipients expressed that the project they had participated in had resulted in increased productivity and 55.6% felt that the project had enhanced education, training or skill development (Table 4-7).

Table 4-7
Innovation Impact of WDP Funding Program

| Innovation Impacts | Strongly Disagree/ Disagree | Neutral | Agree/ Strongly Agree | Total |
|---|-----------------------------|---------|-----------------------|-------|
| Increased education, training, or skill development | 8.8% | 11.7% | 55.6% | 76.1% |
| Increased productivity | 9.9% | 19.1% | 47.1% | 76.1% |
| Increased research and development | 17.1% | 13.6% | 34.4% | 65.1% |
| Increased technology capacity in community | 18.3% | 15.5% | 30.2% | 64.0% |

| Innovation Impacts | Strongly Disagree/ Disagree | Neutral | Agree/ Strongly Agree | Total |
|---|-----------------------------|---------|-----------------------|-------|
| Increased technology linkages | 20.6% | 13.0% | 29.8% | 63.4% |
| Increased physical infrastructure for research and development | 21.1% | 16.7% | 22.8% | 60.6% |
| Developed a technology in a research institution with commercialization potential | 25.0% | 13.9% | 18.0% | 56.9% |

n= 1,042, excluding Don't Know/Not Applicable. Reference: Recipient Survey

Key informants mentioned that the program has a strong focus and a long-term interest in innovation, and that results in the area of innovation have been well addressed in the WDP model. These results include partnerships with universities, and work in the fields of life sciences, fuel cells, nanotechnology, health, environment, ICT, and wireless technologies. This success is attributed to strengths of the WDP model, which allow for the flexibility to support infrastructure and support services aimed at innovation, strong work with not-for-profits and other organizations, and core funding for technology linkages. The WDP's emphasis on economic research and capacity building was also felt to have supported innovation

An economic impact assessment of the department's investments in Western Canada's life sciences cluster estimate the economic impacts from the department's investments to be \$189.0 million in total output, \$88.9 million in GDP, and 1,654 full time equivalent jobs from 2000 to 2006. The department invested \$130.8 million for 359 projects in the life sciences within that period. Other additional benefits from the study include long-term public health benefits resulting from improved medical therapies, creation of spin-off companies, and attraction of scientists to research facilities.¹⁷

4.6.1 Technology Adoption, Commercialization, Linkages and R&D

The administrative data and case studies showed that among the projects funded by the WDP, the following innovation activities had been undertaken:

- **Products or processes identified for commercialization and adoption.** Forty-four products or processes from administrative data have been identified. From the University of British Columbia Centre for Drug Research and Development case study, 5 projects, including Targeting YB-1 for Cancer Therapy; Nano-scale Formulations of Taxotere Analogs; Development of a Chlamydia T Cell Vaccine; an Inhibitor of the M-Ras Pathway with Broad Anti-Cancer Activity; and Specific Inhibitors of Alternative Splicing Events Controlling HIV Replication have been approved for commercialization. Five other projects are pending, and 29 projects are under review.
- **Demonstrations of viable technology** (Spring Board West Innovation case study in Saskatchewan). The Regina Pipe Crawler, a new technology designed to move up and down pressurized drinking water pipes carrying sensors to assess the condition of the pipes, moved to commercialization as a result of WDP funding.

By funding research and development, the program was said to provide innovative approaches to traditional ways of doing business. For example, the WDP has funded research centres that have altered attitudes toward health care in Alberta (away from a disease-based and toward a

¹⁷ *Impact of WD's Investments in Western Canada's Life Sciences Cluster*. Impact study conducted for WD by Price Water House Coopers in September 2007.

wellness-based model). Research and development was also said to support new technologies, improve the role for post-secondary institutions in government programs, develop new products, and improve collaboration with local industry and researchers. In addition WDP funding was considered to be especially important in the development of the life sciences cluster.

Fifteen projects in the project file review had technology commercialisation, adoption, linkages and R&D as their sub-activity areas. Results from some of the projects are presented below:

- The Okanagan Research & Innovation Centre (ORIC) initiative to assist in establishing ORIC to transfer technologies: As of the end of March 2008, the centre had generated 4 clients resulting in increased revenue for ORIC. An ORIC client, Waveteq Communications Incorporated, a BC-based manufacturer and designer of specialized wireless devices, announced the completion of the certification process for Industry Canada and the Federal Communications Commission in the United States for their products.
- The Association of Professional Engineers and Geoscientists of British Columbia project to develop cost effective seismic retrofit design concepts to minimize the impact of earthquakes: The project resulted in the development of seismic retrofit design concepts for buildings using a performance-based methodology. The Ministry of Education (MoE) of BC considers this work to be an integral component of their \$1.5 billion plan to make BC's schools earthquake safe. Use of this methodology by the MoE has the potential to result in construction cost reductions in the range of 20-30% of their seismic mitigation program.
- The Wireless Innovation Network Society of BC (WINBC) initiative to develop a wireless cluster: As a result of WD funding, the society was able to sign up 50 new members to increase its linkages. WINBC currently represents more than 250 member companies and is currently the focal point for wireless in BC.

4.6.2 Community Innovation, Technology Skills Development, & Knowledge Infrastructure

In the impact assessment done of departmental investments in the life sciences cluster, findings indicate that the department's investment was an important contribution to the growth of the cluster through its contribution to creating research infrastructure. The department was also recognised in the study for supporting several training initiatives. Departmental funding also supported the expansion of the cluster in western Canada into diverse industry areas such as bio-fuels, value-added forestry, viticulture management, aquaculture, and agri-foods.¹⁸

The file review also indicated that activities undertaken in community economic development and innovation had a direct impact in these activity areas. Results also in Technology Adoption, Commercialization, Linkages and R&D could be linked to these activity areas. The file review did indicate some projects undertaken in this area. Examples of such projects with some results are:

- The British Columbia Biotechnology Alliance Society and Simon Fraser University (SFU) project to develop a Management of Technology MBA program at SFU: Based on the SFU website, the program has been implemented with 81 students in the program in 2008. WD funding afforded SFU the opportunity to offer the specialized management education stream for a niche sector (the biotech industry).

¹⁸ Impact of WD's Investments in Western Canada's Life Sciences Cluster. Impact study conducted for WD by Price Water House Coopers in September 2007.

- The University of Saskatchewan project to purchase additional equipment and to complete construction on the VIDO building: Information from the VIDO website indicates that the project was completed. As a result, VIDO has gone from a staff of five temporarily housed in trailers to a new building with more than 150 employees and researchers occupying 100,000 square feet. VIDO is internationally recognized for the design of many vaccines and products increasing productivity and improving health and quality of life for livestock. The organization hosts visiting scientists and also provides a skills training environment for undergraduates, postgraduates, and post doctorates.

4.7 Unintended Positive Program Impacts

Key informants mentioned other impacts such as increased social cohesion, coordination, and social capital resulting from cluster development. Other unintended impacts mentioned include:

- Private sector capital as a result of WDP investment in infrastructure;
- Positive working relationships with departmental staff;
- Increased business success in Asian markets;
- Increased community inclusion of those living in poverty because of economic development;
- Integrated, cost-effective approaches to development and planning; and
- Accelerated thinking in mainstream research and development circles.

As well, the recipient survey outlined a number of positive impacts of the projects that had been undertaken in Table 4-8.

Table 4-8
Impacts of the Projects

| Category | Percentage |
|---|-------------|
| Community related-development, renewal | 22.4% |
| Collaboration, networking, partnerships | 17.0% |
| Awareness, media, publicity, recognition | 12.0% |
| Increased capacity in organization, business related | 7.9% |
| Human resources, employment, jobs, labour | 5.7% |
| Education, schools, training, faculty | 4.4% |
| Tourism | 2.8% |
| Investment, revenue, financial, funding | 2.8% |
| Aboriginal issues | 2.8% |
| Research, bio-technology, innovation | 2.8% |
| Project expanded, were able to do similar project again | 2.8% |
| Other | 2.8% |
| Trade, exports, international, global | 2.5% |
| Other responses less than 2% | 10.9% |
| Total | 100% |

n=292. Reference: Recipient Survey

4.8 Unintended Negative Program Impacts

42.9% of survey recipients reported unintended impacts related to not having enough funding or funding ending before the completion of their project (Table 4-9).

Table 4-9
Unintended Negative Impacts of the Projects

| Category | Percentage |
|---|-------------|
| Finances-expenses, not enough funding/ funding ended | 42.9% |
| Negative reactions from public or politicians | 14.3% |
| Poor program design, unexpected results | 11.4% |
| Poor partnership opportunities, relationships | 8.6% |
| Project was not completed | 8.6% |
| Disorganization of the project | 5.7% |
| Negative environmental impact | 5.7% |
| Damage to facilities probably due to bad engineering design | 2.9% |
| Total | 100% |

n=35. Reference: Recipient Survey

Key informants mention the following unintended negative impacts of the program:

- Difficulties arising from obtaining matching funding;
- Application process is so burdensome that it impacts ability to spend time on other work;
- Problems with projects in Northern communities due to changes/reductions in funding which further erode trust between Northern stakeholders and government;
- Projects brought to operation mode failing because of lack of operational funding;
- Projects in which funding ends prior to the development of a sustainable economic base, resulting in poor outcomes for local organizations and economies.
- Inconsistencies between Western and Eastern regions in the application of federal programs;
- Providing too many resources to small organizations with insufficient capacity; and
- Negative media coverage of economic diversification programs.

SECTION 5: COST-EFFECTIVENESS

5.1 Leveraging of Funds

Were funds leveraged from other government sources and/or the private sector?

WDP funded projects helped to develop sustainable networks, leverage funds, and receive matching funds, particularly from other federal departments and provincial and municipal governments. For every dollar spent by the WDP, a further \$1.82 was leveraged from project partners (for relevant sub-components). Differences exist in between sub-components in terms of the amount of monies leveraged from other sources. In total, 417 partners contributed matching funds to projects by the WDP from 2002 to 2007.

Funding relationships mostly included partnerships with other levels of government, with the majority of funding organizations located in the provincial governments. Funding recipients typically have partners (some projects with multiple partnerships). For the most part, these partnerships are not first time relationships. Funding recipients generally anticipate the project partnerships developed for the WDP funded projects being sustainable and extending beyond the end of WDP funding.

5.1.1 Dollars and Percentage of Leveraged Funds Relative to WD Investment

Some sub-components, such as the cost-shared agreements, were able to leverage funds (Table 5-1). It is important to note that not all sub-components are required to leverage funds while some have leveraging built into the agreements. Overall (only including the sub-components that did leverage funds) the WDP was able to leverage \$1.82 for every funding dollar spent.

Table 5-1
Partners Contributing Matching Funds by Sub-Component

| Program | WDP Funding | Leveraged Funding | Total Funding | Dollars Leveraged |
|--|--------------|-------------------|---------------|-------------------|
| AB/SK Centenaries and Canada Celebrates SK (ASC/CCS) | \$91,024,491 | \$192,266,000 | \$28,329,0491 | \$2.11 |
| Western Economic Partnership Agreements (WEPA) | \$94,098,102 | \$155,254,108 | \$249,352,210 | \$1.65 |
| Urban Development Agreements (UDA) in Regina, Saskatoon, Winnipeg, Vancouver | \$27,523,973 | \$42,820,920 | \$70,344,893 | \$1.56 |
| Canada/SK Northern Development Agreement | \$7,251,086 | \$8,814,123 | \$16,065,209 | \$1.22 |

Reference: Administrative Data. Not all sub-components are included as they are not designed to leverage funds.

5.1.2 Number of Organizations Contributing Matching Funds

The number of organizations contributing matching funds was 417 from the database. The amount of leveraged funding was \$479,851,524. This includes all projects where funding was either matched or exceeded that of WD funding.

The majority of organizations providing leverage funds were other federal departments, provincial, or municipal governments. This is the case with the cost-shared agreements, whereby projects are often shared on a 50-50 basis such as WEPAs.

5.1.3 Percentage, Types, and Length of Partnerships

Approximately 73.3% of recipients mentioned having one or more partners for their projects, aside from the WDP (Table 5-2). Of those projects with at least one partner, 68.4% had partners drawn from other areas of government. 14.3% reported partnerships with other parts of the federal government, 26.1% with municipal governments, 28.0% with provincial governments, and 24.9% with not-for-profits organizations. Projects also included partners from other organizations, such as clubs/other organizations (21.5%) or private funders or donors (8.1%).

Table 5-2
Project Partners, Excluding WDP

| Number of Partners | Percentage |
|--------------------|------------|
| None | 26.7% |
| One | 19.7% |
| Two | 16.2% |
| Three | 10.5% |
| Four | 6.5% |
| Five or more | 20.4% |

n=1,042. Reference: Recipient Survey

From the administrative data, funder organizations represented a wide range of government organizations and departments, including the provincial government (52.0%), the federal government (28.4%), and municipal governments (16.7%) (Table 5-3).

Table 5-3
Funder Organization

| Organization | Percentage |
|---|--------------|
| Provincial government | 52.0% |
| Federal government or federal crown corporation | 28.4% |
| Municipality, municipal development corporation | 16.7% |
| Other responses that are each less than 3% | 2.8% |
| Total | 99.9% |

n=1,243, Totals may add to more than 100% due to multiple responses. Reference: Administrative Data

The file review indicated funder organizations coming from other federal government departments other than WD (15.4%), from provincial governments (34.5%), and from municipal governments (16.4%). Industry partners including financial institutions, educational institutions, non-profit organisations, and other private companies were mentioned in 22.0% of the files. WD was the only funder in about 11.7% of the files.

5.1.4 *Estimations of Partner Sustainability and Future Investment*

In terms of the sustainability of partnerships, recipients were asked if they felt that the partnerships for their particular project would extend beyond the project. Most of the funding recipients surveyed felt that the project partnerships would continue to extend beyond the project end date (Table 5-4). For instance, 77.5% of recipients felt that the relationship with their primary partner would extend beyond the project.

Table 5-4
Extension of Partnerships

| Partner Support | Yes | No | Don't Know |
|--|-------|-------|------------|
| Partner Given (1 st in support) (n=721) | 77.5% | 20.0% | 2.4% |
| Partner Given (2 nd in support) (n=503) | 78.5% | 20.3% | 1.0% |
| Partner Given (3 rd in support) (n=342) | 77.5% | 20.5% | 2.0% |

Excluding No Responses. Reference: Recipient Survey

According to rolled-up data from the database, slightly more than one-half (50.8%) of projects have sustainable partnerships.

5.1.5 *Degree to which WDP Funding Encouraged Other Partners*

Of the 756 recipients who had partners, 65.7% reported that the funding received from the WDP encouraged the participation of other funders. 47.1% of the respondents who said that the WDP encouraged participation reported that they needed other funding partners (Table 5-5). However, 23.0% of recipients reported that they already had other funding in place, and that departmental involvement did not encourage other funders.

Table 5-5
Encourage Participation of Other Funders

| Category | Percentage |
|---|-------------|
| Needed the funding to have WD or other organization participate | 47.1% |
| Already had funding in place, funding not required, didn't seek other funding | 23.0% |
| Respondent provided list of other funder/funders | 10.2% |
| Project was able to start, move forward, was possible | 3.6% |
| Credibility, legitimacy to project | 3.4% |
| Received matching funding | 3.4% |
| Outcomes of funding, completed project, what funding allowed | 3.2% |
| Didn't answer question, other | 6.1% |
| Total | 100% |

n=618. Reference: Recipient Survey

5.2 Cost-shared Agreements and Other Project Activities

Did cost-shared agreements allow the department and its funding partners to carry out activities that would not have been done otherwise?

The WDP does allow partners and funding recipients to carry on activities that would not be done otherwise. Funding relationships mostly included partnerships with other levels of government, most of which are not first-time associations. Generally, activities could not have been completed without WDP funding, as the WDP is critical to the success of the project; and, only small projects, or those with other funders would have been able to move forward. Most projects are not considered viable without WDP funding. WDP funding enhanced and broadened the scope, as well as accelerated the projects. The majority of projects were expected to continue more than five years beyond the expiry date of departmental funding.

5.2.1 Could Regions/Organizations Have Carried Out Project without WDP Funding Could Carry Out Project

Key informants envision projects going ahead without WDP involvement, but a scaling back would likely have occurred: project delays, changes in project scope, and smaller economic impacts were all predicted. Based on the file review and information in the DDRs, the evaluators deemed that 37 out of the 110 (33.6%) projects likely would have proceeded without departmental funding. However, most of the 37 projects would have likely been scaled back in scope or implementation would have been delayed. In terms of how projects would proceed, all stakeholder groups believed that other funding sources could have been accessed. These included accessing funding from industry partners, the private sector, or other municipal, provincial or federal monies.

Key informants were asked about any projects that they were aware of that did not receive WDP funding, but had been able to move forward. These projects assessed funding from other sources such as provincial governments, federal governments or industry. A critical part of WD's due diligence is to assess other more appropriate funding sources.

On the basis of case study analysis with non-funded projects, it was found that three of the four projects were able to move forward. Alternative funding sources included other federal funding, provincial government funding, and other organizations. It should be noted, however, that due to the limited sample size, the conclusion could not be drawn that WDP funding duplicates funding available from other organizations.

5.2.2 Future of the Project beyond WDP Funding

Some projects from the file review (three multi-year projects) were deemed as needing WDP funding for continued operation. Projects in some of the activity areas such as community planning, economic research, technology research and development, and knowledge infrastructure are not revenue generating projects and may need WDP funding for other phases. 5.2% of the projects in the administrative data included information on project and client sustainability. 67.9% of these projects continue to need government funding, generally because they are deficient in generating their own (e.g., through revenue). Of those projects in the file review and the administrative database that are sustainable this sustainability is achieved through other funding and/or revenue that the project is able to generate.

Recipient survey respondents expressed their opinion on the likelihood of future continuation of their project past the expiry of WDP funding. 70.2% of the recipients reported that their project would continue. Among those that said their project would continue, 66.9% stated that their project would continue for five years or more after the expiry of WDP funding.

5.3 Value for Tax Dollars

Are Canadians getting value for tax dollars from the WDP?

Opinions expressed by stakeholders indicate that the WDP provides value for tax dollars. Direct and indirect benefits from the WDP in areas, such as bringing products to commercialization, reflect the value Canadians derive from the WDP. It was not possible to estimate the incremental extent to which the program reflects “value for money” due to the lack of similar programs for comparison.

Departmental management and staff were asked if they believe the WDP is a cost-effective approach to promoting western economic diversification, and if projects supported by the WDP generate financial returns that are greater than investments. Generally, departmental management and staff believe that Canadians are getting value for tax dollars from the WDP, although some room for improvement was noted. Importantly, informants also stressed that not all projects are intended to be “cost-effective,” and that this should not be the only measure of success.

Informants pointed to direct and indirect benefits of the program, such as return of funds to the tax system, creation of jobs, bringing products to the commercialization stage, and generation of wealth in the economy.

Some management and staff brought the following forward: the need for ministerial approval (the Minister only approves projects over \$1 million) causes time delays; the program is not as responsive as it could be; and diversification cannot be attributed solely to the WDP, because of the importance of its partners.

It is challenging to estimate the extent to which the department delivers programs that reflect “value for money” associated with WDP investments. A review of an audit done internally by the department of the grants and contributions program noted, “that overall grants and contributions procedures at WD were effective and improvements are being made on an ongoing basis as a result of previous audit work”¹⁹.

When asked whether or not the package of sub-components resulting from the WDP were affordable and provide value for tax dollars, management and staff strongly argued that WDP sub-components are affordable and provide value for tax dollars. It was largely felt that the sub-components had been successful in building partnerships, and leveraging funds from other participants. Projects were said to make “a real difference in Western Canada” by serving local communities’ interests and having long-term impacts.

It should be noted, however, that the completed audits referenced above did not provide information as to the extent to which the department delivered programs on a cost-effective basis. In addition, there were no similar programs to compare to the WDP in order to analyze overall program cost-effectiveness.

¹⁹ Administration of Grants and Contributions Audit, Western Economic Diversification Canada, Audit, Evaluation, and Ethics Branch, July 2007, p.13.

SECTION 6: DESIGN AND DELIVERY

6.1 Appropriate Design and Delivery

Does the program design and delivery remain appropriate?

Key informants and survey recipients were often aware of the WDP prior to their being funded on the current project. They learned about the WDP through a variety of methods, including from departmental related sources, other government organizations, and various associations. Overall, the program design and delivery does remain appropriate. However, some modifications to the current design and delivery were suggested.

Survey recipients and key informants involved in projects reported useful consulting and/or counselling and advice from departmental staff, and this information was primarily used during the initial stages of a project and on project planning. Information on the WDP and the approval process was easily accessible and program officers were available to answer questions and provide helpful information about the monitoring and payment process. Funding recipients agreed that reporting time and effort was reasonable.

Suggestions for improvements primarily dealt with monitoring and measuring success, and included a focus on clarity and streamlining of the approval and reporting process and creating a better awareness of the program.

6.1.1 Awareness/Methods of Awareness of WDP Funding

The WDP and the department in general, are well known in the West for funding projects/ programs designed to enhance and increase western economic development and diversification. According to recipient survey respondents, 64.7% were aware of the program prior to working with the WDP.

Table 6-1
Method for Learning about Funding Availability

| Method | Percentage |
|--|------------|
| National or Provincial Association(s) | 28.6% |
| WD/WDP staff | 26.5% |
| WD/WDP web site | 15.5% |
| Regional office | 15.3% |
| Conference/Presentation/Workshop/Forum/Seminar/Kiosk | 13.3% |
| Community Organization | 12.8% |
| Collaboration, word-of-mouth | 11.0% |
| Some form of media (internet, news, mail) | 4.2% |
| Previous association, member of a WD network | 4.2% |
| Other methods less than 3% | 3.9% |
| Don't Know | 8.5% |

n=1,042. Totals add to more than 100% due to multiple responses. Reference: Recipient Survey

6.1.2 Relationships with Departmental Staff

Key informants spoke unanimously about the usefulness of engaging in consultations and/or planning activities with departmental management or staff. Staff members were described as knowledgeable, encouraging, easy talking to, helpful, skilled, professional, interested, supportive, transparent, open, and innovative.

In terms of discussing the reporting requirements, 79.5% of the recipients mentioned that departmental officers were available to answer their questions about the monitoring and payment process. 75.5% of the recipients agreed that information on the funding approval process and the WDP was easily accessible.

6.2 Satisfaction with Process

Are program recipients satisfied with the approval, monitoring and payment process?

Survey recipients were satisfied with all stages of the funding approval process, as well as the monitoring and payment process, and felt that the management structure allowed for efficient approval and timely payment for projects. Some dissatisfaction did occur due to the difficulty with the reporting process, the amount of time it takes to receive approval, and because of the complex nature of the financial issues. Satisfaction with the process occurred as a result of key relationships and effective communication with departmental staff. Non-funded informants from the case studies reported that staff was helpful, but that they had not received sufficient information as to why they were not eligible for funding.

Key informants had some suggestions for improvement including more clarity to and streamlining of the approval and reporting process, longer funding commitments to reduce uncertainty, and increasing information around funding criteria.

6.2.1 Funding Recipient Satisfaction with Approval, Monitoring, and Payment Process

Overall, 76.6% of the survey recipients agreed that they were satisfied with the project screening, approval and monitoring and payment processes currently in use by the WDP. 23.3% reported satisfaction with the level of communication they had with staff (Table 6-2). Dissatisfaction largely pertained to the complicated nature of the reporting process (4.2%) and the length of the approval process (4.1%).

Table 6-2
Reasons for Satisfaction/Dissatisfaction

| Category | Percentage |
|--|------------|
| Satisfaction | |
| Good communication/information, helpful staff | 23.3% |
| No issues/complaints, satisfied | 21.3% |
| Needs were met, good project, approved project, successful process | 15.4% |
| Program/process is good, timely, efficient, clear | 15.3% |
| Other reasons for satisfaction less than 3% | 1.3% |

Dissatisfaction

| | |
|---|-------|
| Reporting - too difficult, expensive, time-consuming, too much reporting/paperwork, repetitious | 4.2% |
| Approval process takes too long | 4.1% |
| Other reasons for dissatisfaction less than 3% | 14.6% |

n=901. Reference: Recipient Survey

In terms of the monitoring and payment process, 78.5% of the survey recipients agreed that the process was timely, 78.9% felt that payment was timely, and 82.7% felt that reporting requirements were adequately described. Overall, 84.1% of respondents were satisfied with the monitoring and payment process.

6.2.2 Non-Recipient Satisfaction with Screening and Approval Process

Non-funded respondents from the case studies reported that working with staff was helpful; however, communication was not always forthcoming after a proposal had been submitted. Furthermore, all respondents stated that they were unsure why they had not received funding, and had been left to speculate as to whether priorities had been changed, or if some other issue had prevented approval.

6.2.3 Modifications to Design and Delivery

Key informants indicated that the current structure is flexible and that changes have already been implemented that have improved service standards and applications. Some key informants expressed the view that paperwork was burdensome, time-consuming, expensive, and/or difficult to complete (especially for small businesses or not-for-profit organizations). According to funding recipients, auditing rules also created practical difficulties that did not promote optimal outcomes for their projects. Other issues mentioned by key informants include wait times for approval being problematic and the need to improve transparency, regularity, and funding process, in addition to creating more awareness of and publicity for the program. Modifications mentioned by key informants for design and delivery include:

- Streamlining the internal processes, such as assessment, decision-making, and monitoring, as outlined by the Blue Ribbon Panel (see Appendix E for details).
- Improving the clarity of programming and leveraging activities and allowing for cash advances;
- Modifying auditing rules also created practical difficulties that did not promote optimal outcomes for their projects;
- Longer project timelines as implementation of some projects take longer than expected or projects may not be completed as quickly as anticipated;
- A less complex application process by streamlining applications and reporting requirements especially for small organizations;
- Introduction of online applications;
- Longer funding commitments to reduce uncertainty around annual funding and improve effectiveness of long-term planning; and
- Increased information sharing around funding eligibility criteria.

6.3 Departmental Management Structure

Has the department created an effective management structure for the various sub-components and sub-agreements that are supported by the WDP?

The department has created an effective management structure for the various sub-components and sub-agreements, but stakeholders see room for improvement. The WDP has a risk management structure that works to ensure accountability and achievement of goals and outcomes, while at the same time supporting the work of partners and networks.

6.3.1 WDP Risk Management Practices

Projects have a risk management system in place.²⁰ The system examines criteria such as materiality, profile, visibility, or reputation; project complexity; threats to and impacts of a project not delivering on results, in order to assess the level of risk (low, medium, or high).

Project officers try to reduce identified risks to acceptable levels during the due diligence stage. Project officers will stipulate special conditions in the contribution agreement that will mitigate those projects with higher risks. These stipulations may occur in the initial stages of a project or be on-going.

If risk factors cannot be reduced or mitigated through contribution agreement stipulations, the project may not proceed. However, if a project is high risk, it still may be approved depending on the types of significant benefits that may be generated and the mitigating factors that the project officers can put into place.

6.3.2 System of Reporting on Outcomes

The project file review showed that DDR's and PAR's are completed for all projects. These DDR's and PAR's contain project-based outcomes measurement systems, which are built into contracts. In addition, the files contain progress and final reports from projects. Management and staff reported that reporting is part of a contractual agreement and that each project goes through a development and assessment process, and a tracking system allows for descriptions of outcomes, baseline indicators, incremental results, and expected outcomes. Both management and staff mentioned the usefulness of the Project Assessment Tool and Project Gateway in following a project throughout its life cycle.

6.3.3 Gaps in Information Provided or Collected

Key informants expressed the view that that the biggest single gap in reporting mechanisms is long-term follow-up and looking at long-term impacts of the department's investments under the WDP. Information pertaining to in-kind contributions was not always identified from the files. This type of information could be a significant form of leveraging for the evaluation purposes. This observation is supported by the file review, which indicated minimal follow-up of projects after departmental funding ends. A number of progress reports and final reports from the file review did not routinely address the indicators outlined in DDR's.

²⁰ Audit and Evaluation Plan 2006-2009: Risk Assessment System. Retrieved March 13, 2008.

On improvements to the reporting system, key informants provided the following suggestions:

- Building capacity, especially in smaller organizations to enhance reporting requirements.
- Providing clarity on reporting requirements especially on outcomes, indicators, timelines, milestones and financial models.

SECTION 7: RECOMMENDATIONS

Based on the information collected as part of this evaluation, the following recommendations identified could enhance the relevance, success, and design & delivery of the Western Diversification Program.

Relevance

1. **The department needs to maintain the current flexibility within the WDP in future design and delivery of the program.**
 - Stakeholders agreed that the flexibility of the WDP is key to be able to address the needs of the west, which change over time.
 - The diversity within the WDP helped many projects to be funded in innovation, community economic development and entrepreneurship.
 - Flexibility will continue to be needed especially in community economic adjustment to mitigate economic crisis. The continued dependence of the western provinces on resources and commodities will mean that commodity markets will continue to have a major cyclical impact.

Success

2. **The department should improve performance measurement processes to capture linkages between strategic outcomes and program activities.**
 - Research indicates linkages exist among different project activities as identified in the department's PAA. Results from one strategic area impact other strategic areas.
 - Future design of the program should take into account the development of a logic model that reflects these linkages. The logic model or parts of it can serve as a tool for program officers to use in the due diligence process to capture activity linkages.
3. **The department should develop a system to follow-up on projects after WDP funding ends to track long-term benefits.**
 - Currently, after WDP funding ends, files are closed and long-term results are not tracked. This impacted on the ability of the evaluation to track progress towards the achievement of strategic outcomes.
 - An example for such a system is to use co-op students to track long-term results as is being done at the Manitoba regional office.
4. **The department should continue to use the WDP to strengthen existing and develop new partnerships.**
 - Research suggests that the WDP promotes collaboration and that partnerships are strengthened by the involvement of the WDP.
 - Recipients were able to elaborate on the wide range of funding partnerships that are developed for their projects.
 - Partnerships are often long-term in nature, and funding partners' work to enhance the projects that they are involved in.

Design and Delivery

- 5. The department should improve the monitoring process to ensure that client reporting demonstrates results achieved against project indicators.**
 - Progress reporting does not always demonstrate success (or lack of it) on individual projects.
 - Progress reports do not specifically and routinely address the indicators that are outlined in the DDR.
 - For some recipients, reporting is often difficult, time-consuming, and requires a significant amount of resources (both staff and financial).
- 6. The department should improve databases to ensure that all pertinent information is collected and updated.**
 - The findings suggest that databases do not always have complete and/or accurate contact information for funding recipients, and partner information is sometimes missing or referred to in very general terms.
 - Very little data is collected about projects that do not receive funding and why they do not receive that funding.
 - Information with regard to in-kind funding is not adequately outlined in the database, and this type of information could be a significant form of leveraging.