

Western Economic Diversification Canada  
 Evaluation Report (06 March 2006)  
 Evaluation of the Service Delivery Network Program (SDNP)  
 Management Action Plan (04 July 2006)

Recommendation	Management Response	Management Action Plan
<p>1. <b>Maintain SDNP Terms and Conditions.</b> The evidence gathered during the course of this evaluation shows that most SDNP funded projects are effective and achieve their expected results. The evaluation also shows that there is a general need for the terms and conditions, but with some improvement in terms of design and delivery (see next recommendation).</p>	<p><b>Partially Agree.</b> However, the report did not evaluate the effectiveness of the various initiatives funded using SDNP. WD will consider renewal of the program where there are gaps in program funding following confirmation of the department's directions.</p>	<p>Consider renewal of the SDNP terms and conditions. Based on an internal assessment of the program it has been determined that many of the SDNP projects could now be approved under other existing program terms and conditions. The exception is funding for projects that address access to capital gaps which will be the focus if the program is renewed.</p>
<p>2. <b>Clarify Guidelines.</b> The evaluation has shown that there are a number of inconsistencies in the delivery of SDN. There should be stricter guidelines regarding all aspects of the delivery of the G&amp;Cs, including guidelines in the following areas:</p> <ul style="list-style-type: none"> <li>a. Selection criteria. The criteria for selecting projects should be formalized and transparent. The criteria should be based on a weighted point system and reflect WD national and regional priorities.</li> <li>b. Project monitoring. The guidelines to performance monitoring should be clearly defined and applied systematically.</li> </ul>	<p><b>Partially Agree.</b> However, the program was designed to be very flexible and wide reaching, which as stated in the evaluation was found to be appreciated. SDNP funding was provided to projects selected on the basis of their potential to contribute to the department's strategic objectives and specific regional business plan objectives.</p>	<p>Based on experience to date, if renewed the program will be more focused and reflective of the department's Program Activity Architecture which reflects the department's strategic objectives and expected results. The department will undertake efforts to ensure that project selection criteria are more transparent and clearly documented in the Project Assessment Tool. The department will consider a weighted point system if it makes sense.</p>
<p>3. <b>Increase Success Rate of Capital Loans.</b> While some capital loan projects have been very successful (justifying this type of project), some have met serious challenges as indicated by the rate of non-performing loans (including write-offs). WD will need to develop</p>	<p><b>Agree.</b> WD increasingly gains more experience with loan fund delivery and will take this experience into consideration if renewing the terms and conditions for the SDNP.</p>	<p>WD is reviewing gaps in access to financing across the west and will renew the SDNP if required to support the department in meeting its objectives. Risk analysis and mitigating actions, including minimizing loss rates, will be documented as part of the due diligence</p>

<p>a better approach to diagnose the risks and capabilities of the organizations to administer the loan funds and support loan applicants (including preparation and follow-up). Organizations partnering with other organizations providing complementary services (business plan preparation, business information, etc.) should be favored. If some organizations lack resources to support entrepreneurs, WD could provide additional support to ensure that the organizations have sufficient staff resources (skills, knowledge and numbers) to support loan applicants. Overall, a maximum write-off rate should be targeted for most at-risk populations (people with disabilities and Aboriginal entrepreneurs).</p>		<p>process for any project that is considered for funding.</p>
<p>4. <b>Encourage Third-Party Participation.</b> Evidence shows that a minority of projects involves other funders. Options and strategies should be developed to encourage other sources of funding. However, some projects will remain very difficult to fund through other sources, including capital fund projects and infrastructure projects for the CFDCs.</p>	<p><b>Disagree.</b> The report did not include an analysis of the project assessment process that would be required to support this recommendation. WD follows the Treasury Board Policy on Transfer Payments which requires that assistance be provided for projects only at the minimum level to further the attainment of the program's objectives and expected results.</p>	<p>WD will continue its current practice of maximizing funding and participation from other sources.</p>
<p>5. <b>Follow-up on Monitoring Improvements.</b> When the evaluation was conducted, monitoring was considered a challenge. Results information was not standardized and not summarized. There are apparently ongoing efforts to improve the process. WD senior managers will need to ensure that these improvements will be implemented in a timely manner. Follow-up will be needed to ensure that the new monitoring approach allows WD management to gain better results-information for decision-making purposes, and to meet accountability requirements.</p>	<p><b>Agree.</b> WD has implemented a performance measurement system in support of the Program Activity Architecture requirements. All project assessments include documentation that captures information earlier, more completely, and more accurately. This information allows improved management reporting and the ability to more effectively deliver program funds in alignment with strategic outcomes.</p>	<p>Continue to improve performance measurement processes and reporting including provision of staff training on performance measurement.</p>