

# Evaluation of the Service Delivery Network Program

## *Final Report*

**Prepared for:**  
Western Economic Diversification

**Prepared by:**  
Goss Gilroy Inc.  
Management Consultants  
Suite 900, 150 Metcalfe Street  
Ottawa, ON K2P 1P1  
Tel: (613) 230-5577  
Fax: (613) 235-9592  
E-mail: [ggi@ggi.ca](mailto:ggi@ggi.ca)

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**GOSS GILROY INC.**

Management Consultants  
Conseillers en gestion

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# Executive Summary

This report presents the results of an evaluation of the WD Service Delivery Network Program (SDN). The objective of this evaluation is to assess the rationale, design and effectiveness of the program. SDN reflects a specific set of terms and conditions used for WD's grants and contributions. The objective of the program is to increase access to business services in Western Canada using service delivery agreements with community-based organizations (including Community Futures Development Corporations and other organizations, such as NGOs and economic development organizations working with Aboriginals and people with disabilities) through business services, capital loan funds, community research studies and other business development projects.

## *Methodology*

The evaluation evidence was derived from an analysis of the SDN administrative project database, a document and file review, key informant interviews with WD staff (n=12), six case studies of SDN projects, a telephone survey of funding recipients (n=58), and a telephone survey of business clients (project participants and loan recipients) (n=60).

## *Evaluation Findings*

### **Design and Delivery**

According to evaluation findings, the terms and conditions of SDN are deemed very flexible and are appreciated for that reason. There is an ongoing debate whether 100 percent stacking should be allowed. While some advocate that organizations should be able to leverage funds from other sources, others think that many organizations such as NGOs are not capable of obtaining funds from other sources.

Program recipients (service delivery organizations) are generally satisfied with the delivery of the program. Findings indicate, however, that the selection process of projects could be more rigorous. There is a need for clearer selection criteria and policy parameters. Evidence indicates that WD Network partners

and most eligible organizations are aware of SDN funding – although not always by name.

The monitoring system to SDN was being reviewed by WD when the evaluation was conducted. While the monitoring process is considered timely, there was no consistent reporting at that point in time. A consistent approach would allow WD to better meet accountability requirements.

### **Success of SDN**

Overall, findings show that SDN is successful and that significant, incremental impacts are likely to be achieved as a result of the program. Projects include research studies, support for software and equipment for economic development organizations (mainly CFDCs), training and workshops, and capital loan projects. Projects involving research or studies generally meet the needs of the funded organizations and their partners. Software and equipment acquired by SDN are highly appreciated and help the organizations work with a comparable level of equipment, ensuring effective exchanges between organizations as well as quality client service.

Training projects are useful and meet expectations, according to evidence. Most participants are satisfied with training and use or expect to use what they learned. Business loan recipients use loans to acquire assets and/or develop new services or products. Loans also create a sizeable number of jobs, according to evidence. While some capital loans funds are very successful, others however have been challenged with high loss rates. Lack of resources to support loan recipients is among the key explanations of high losses.

### **Cost-Effectiveness and Alternatives**

Evidence indicates that the program is cost-effective. The contributions amounts are considered minimal. Decreasing budget allocations per projects should not be considered in the future. Most projects, however, do not involve other funding sources (limited leveraging effect).

## **Rationale**

According to evaluation findings, there is a need for funding for projects funded by SDN, especially for projects in large urban centers for specific groups such as Aboriginal groups and people with disabilities. There is also a need for a flexible program that allows regional offices to provide funding without going through an HQ approval process.

SDN is consistent with WD priorities and objectives. Evidence from other evaluations also indicates that there is a need for the Community Economic Development Internship Program (CEDIP) and the Community Economic Development Opportunity (CEDO) program, which are funded through SDN.

## ***Conclusions and Recommendations***

Overall, the findings lead the consultant to conclude that there is need for the SDN, and that it is highly likely that the SDN projects have an incremental impact overall. The following recommendations are proposed:

1. **Maintain SDN Terms and Conditions.** The evidence gathered during the course of this evaluations shows that most SDN funded projects are effective and achieve their expected results.
2. **Clarify Guidelines.** The evaluation has shown that there are a number of inconsistencies in the delivery of the G&Cs through SDN. There should be stricter guidelines regarding all aspects of the delivery of the G&Cs, including guidelines for the selection criteria and project monitoring. The guidelines to performance monitoring should be clearly defined and applied systematically.
3. **Increase Success of Capital Loans.** While some capital loan projects have been very successful (justifying this type of project), some have met serious challenges. WD will need to develop 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.

4. **Encourage Third-Party Participation.** 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.
5. **Follow-up on Monitoring Improvements.** 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 will allow WD management to gain better results-information for decision-making purposes, and to meet accountability requirements.

## List of Acronyms

CBSC: Canada Business Service Centres  
CDEM: Conseil de développement économique des municipalités bilingues du Manitoba  
CEDIP: Community Economic Development Internship Program  
CEDO: Community Economic Development Opportunity  
CFDA: Community Futures Development Association  
CFDC: Community Futures Development Corporations  
CFPM: Community Futures Partners of Manitoba Inc.  
CFPS: Community Futures Partners of Saskatchewan  
DECSA: Distinctive Employment Counseling Services of Alberta  
DM: Deputy Minister  
ECLF: Edmonton Community Loan Fund  
FEDO: Francophone Economic Development Organizations  
G&Cs: Grants and contributions  
HQ: Headquarters  
NGO: Non-government organization  
SDN: Service Delivery Network Program (sometimes referred as SDNP)  
TASK: Tourism Action Society of the Kootenay  
UEDI: Urban Entrepreneurs with Disability Initiative  
WCBSN: Western Canada Business Service Network  
WD: Western Economic Diversification  
WDP: Western Diversification Program  
WEC: Women's Enterprise Centres

# 1.0 Introduction

This report presents the results of an evaluation of the Service Delivery Network Program (SDN) for Western Economic Diversification (WD). The objective of this evaluation is to assess the rationale, design and effectiveness of the SDN. This section provides the background and methodology of the evaluation.

## 1.1 Profile of SDN

Pursuant to the directions established in the Program Review and the 1995 Federal Budget, Western Economic Diversification adopted a different approach to supporting economic development in Western Canada<sup>1</sup>. This new approach focuses on integrating services to small business, as well as on community-based economic development and leveraging private sector resources to finance economic growth through innovative partnerships.

At the core of WD's strategy for the integration of small business services is the development of a Service Delivery Network – an innovative partnership of federal government departments, other levels of government and community-based organizations. In addition to the WD offices, the initial building blocks for the network were:

- The four Western Canada Business Service Centres (CBSC), established in partnership with other federal departments and Western provincial governments;
- The 78 western Community Futures Development Corporations (CFDC), community-based organizations established by Human Resources Development Canada to address community economic development needs and transferred to WD through the 1995 Budget; and
- Four Women's Enterprise Centres (WECs), community-based organizations established with WD assistance to address the special needs of women entrepreneurs.

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<sup>1</sup> Source: Evaluation Framework of SDN Program, 1998



Since these initial undertakings, WD has expanded and developed the WCBSN (Western Canada Business Service Network) to ensure greater access to small business services in western communities. These new partners include non-profit organizations and the Francophone Economic Development Organizations (FEDOs).

### **Objectives of SDN**

The overall objective of the program is to increase access to business services in Western Canada using service delivery agreements with community-based organizations (including Community Futures Development Corporations and other organizations, such as NGOs and economic development organizations working with Aboriginals and people with disabilities) through business services, capital loan funds, community research studies and other business development projects.

In detail, the program increases access to services in Western Canada using service delivery agreements with community-based organizations through the following means 1) Access to Capital - Providing capital to assist existing businesses or to help entrepreneurs to create new businesses; and 2) Business Services - Delivering a range of targeted business and information services to small and medium sized businesses. Business information services include services such as:

- Counseling and/or mentoring assistance,
- Research assistance,
- Path finding assistance,
- Networking assistance,
- Business planning, and
- General marketing and promotion assistance.

It should be mentioned that two distinct programs are funded through SDN G&Cs: the Community Economic Development Internship Program (CEDIP) and the Community Economic Development Opportunity (CEDO) program.

There is no specific budget set for SDN. The SDN funds are part of a larger G&Cs budget, which also includes the WDP (Western Diversification Program) funds. In this sense, SDN refers specific terms and conditions applicable for G&Cs. The key differences between SDN and WDP are the

following:

- Contrary to the WDP, SDN terms and conditions do not set stacking conditions, while WDP requires a minimum contribution of 10% (although 100% financing is permissible with DM approval).
- SDN can fund capital loan projects, while WDP cannot.

WD Regional offices therefore use SDN terms and conditions when applicable for projects submitted by funding recipients.

## 1.2 Profile of SDN Projects

This section describes the SDN projects and recipients using SDN. The information is based on program files and database.

### 1.2.1 Profile of Projects and Organizations Using SDN Funds

SDN funds are intended for WD service delivery partners, including the CFDCs, CBSCs, WEIs, FEDOs (and their respective organizations) and various non-government organizations. As shown in Exhibit 1.1, 373 projects were funded in the 2001-2004 period (see scope of evaluation later in this section). About nine projects out of ten (89 percent) were done by the CFDCs.

**Exhibit 1.1: Distribution of Projects by Types of Organizations (2001-2004)**

Organization Type		Number of Projects by Region				Total
		BC	Alberta	Saskatchewan	Manitoba	
CFDCs	n	255	8	46	22	331
	%	94.1%	47.1%	82.1%	75.9%	88.7%
WEIs	n	3	1	1	2	7
	%	1.1%	5.9%	1.8%	6.9%	1.9%
FEDOs	n	9	3	5	5	22
	%	3.3%	17.6%	8.9%	17.2%	5.9%
other	n	4	5	4	0	13
	%	1.5%	29.4%	7.1%	.0%	3.5%
Total	n	271	17	56	29	373
	%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SDN administrative project database

CFDC projects are concentrated in BC – the heaviest user of the SDN terms and conditions (271 of the 373 projects). This is explained by the fact that the BC WD office has placed significant emphasis on the “sustainable communities” pillar.

### Exhibit 1.2: Projects by Pillar

	Frequency	Percent
Partner Coordination	39	10.5
Business Development	48	12.9
Economic Research and Analysis	4	1.1
Sustainable Communities	217	58.3
Entrepreneurship	64	17.2
Total	372	100.0

The above exhibit describes the projects according to WD Pillars. As indicated the majority of projects are part of the “Sustainable communities” pillar (58 percent). The second most important group is “Entrepreneurship”, with 17 percent.

### Exhibit 1.3 : SDN Projects by Approved Funding Amount and WD Region

Approved funding amount	Region				Total
	BC	Alberta	Saskatchewan	Manitoba	
\$0 – 19,999	35.8%	11.8%	64.3%	69.0%	41.6%
\$20,000 – 39,999	46.9%	11.8%	17.9%	3.4%	37.9%
\$40,000 – 59,999	4.4%		1.8%	3.4%	3.8%
\$60,000 – 79,999	2.6%	5.9%		3.4%	2.4%
\$80,000 >	10.3%	70.6%	16.1%	20.7%	14.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SDN administrative project database

Exhibit 1.3 provides an overview of the funding amount distribution by WD region.

As shown, 42 percent of all SDN projects involve funding of less than \$20,000. Projects are generally of smaller amounts in Saskatchewan and Manitoba, although a few larger projects were implemented in these regions. Projects in Alberta are more likely to be larger in terms of budgets (many of which were not with WCBSN organizations). Additional tables are presented in Appendix B.

In terms of types of projects, a review of the project descriptions indicates that the following projects types have been funded through SDN:

- 1) Training and conferences;
- 2) Research projects;
- 3) Infrastructure development/upgrade (including computers, servers and software);
- 4) Internship projects (CEDIP);
- 5) Capital loan projects; and
- 6) Other various economic development projects (e.g., planning, etc.).

### **1.2.2 Profile of Capital Loan Projects**

A number of capital loan projects have been created under SDN, some of which have been reviewed as part of this evaluation. This subsection provides an overall view of these projects. Since the creation of the program, the following capital loan fund projects have been approved:

#### **Manitoba**

- M98SD0001 Economic Development Council for Manitoba Bilingualism (\$500,000 Repayable and \$225,000 Non-repayable) (CDEM)
- M98SD0002 Independent Living Resource Centre Inc. (\$450,000 conditionally repayable and \$450,000 Non-repayable).

#### **Saskatchewan**

- SSDZ0001 Canadian Youth Business Foundation (\$500,000 conditionally repayable, and \$400,000 Non-repayable). (Youth)
- S98SD001 North Saskatchewan Independent Living Centre (\$100,000 non-repayable and \$500,000 conditionally repayable).

#### **Alberta**

- A98SD0001 Edmonton Community Loan Fund Corporation (\$200,000 conditionally repayable and \$50,000 Non-repayable).
- A98SD0002 Edmonton Aboriginal Business Development Centre (\$675,000 conditionally repayable and \$417,000 Non-repayable).
- A98SD0003 Distinctive Employment Counselling Services of Alberta (\$476,000 conditionally repayable and \$124,000 Non-repayable).
- A98SD0005 Mennonite Central Committee-Employment Development

Society (\$400,000 conditionally repayable and \$375,000 Non-repayable).

(While a number of projects have been approved in BC, some have not gone ahead while others have been transformed into other types of projects).

### ***Detailed Examples of Capital Loan Projects***

The following examples of capital loan projects are provided for illustrative purposes.

#### ***DECSA (Ventures)***

WD has contracted with DECSA to provide services to urban entrepreneurs with disabilities in Edmonton. The projects were designed to address the specific needs and barriers of entrepreneurs with disabilities. DECSA partners with the Edmonton Community Loan Fund, a non-profit organization specially mandated to provide loans to low income people wishing to start their own business. Both offer complementary skills of a service provider and a banker to deliver an integrated program. The program consists of recruiting, training, providing business plan counseling, coaching, supporting and providing loans to entrepreneurs who live with a disability and wish to achieve financial independence through entrepreneurship. According to program files, two capital loan funds were in operation as a result of SDN, one lending \$334,782 in loans, and the other \$256,230.

#### ***Fundability Project***

Mennonite Central Committee Employment Development (MCC ED) Society delivers the FundAbility program, a comprehensive support program through the WD's Urban Entrepreneurs with Disability Initiative (UEDI). FundAbility is a micro lending program that offers ongoing entrepreneurial support services in the form of networking events, skill-building workshops, and coaching from volunteers in the business community. Viable proposals to establish a new, expanded or existing business could access a loan of up to \$75,000. The program has been designed with an individualized focus to address the specific needs and barriers faced by entrepreneurs with disabilities.

### ***CDEM Loan Fund***

A capital loan fund was provided to CDEM (Conseil de développement économique des municipalités bilingues du Manitoba), a FEDO based in Manitoba. With an initial loan fund of \$500,000, the fund has been used to finance the establishment or expansion of businesses in the Manitoba Associated Bilingual Municipalities. Since inception, the loan fund has been used to finance the establishment or expansion of businesses within the Manitoba Associated Bilingual Municipalities. No additional assisted investment fund costs or assisted operating costs have been advanced since the agreement has been signed. During this period, 27 loans have been granted to business start-ups or expansions for an amount totaling \$1,147,490. The amount over the original \$500,000 granted are from accrued interest paid back by the borrower and re-lent to other applicants.

## **1.3 Previous Evaluations**

Evaluations have recently been conducted of the WD Delivery Network, FEDO and WEI funding programs. The CEDO/CEDIP programs funded under SDN have also been evaluated recently (2004). Findings of the CEDO/CEDIP and FEDO evaluations are summarized in Appendix C (the findings from the evaluation of the WD delivery network are less relevant for this evaluation, as they deal mostly with higher level network issues). Findings have also been integrated in the report when applicable.

## **1.4 Objective of Evaluation and Issues**

The objective of this evaluation is to assess the rationale, design and effectiveness of the SDN. Four major issues are addressed:

- Rationale: is there a need for SDN?
- Design and Delivery: is the design and delivery of SDN appropriate?
- Success: is the SDN reaching its objectives?
- Cost-effectiveness : is SDN cost-effective?

For a detailed list of the evaluation issues that guided the study, see Appendix D.

## **Scope**

Considering the turnover of staff within the partner organizations, the scope of this evaluation has been limited to 2001-2004 (many of the earlier projects would not be remembered by partner organization staff).

# **1.5 Methodology**

The evaluation evidence was gathered through the following methodologies. The fieldwork for the evaluation was conducted between February and June 2005 (some additional interviews were also conducted in August 2005).

## **1.5.1 Database and File Review**

Initially, the evaluation was to involve a broad file review of SDN projects. For practical reasons (the projects files are spread across all regional offices), a file review was conducted with a select number of capital loan projects to gather financial information and additional performance information. An extensive secondary data analysis was conducted on the SDN administrative project database. This review provided an overall description and view of the program.

## **1.5.2 Key Informant Interviews**

In-depth interviews were conducted with 12 WD staff from HQ and regional offices. All regions were covered. Interviews lasted between 30 and 45 minutes and were conducted by phone.

## **1.5.3 Case Studies**

To gain a better understanding of the projects and provide examples of SDN achievements, six (6) case studies of SDN projects were conducted. Each case study involved two key informant interviews: one with a project representative and one with an external stakeholder (i.e., an observer who is not a member of the recipient organization). The case studies were selected in order to gather examples from the major projects types of SDN. They included the following:

- Case 1: Product Development Seminars as part of the Southern Exposure

Giftware Initiative. Overall, the objective of this project was to build local producers' capacity to develop value-added giftware and to link producers with appropriate markets.

- Case 2: CFDC Service Partners Upgrade. Upgrades funded through this project consisted of computer upgrades, purchases of instructional documents and publications for libraries, and leasehold improvements.
- Case 3: Review of Options for Investment Pool Programs of Community Futures Development Corporations in Manitoba and Saskatchewan. The objective of the project was to explore alternate funding options and to examine the feasibility of the establishment of an Investment Fund Pool.
- Case 4: Urban Entrepreneurs with Disabilities (Ventures). The objective of the project was to facilitate self-employment and provide access to business loans to persons with disabilities.
- Case 5: Insurance Services for the Outdoor Tourism Industry. The purpose of this project was to examine the issues of insurance coverage of the outdoor tourism small businesses, identify feasible options, and work on solutions that enable SMEs in the outdoor industry to overcome insurance barriers.
- Case 6: Rural Entrepreneurs with Disabilities Funding. The objective of the project was to facilitate and coordinate services and projects involving entrepreneurs with disabilities in rural B.C. to foster and develop entrepreneurship and the social economy for persons with disabilities.

The case studies are presented in Appendix E. However, key results are integrated in the Findings chapter (Section 2.0).



#### **1.5.4 Telephone Survey of Partners**

Over the past three years, approximately 75 organizations received SDN funding. A telephone survey of project representatives was conducted among 58 of these organizations (yielding a response rate of 77 percent). Project representatives were asked a number of mostly closed-ended questions about a specific project they had coordinated. The projects were selected from a list of three types: software/computer improvement projects; training/seminar projects; and research/special studies projects. These three project types were determined following an analysis of the SDN database. The questionnaire was tailored to address issues related to these types of projects. The number of capital loan projects was deemed insufficient (n=5) for a specific survey of that type of project. Interviews lasted about 15 minutes each.

#### **1.5.5 Telephone Survey of Business Clients**

To obtain views from the ultimate clients of SDN, sixty (60) business clients were also surveyed by telephone. The survey was tailored for two types of clients: training session clients and loan recipients (some respondents actually received both services). Surveys lasted approximately 20 minutes each. Most questions were closed-ended.

While the sample is not considered representative of all business clients, it proved useful to assess the likelihood of SDN impacts. It was also used as an alternate source of evidence to the key informant interviews and survey of partners (service providers), an approach consistent with Treasury Board Secretariat quality guidelines about gathering evidence from ultimate clients. It should be mentioned that the loan clients surveyed were all CDEM clients, thus, responses related to capital loans are only representative of that capital loan project (key informant interviews, case studies, program files and database information provided information on other capital loan projects).

## 2.0 Evaluation Findings

This study was based on research findings from a variety of sources, as described in the previous subsection. These findings are reported in this section, beginning with the design and delivery of the SDN.

### 2.1 Design and Delivery of SDN

The basic objective of program evaluation is to assess whether a program or initiative reaches its goals. While results measurement is a key aspect of this exercise, the evaluation process also involves a review of the design and delivery of the program.

As described in the first section of this report, the SDN refers to a specific set of terms and conditions for the G&Cs. They are used by the WD Regional offices when suited for projects submitted by the delivery partners (service delivery network) and other organizations. One of the issues covered by this evaluation is whether these terms and conditions were appropriate.

#### 2.1.1 Appropriateness of Terms and Conditions

The SDN terms and conditions are distinct from those of WDP in the following key areas:

- SDN terms and conditions do not specify any stacking conditions, while WDP requires a minimum contribution of 10% (although 100% financing is permissible with DM approval).
- SDN can fund capital loan projects, while WDP cannot.

Many WD respondents felt that the terms and conditions were appropriate for the types of projects they support. Most respondents from the regions thought that the SDN terms and conditions are useful in specific cases where other sources of funding was difficult to leverage. For example, some CFDCs have fewer resources (and have access to less external resources) to update their IT infrastructure on a regular basis. Projects in smaller/isolated communities where leveraging other resources is very difficult constitute other examples. In

BC, the WD regional office's strategic plan puts more emphasis on the Sustainable Communities, which explains why SDN is used more in that region than in the others. Respondents noted that most project recipients are network partners (further confirmed by the program data, according to which 97 percent of project recipients are either CFDCs, FEDOs or WEIs).

Other respondents also mentioned that capital loan projects can only be processed under SDN, and that these terms and conditions are useful for these types of projects.

There are, however, a number of WD respondents who find that most partners organize projects of limited scope, and that more funds could be leveraged from other sources and use WDP terms and conditions instead of SDN: "most projects are small in size." For these respondents, organizations should have the capacity to do this. Finding other funding sources also ensures that there is an expressed need for the project. Exceptions can always be approved by the DM if needed, according to these respondents.

## 2.1.2 Project Selection Process

One of the key dimensions of delivery of G&Cs programs is the project selection process. According to findings, there is considerable regional variation in the project selection process itself.

- In **BC**, WD has adopted a mixed approach as described above. Some calls for proposals have been sent, and some SDOs have sent unsolicited applications (many of which have been accepted). Projects are selected based on regional and local priorities. There is considerable variation within the region itself. It was noted that projects are getting more complex as they involve more partners.
- In **Manitoba**, applications are received and assessed based on the "fit" with WD and SDN priorities. Identified delivery gaps and expected outcomes are also considered. An evaluation matrix, developed with the partners, is used consistently. The process is considered flexible to respond to the changing needs in the communities.
- In **Saskatchewan**, projects are selected based on specific areas identified by the regional office (e.g., hiring coordinators, upgrading equipment). It is felt that the process does not always fit with community or individual SDO priorities.

- In **Alberta**, business and commercial development have received a higher priority. As well, capital loan projects have received significant amounts of funds since 1997. Generally speaking, projects in Alberta have been larger in size (and lower in numbers) than in the other regions. However, a number of these projects involve many partners. For example, a number of capital loan projects actually involve other delivery partners to ensure that clients are better supported in their individual projects.

An HQ respondent feels that the selection process could be more structured and rigorous: there is a need for clearer HQ policy parameters to ensure consistency. Policy documents on SDN are very limited and consequently there is a need for more transparency. While there are stated overall objectives, there are no written policies about the application process. Some senior regional staff pointed out that better guidelines and criteria should be developed. While the flexibility of the terms and conditions is appreciated, there needs to be a better balance to ensure flexibility and consistency.

According to interview results and a review of the administrative database, project RFPs and approval processes tend to be concentrated at the end of fiscal year. One HQ respondent mentioned that a major proportion of the budget is spent at the end of fiscal year, a point confirmed by an SDO representative. Program data confirms (See Exhibit 2.1) that 57 percent of the applications are received between December and March of every year and that 60 percent of the applications are processed in that same four-month period. However, another HQ respondent said that late funding decisions are in part explained by the fact that programming priorities are also determined later in the year (not upfront).

**Exhibit 2.1 SDN Applications Received And Processed By Month (2001-2002)**

<b>Month</b>	<b>Applications received (%)</b>	<b>Applications processed (%)</b>
December	15.3	13.1
January	14.2	13.1
February	16.6	21.0
March	11.0	13.6
April	3.2	3.5
May	1.1	1.9
June	4.8	1.4
July	5.9	5.4
August	3.8	4.1
September	8.0	6.5
October	8.3	10.9
November	7.8	5.4
Total	100.0	100.0

Source: SDN administrative project database

The lack of clear selection criteria was also reported in the CEDO/CEDIP evaluation released earlier. The lack of criteria was seen as an obstacle to ensuring CEDO/CEDIP projects are consistent with the objectives of both initiatives.

### **2.1.3 Level of Awareness of SDN**

Appropriate program coverage and effectiveness for a program such as SDN is in part associated with the level of awareness of its existence among the targeted users. The level of awareness of SDN was assessed through key informant interviews. According to respondents, most organizations may not be aware of SDN by name, but are aware of the availability of G&Cs for business development projects at WD. This is especially true for the WD network partners. One WD respondent explained that the organizations go to WD representatives with projects, and let WD figure what the best vehicle for it is. However, one service deliverer noted that it would be useful to know what SDN terms and conditions are intended for. The evaluation did not enquire further about this issue.

## 2.1.4 Partner Satisfaction with SDN Delivery

Service delivery is also assessed through client satisfaction with WD delivery of SDN. This assessment was done through a telephone survey of service delivery organizations (partners), as explained in the methodology section. Partner survey respondents were asked the extent of their satisfaction with a number of dimensions of service:

- Timeliness of WD payments
- Time between your funding application and a decision
- Clarity of the funding guidelines
- Terms of the agreement
- Timelines for submitting an application
- Support provided by the personnel of the Department
- Reporting requirements
- Program overall

*According to survey results, partners express a high degree of satisfaction with delivery.* Overall, 93 percent of the surveyed funding recipients were satisfied with the WD delivery related to SDN projects. An average satisfaction rate of 87% was reported for the various dimensions of delivery. As shown in Appendix A of this report, the satisfaction rate was lowest with regard to timelines for submitting an application (74 percent of respondents were satisfied). The few less satisfied partners offered the following comments (open-ended responses):

- ***Clarity of the funding guidelines and agreements.*** Some respondents indicated that the guidelines are not clear, while others said that there they are not flexible.
- ***Timelines.*** Some mentioned that there was not enough time for submitting an application (note: an example was noted in the “Service Partners Upgrade” case study, in Appendix E). One respondent felt that the timelines were not clearly defined.
- ***Support provided by the personnel of the Department.*** Four respondents indicated that there was not enough staff to support projects. One respondent commented that there was very little feedback during the process.
- ***Reporting requirements on your activity from the Department.*** Four respondents felt that there was excessive paperwork. Two respondents felt the timelines were not sufficient. One respondent felt that the reporting requirements were not clear.

The CEDO/CEDIP evaluation also reported timeliness issues with regard to the application process (turnaround time between the applications and response is considered too long). However, in the specific case of CEDIP, the evaluation reported that the amounts allocated to these types of projects have been significantly reduced over the years and that this has made it more difficult for hosting organizations – who have difficulties leveraging resources from other sources.

### **2.1.5 Accountability and Monitoring**

Since 2000, the federal government has made considerable efforts to better demonstrate program results. TBS has explicitly required that all G&Cs programs have Results-Based Management and Accountability Frameworks and that program officials need to monitor results based on that framework on an ongoing basis. This evaluation examined whether SDN projects were properly monitored according to TBS policy.

Generally, G&Cs projects (including SDN) are monitored through financial and activity reports. Longer-term projects have final as well as interim project reports. Basic financial and descriptive information is entered into a database. At the project level, specific information such as the number of participants, the number of loans, and business start-ups are measured and reported upon. Financial accountability is ensured, according to interview respondents.

However, the evaluation found that this information is not reported in a consistent manner. There is no specific SDN annual performance report, and a number of project files have been found to be incomplete in terms of project descriptions and results. SDN does not have clear, expected outcomes statements in place.

A few respondents noted that WD is currently working on the improvement of the reporting system. Projects are now required to have a measurement strategy built into approval stage. However, a number of respondents noted that more work is required to meet accountability requirements. Despite its limitations, there was an overall sense that the current monitoring process is timely.

These results are consistent with findings of other evaluations. The evaluation of FEDO also reported inconsistent reporting practices between regions, and

concluded that tighter guidelines were necessary. The CEDO/CEDIP evaluation also indicated that guidelines for monitoring need to be clarified.

**Summary of Key Findings: Design and Delivery**

Design and delivery issues covered in this evaluation include the appropriateness of terms and conditions, the selection process, client awareness and satisfaction with delivery, and program monitoring.

The terms and conditions are deemed very flexible. There is however an ongoing debate whether there is a need for 100 percent contributions. Some respondents think that organizations should be able to leverage funds from other sources, others think that many organizations are not capable of obtaining funds from internal or other external sources.

The selection process could be more structured and rigorous: there is a need for clearer HQ policy parameters to ensure consistency, including clear selection criteria. Evidence indicates that WD Network partners and most eligible organizations are aware of SDN funding – although not always by name. Telephone survey results indicate that the program recipients (service delivery organizations) are generally satisfied with the delivery of the program.

The monitoring system is currently being reviewed by WD. Rolling-up the results is a major challenge and there is no consistent reporting at this point in time. The monitoring process is considered timely despite these limitations.



## 2.2 Performance (Success)

To reach expected results, SDN funds a number of projects with the Service Delivery Network. According to the database review, these are achieved through the following types of projects:

- ***Training and conferences.*** Projects of this type include training seminars and presentations for entrepreneurs, conferences, etc.
- ***Research projects.*** A number of projects involve fact-finding and information-gathering for diagnostics, planning and other local economic development purposes.
- ***Infrastructure development/upgrade.*** These projects help improve infrastructure supports, such as computers, servers and software for service providers.
- ***Internship projects (CEDIP).*** Service delivery partners may apply for SDN funds to hire interns to assist them in economic development planning and activities.
- ***Capital loan projects.*** For these projects, SDN is used to support loan funds administered by other organizations. Some target specific clientele such as Aboriginals, Francophones and people with disabilities.

Overall, according to the findings of the SDN Partner survey, 96 percent of funding recipients say that their projects have reached their objectives (as stated in their proposal), 90 percent of funding recipients said that their projects contribute to the economic development of their community. In addition, more than 70 percent of respondents said that their projects would not have gone ahead without WD funding.

Detailed evidence of the success of SDN is presented in the following subsections.

## 2.2.1 Success of Training and Conferences

Interviews and case study evidence show that training and conferences generally produce positive outcomes. For example, a case study showed how a seminar in BC helped artisans and craftworkers start or improve their business (See case study box).

### Case Study: Seminar for Artisans

A CFDC coordinated a series of ‘day long’ product development seminars and workshops. These were held in three different communities (including Aboriginal communities) for artisans. The workshops included a number of topics such as marketing concepts, trade show ideas, labeling, packaging, product design, and promotion.

According to the case study evidence, feedback from participants was very positive. The seminars provided them with product development knowledge as well as opportunities for networking. The project representative believes that most participants utilize the workshop material to improve their products’ marketability. The seminars also helped some local artisans/craftspeople start-up their own businesses. The seminars helped increase awareness of the CFDC’s role in community development activities.

According to the business client telephone survey, participants to training and seminars were satisfied with the training. More than 8 participants out of 10 report positive outcomes since they received training. Most respondents agree that training helped them find business opportunities, they intend to apply what they learned, and that the activity reached its stated goals. Other findings indicate that the training also strengthened the hosting organization (increased their profile, etc. See appendix for complete results).

## 2.2.2 Research Projects

A number of studies and research projects are supported by SDN to help partners develop strategic knowledge and advice leading to economic development. One of the case studies illustrates this type of work that led to the sharing of CFDC loan funds (see case study box).

**Case Study: Study on Investment Pool**

Community Futures Partners of Manitoba Inc. (CFPM) and the Community Futures Partners of Saskatchewan (CFPS) conducted a “Review of Options for Investment Pool Programs of Community Futures Development Corporations in Manitoba and Saskatchewan” thanks to SDN funding. The objective of the project was to accomplish the following:

- Understand the immediate and future needs of Manitoba and Saskatchewan CFDCs for additional investment funds;
- Review identified options to make investment funds available to Manitoba and Saskatchewan CFDCs in the future.

The study produced a number of findings and recommendations. It was reported to contribute to the following outcomes:

- Increased knowledge/capacity of CFPM and CFPS for Investment Fund options;
- Establishment of a new corporation, “Community Futures Investment Pool” for Manitoba Investment Fund Pool, and its constitution, guidelines, policies and procedures;
- Creation of a Committee in January 2005, appointed through the CFPM Board of Directors that oversees the Community Futures Investment Pool of Manitoba.

The following medium and long-term outcomes were also anticipated:

- Increased capital for CFDCs by making the funds of those with surpluses accessible to other CFDCs;
- Greater benefits to communities that have higher demands and limited funds;
- Finding other investors to possibly access other funding sources.

The survey of SDN delivery partners indicates that most projects are achieving their expected outcomes. More than nine respondents out of ten mentioned that their plan/study provided new information or approaches, that their study was used, and that both their organizations and the community were satisfied with the study.

The CEDO evaluation also indicated extensive success with the research and planning activities supported by the program. A number of projects report impacts in terms of HR development in the area of economic development and expanding existing businesses.

### 2.2.3 Infrastructure Development/Upgrade

SDN is also used to upgrade service delivery infrastructure. According to results, SDN helps CFDCs acquire equipment and software allowing them to access information and materials more easily. Other impacts were achieved as well; for example, it enabled one CFDC to partner with the Regional Economic Development Authority to house an intern (see case study box).

#### **Case Study: Computer and Service Station Upgrade**

In 2003, the Meridian CFDC received support to upgrade employee/volunteer workstations and to provide a computer workstation for use by clients and for use on a temporary basis by staff, interns or volunteers. The client workstation that was acquired through SDN funds provides clients with access to the computer and the Internet. Staff may also mentor those who do not have sufficient computer skills to show them how to search for appropriate business and entrepreneurship information. Generally, clients use the computer station on a monthly basis (at least). Interns and volunteers use it on a temporary basis. For example, it enabled the CFDC to partner with the Regional Economic Development Authority to house an intern from this organization. Feedback from internal staff indicates that the improved workstations encouraged them to utilize the computer to conduct research and to be more aware of other client services. Prior to the project, staff did not have suitable work environments. In addition, the improved workstations were reported to enhance the CFDC's professionalism and credibility in the community as it more suitably reflected their function to provide business services and loans.

Feedback from the partner survey indicates that projects are very effective overall. According to findings, more than 90 percent of respondents agree that the projects allowed the organization to meet equipment and software needs, provide better information services to clients, and provide an acceptable email and internet access to clients and staff (see detailed results in Appendix A).

## 2.2.4 Capital Loan Funds

The capital loans projects are unique in the sense that they can only be funded through SDN (WDP's terms and conditions do not cover these types of projects). The evaluation gathered evidence from three specific cases through surveys, case studies and the database review.

### *Results from CDEM Loan Fund*

A capital loan fund was provided to CDEM (Conseil de développement économique des municipalités bilingues du Manitoba) through SDN, a FEDO based in Manitoba. Results show that this capital loan fund has been quite effective. Since inception, 27 loans have been granted to business start-ups or expansions, totaling \$1,147,490. The amount over the original \$500,000 (from start-up) was derived from accrued interest paid from the borrower and re-lent to other applicants. The fund created 133 full-time jobs and 56 part-time jobs within 27 new or expanded businesses; 44 percent of which operate in rural Manitoba. Since 1998, only 1 loan has been written-off for an amount of \$8,889.03, representing 0.07 percent of total loans disbursed.

As mentioned earlier, a telephone survey was conducted with 20 loan recipients of CDEM as part of this evaluation. According to results, a strong majority of loan recipients said that the loan allowed them to purchase tools and equipment, and/or develop new services or products. The loan also improved the cash flow of three-quarters of these businesses. Six respondents out of ten also said that they would not have started their business without the loan and that the loan helped them expand their markets.

These findings concur with those gathered during the FEDO evaluation, which reported a highly successful loan fund with CDEM.

### *Results from FundAbility Project*

According to the final report of the project, FundAbility is a micro lending program that offers ongoing entrepreneurial support services in the form of networking events, skill-building workshops, and coaching from volunteers in the business community.

Program participants receive a one-on-one orientation to the program where their needs are assessed and they are presented with a program outline. They are then invited to attend the “Exploring Entrepreneurship” workshop for a self-employment readiness assessment and a realistic view of the path for self-employment.

As of January 2002 the portfolio had a total of eight borrowers totaling a value of \$249,680. To date, 18 loans have been granted under the FundAbility program and the current repayment rate is 87%. According to file information, outputs in the 2002 proposal for the program have been met. The number of loans granted, repayment rate, entrepreneurial training and loan applications were achieved. The repayment rate has improved significantly as loan applicants have participated in longer training options as well as being screened carefully for likelihood of success with their new business venture.

### ***Results from DECSA (Ventures)***

Distinctive Employment Counseling Services of Alberta received SDN support to sponsor the Urban Entrepreneurs with Disabilities Project (Ventures) in Edmonton. Ventures assists persons with disabilities in the Edmonton urban region to become entrepreneurs. With the help of other partners including the Anderson Career Training Institute, the government of Alberta and the University of Alberta Disability Resource Centre, Ventures provides training, support and capital for entrepreneurs with disabilities.

Financial results indicate, however, that the loan funds (there are two) have had a significantly high write-off rate. For the first loan fund (DECSA Loan Fund), \$334,782 were loaned and \$144,054 were written off. There is still a significant amount outstanding (\$89,729). For the second loan fund, (WED Loan Fund), \$256,230 have been loans, and \$85,422 in loans have been written off. More than \$19,500 remain outstanding. Interview respondents from WD explained that the organization lacked resources to properly support the loan recipients.

No further analysis of unsuccessful loan cases was conducted as part of this evaluation. However, according to case study evidence (see Appendix E), some entrepreneurs have developed successful businesses thanks to DECSA. For example, after receiving advice and guidance through the program, an

individual started a business that provides advice and self-help services in e-commerce. The start-up was a success and generated employment for five individuals (with and without disabilities). In another example, a business was started in the food and accommodation sector thanks to a loan and support from Ventures. The start-up was successful and has created three jobs in the community.

Many positive impacts are also reported among those who did not start a successful business. Ventures training helps many persons with disabilities gain self-confidence and explore alternative employment to integrate the workforce. Many individuals who went through Ventures report that they gained skills and a better understanding of their abilities and limitations.

### **2.2.5 CEDIP**

The recent evaluation of CEDIP showed that the program is successful. Findings show that interns acquire economic development-related skills and are highly likely to find employment or go to school after the internship. At the community level, CEDIP supports the WCBSN organizations' activities and contributes significantly to community planning activities. Many WCBSN members also report impacts on local business retention as a result of the work of the interns. As an indirect impact, CEDIP also helps retain qualified youth in rural communities.

### **2.2.6 Should the SDN and its Sub-Programs Continue?**

WD respondents were asked if the SDN should continue. The majority agreed that it should be continued, but with some modifications:

- Three respondents noted that the capital projects should remain, but that the business services side should be transferred to WDP.
- One regional respondent noted that the flexibility is appreciated and that perhaps the social economy projects should be maintained.

One respondent felt that the program should continue as is, another said that it should be eliminated altogether.

### 2.2.7 Incremental Impact of SDN

The evaluation findings indicate that SDN funding has a significant impact overall. Generally speaking, SDN projects are above and beyond the regular activities of the funding recipients. The survey results suggest that most projects would not have occurred without SDN funding. As indicated in Appendix A, 70 percent of all projects would not have taken place without SDN funding. Only two percent would have occurred as planned.

Incrementality seems to be most significant for the training and workshop activities, according to survey evidence.

#### **Summary of Key Findings: Success of SDN**

Overall, findings show that SDN is successful and that significant, incremental impacts are likely to be achieved as a result of the program. Surveys with service delivery partners and business clients show that the vast majority of projects are completed with success and are useful. Projects involving research or studies generally met the needs of the funded organizations and their partners. Software and equipment acquired by SDN are highly appreciated and help the organizations work with a comparable level of equipment, ensuring effective exchanges between organizations as well as quality client service.

Training projects are useful and meet expectations, according to evidence. Most participants are satisfied with training and use or expect to use what they learned. Business loan recipients are satisfied with the loans. Most recipients use loans to acquire assets and/or develop new services or products. Loans also created a sizeable number of jobs, according to evidence. While some capital loans are very successful, other have suffered from high loss rates. Lack of resources for client support is among the key explanations of high losses.

Most respondents suggest that SDN should continue, with changes to program scope. Capital projects and social economy projects could be maintained, while other projects could be transferred to WDP.

## 2.3 Cost-Effectiveness and Alternatives



The cost-effectiveness of the program was assessed through key informant interviews and a review of the SDN database. Of the five WD respondents that provided answers to this question, four agreed that the program was cost-effective for the following reasons:

- One mentioned that SDN is cost-effective because funding is not used to subsidize existing staff, programs or standard operations.
- Another mentioned that most of projects are small, budgets are tight and that there is no room for excess. SDN also uses existing infrastructure and organizations, which makes it cost-effective. WD dedicates very limited human resources to administer the program (G&Cs).
- Where possible, in-kind and financial contributions are leveraged.
- Administration costs are lower than WDP (which involves a lengthier approval process). A respondent believes that it would not be possible to reduce project costs and achieve the same results – budgets are already minimal.

According to the SDN database, the average SDN project attracted \$6,882 from other sources (for an average SDN funding of \$66,339), namely from other federal departments and governments (only an average of \$788 came from other sources). About 10 percent of the amount could therefore be considered as leveraged from other sources.

**Exhibit 2.2: Leveraged Amounts**

	<b>Amounts per project (average)</b>
<b>Approved SDN Amount</b>	\$66,639
<b>Leveraged amounts:</b>	
Other Federal Funding	\$2,905
Provincial Funding	\$1,352
Municipal Funding	\$1,837
Other Funding	\$788
<b>Total leveraged per project</b>	<b>\$6,882 (10.3%)</b>

Source: SDN administrative project database

However, the percentage of projects that leveraged funding from other sources is actually very limited. According to the database (see below), 79.4 percent of projects do not involve other funders.

**Exhibit 2.3: Funding Amounts from other sources by Region**

Funding amounts from other sources (other than WD)	Region				Total
	BC	Alberta	Saskatchewan	Manitoba	
0 \$	76.8%	76.5%	87.5%	89.7%	79.4%
1 – 10,000\$	12.5%		5.4%	3.4%	10.2%
> 10,000\$	10.7%	23.5%	7.1%	6.9%	10.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SDN administrative project database

Two WD key informant interview respondents noted that more leveraging could be encouraged, particularly with other levels of government. Only one respondent thought that SDN involved too much administration costs for the number of projects involved. An alternative would be to make extra core dollars available to CFDCs. This would help towards longer-term impacts and provide more sustainability.

**Summary of Key Findings: Cost-Effectiveness and Alternatives**

Most WD respondents considered that the program is cost-effective. Each project, however, leverages the equivalent of 10 percent of SDN funding, mostly from other government sources.

## 2.4 Relevance

### 2.4.1 Need for SDN

According to current terms and conditions of the SDN, its purpose is to expand and build capacity of the WD partner network and other economic development organizations, including access to capital. Overall, key informant interview respondents feel that the program is useful for these purposes. Some highlighted the strengths of the program to demonstrate its relevance and need. For instance, while the Community Futures (CF) program covers rural areas, over half the population in WD regions live in large centres. SDN serves targeted communities, both in rural and urban areas. It is particularly suitable to serve urban disadvantaged groups, especially with respect to the loan fund side, including people with disabilities, women and Aboriginals. It also helps to build capacity of service delivery organizations.

Some WD respondents highlighted the flexibility of the program. It was noted how the program is a useful tool involving less red tape: “Only projects over \$200,000 go to the DM”. As well, unlike WDP (WD program) it is not necessary to obtain ministerial approval to provide 100 percent funding. This makes it less cumbersome and more cost-effective, according to respondents. It was also mentioned that it is a mechanism that allows flexible funding to address the needs of certain target populations.

According to the evaluation of CEDO and CEDIP, there is a need for both of these SDN projects. Both programs support community-level interventions by helping provide HR (CEDIP) and funds. There is, however, some debate whether CEDO should be provided on an ad hoc basis, or integrated in the overall contribution agreement of the WCBSN organizations. There is also a need for the CDEM loan fund, according to the FEDO evaluation.

Three WD respondents said that the focus of SDN could be streamlined. For instance, SDN could be a potential vehicle for strictly social economy initiatives. For other respondents, SDN is still relevant with respect to the capital side. There remains a need for capital loan funds for targeted and urban populations.

## 2.4.2 Consistency With Government and WD Priorities and Objectives

All respondents agreed that the program is consistent with government and WD priorities and objectives. SDN objectives are consistent with current government and WD strategic priorities and objectives relating to business development and entrepreneurship within a community development approach.

### **Summary of Key Findings: Rationale**

Findings indicate that there is a need for funding for projects funded by SDN, including CEDO and CEDIP projects. There is a need to fund projects in large centers for specific groups such as Aboriginal groups and people with disabilities. It was also expressed that there is a need for a flexible program that allows regional offices to provide funding without going through an HQ approval process. While many agree that the capital projects are relevant, other activities funded by SDN could be dealt with using WDP. SDN is consistent with WD priorities and objectives.

## 3.0 Conclusions and Recommendations

This last section summarizes the key findings of the evaluation and presents suggested recommendations to improve the program.

### 3.1 Key Findings

#### *Design and Delivery*

According to evaluation findings, the terms and conditions of the program are deemed very flexible and are appreciated for that reason. There is an ongoing debate whether 100% stacking should be allowed. While some advocate that organizations should be able to leverage funds from other sources, others think that many organizations are not capable of obtaining funds from other sources.

Findings also indicate that the selection process of projects lack structure and rigor (see Recommendations in next section). There is a need for clearer selection criteria and policy parameters. Evidence indicates that WD Network partners and most eligible organizations are aware of SDN funding, although not always by name. According to survey results, program recipients (service delivery organizations) are generally satisfied with the delivery of the program.

The monitoring system to SDN is currently being reviewed by WD. According to key informant interviews and the file review conducted, rolling-up the results is a major challenge and there is no consistent reporting when the evaluation was conducted. The monitoring process is considered timely.

#### *Success of SDN*

As indicated in the profile (Section 1.0), the objective of the program is to increase access to business services in Western Canada using service delivery agreements with community-based organizations (including Community Futures Development Corporations and other organizations, such as NGOs and economic development organizations working with Aboriginals and people with disabilities) through business services, capital loan funds, community research studies and other business development projects.

***Overall, survey findings show that SDN is successful and that significant, incremental impacts are likely to be achieved as a result of the program.***

Evaluation evidence from various sources show that the vast majority of projects are completed with success and are useful. Projects involving research or studies generally met the needs of the funded organizations and their partners. Software and equipment acquired by SDN is highly appreciated and help the organizations work with a comparable level of equipment, ensuring effective exchanges between organizations as well as quality client service.

Training projects are useful and meet expectations, according to evidence. Most participants are satisfied with training and use (or expect to use) what they learned. Business loan recipients use loans to acquire assets and/or develop new services or products. Loans also create a sizeable number of jobs, according to evidence. While some capital loans are very successful, others however have suffered from high loss rates. Lack of resources to support loan recipients is among the key explanations of high losses.

### ***Cost-Effectiveness and Alternatives***

Most WD respondents considered that the program is cost-effective, although more funds could probably be leveraged from other sources (most projects do not involve other funding sources). The budget amounts are considered minimal and that decreasing budget allocations per projects should not be considered.

### ***Rationale***

According to evaluation findings, there is a need for funding for projects funded by SDN, especially for projects in large urban centers for specific groups such as Aboriginal groups and people with disabilities. There is also a need for a flexible program that allows regional offices to provide funding without going through an HQ approval process.

SDN is consistent with WD priorities and objectives. Evidence from other evaluations also indicates that there is a need for CEDO and CEDIP components.

## 3.2 Recommendations

Overall, the findings lead the consultant to conclude that there is need for the SDN, and that it is highly likely that the SDN projects have an incremental impact in terms of providing access to capital and business services.

However, the evaluation indicates that a number of aspects of the program could be improved. The following recommendations are proposed:

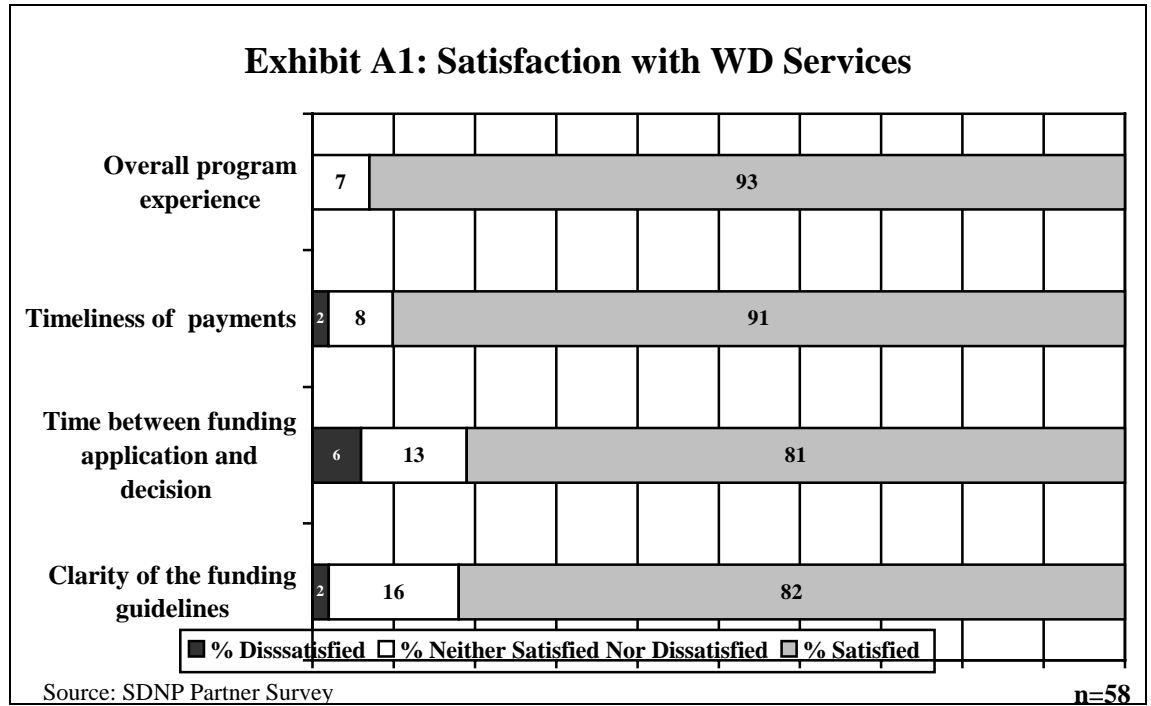
1. **Maintain SDN Terms and Conditions.** The evidence gathered during the course of this evaluations shows that most SDN funded projects are effective and achieve their expected results. The evaluation also shows that there is a general need for the terms and conditions, but with some improvement in terms of design and delivery (see next recommendation).
2. **Clarify Guidelines.** 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&Cs, including guidelines in the following areas:
  1. 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.
  2. Project monitoring. The guidelines to performance monitoring should be clearly defined and applied systematically.
3. **Increase Success Rate of Capital Loans.** 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 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 could be targeted for most at-risk populations (people with disabilities and Aboriginal entrepreneurs).

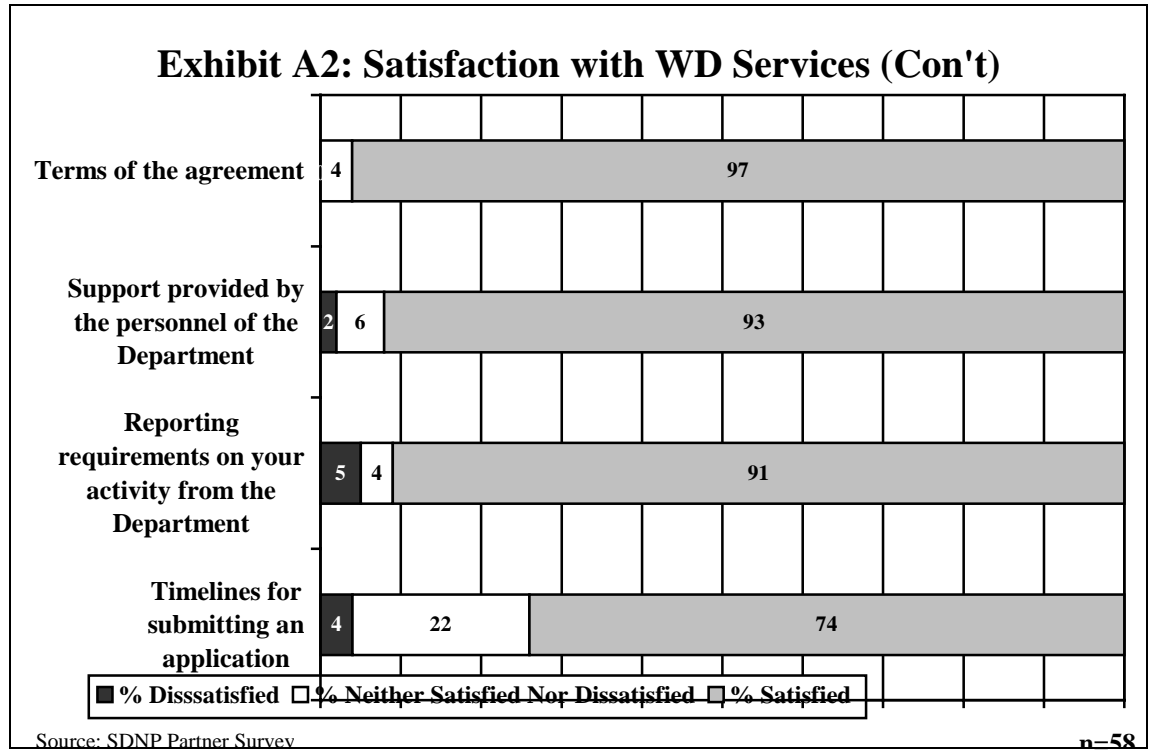
4. **Encourage Third-Party Participation.** Evidence shows that a minority of projects involves other funders. Options and strategies should be developed to encourage other sources of funding. However, some projects will remain very difficult to fund through other sources, including capital fund projects and infrastructure projects for the CFDCs.
  
5. **Follow-up on Monitoring Improvements.** 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.



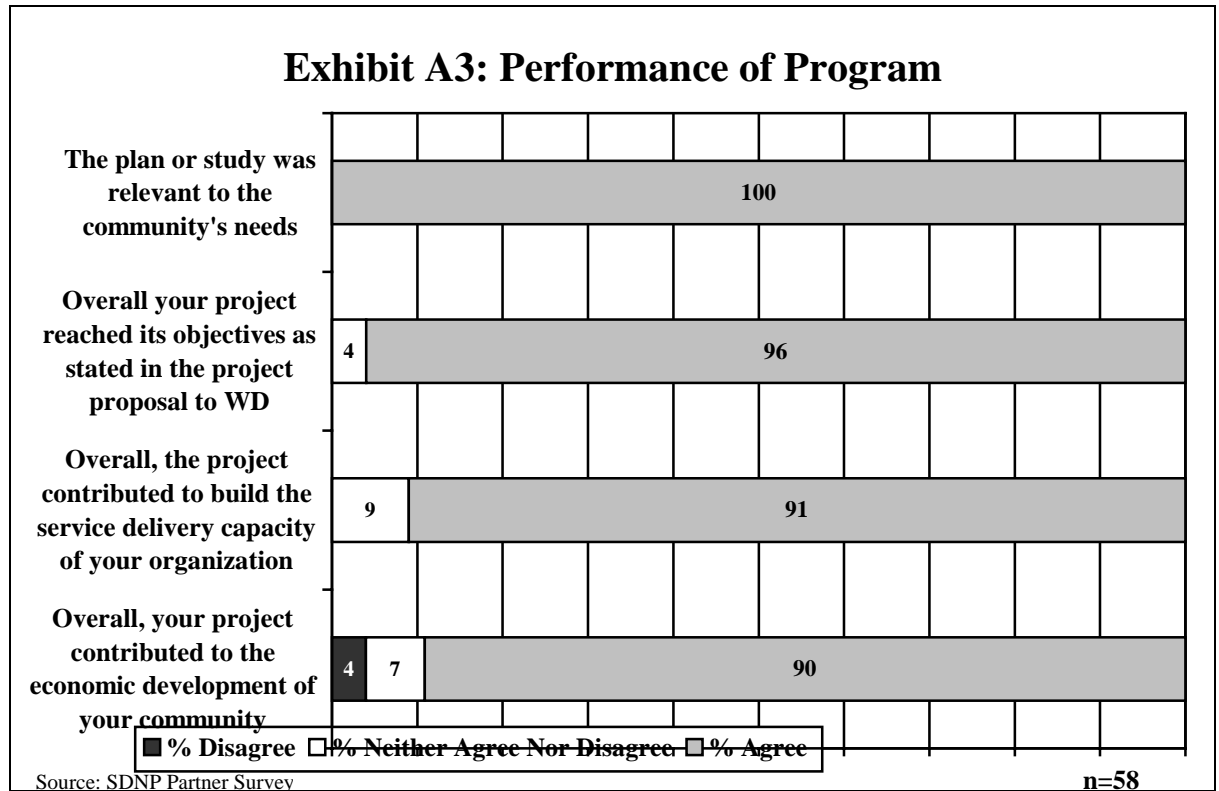
# Appendix A: Detailed Survey Results



The survey results shown above indicate to what extent the G&Cs recipients (delivery partners) are satisfied with WD services related to SDN. As indicated, satisfaction with WD delivery of SDN is high.



The exhibit above provides additional evidence about partner satisfaction with WD delivery of SDN. As shown, results indicate high satisfactions with these various aspects of delivery.



The above exhibit presents survey findings related to the performance of the program. Respondents (delivery partners) were asked to what extent they agreed with a list of statements regarding their projects. According to findings:

- All respondents (100%) who had projects involving a plan or study agreed that the plan/study was relevant to the community’s needs.
- At least ninety percent of the respondents agreed that their project reached its proposed objectives, contributed towards building the service delivery capacity of their organization, and contributed to the economic development of their community.

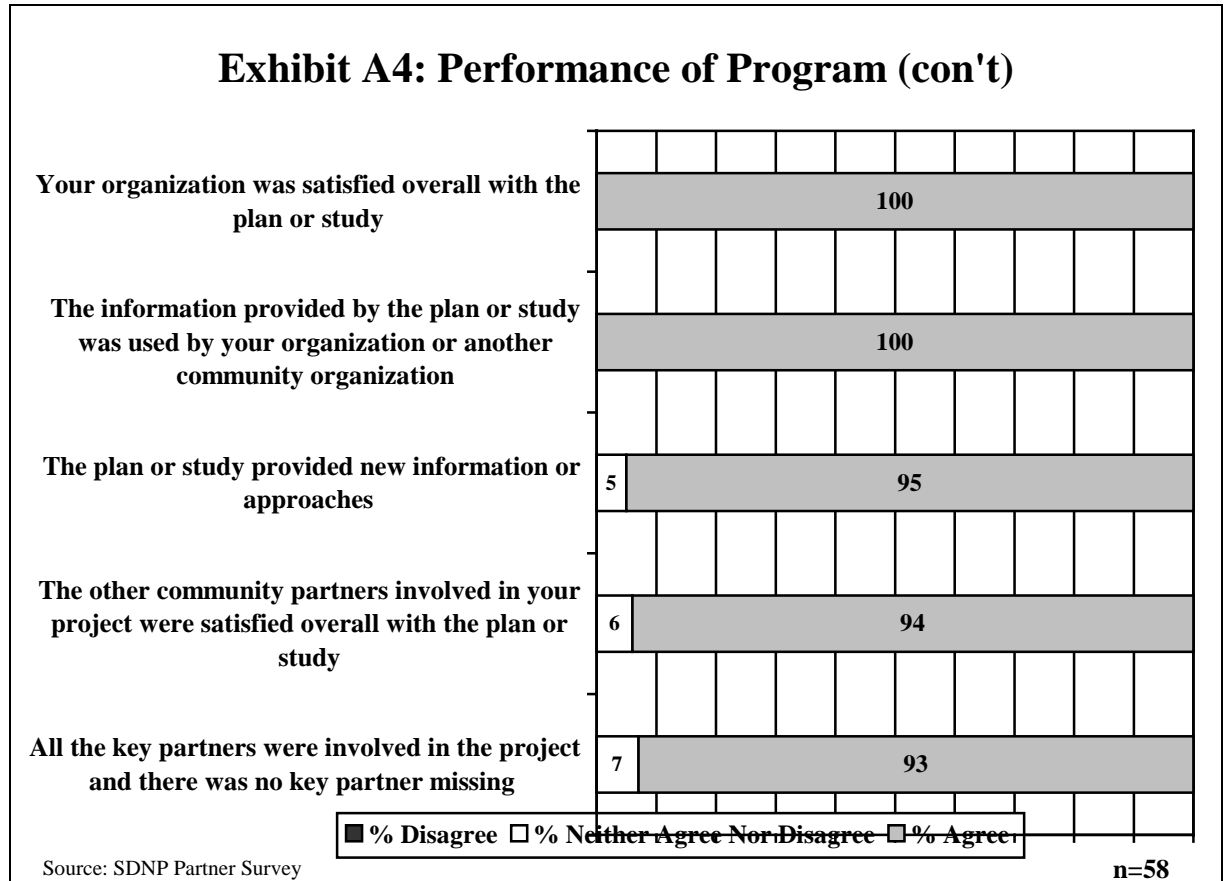
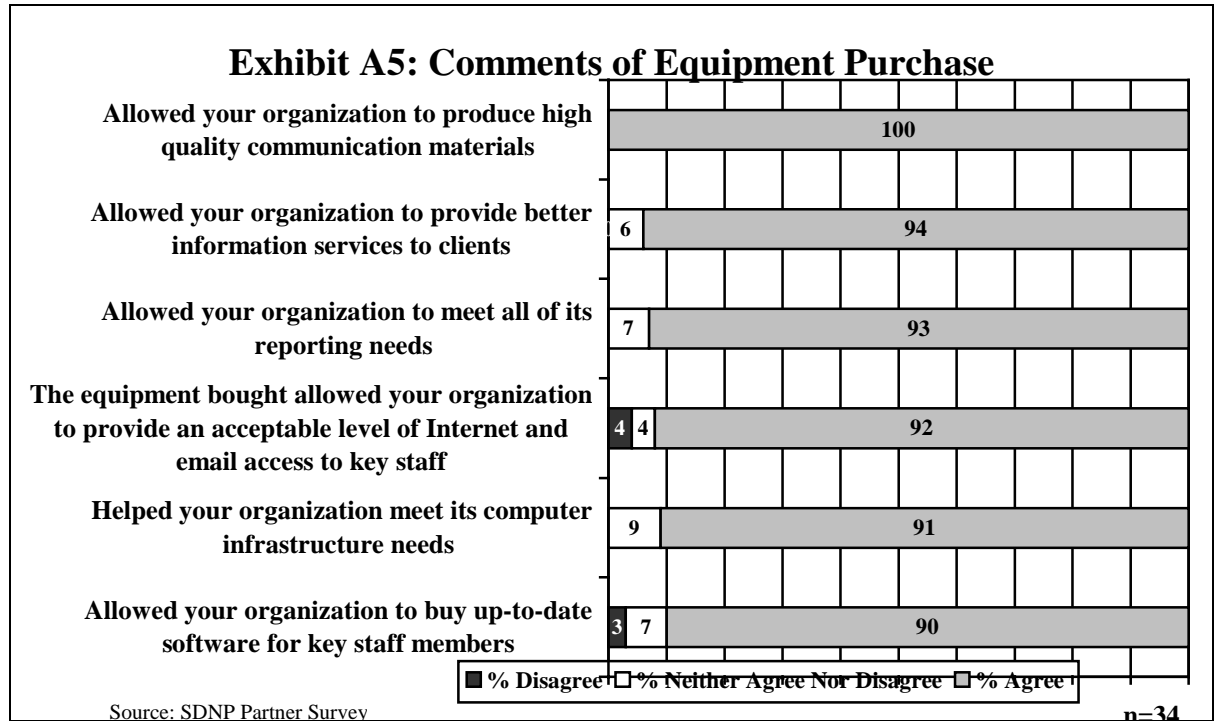
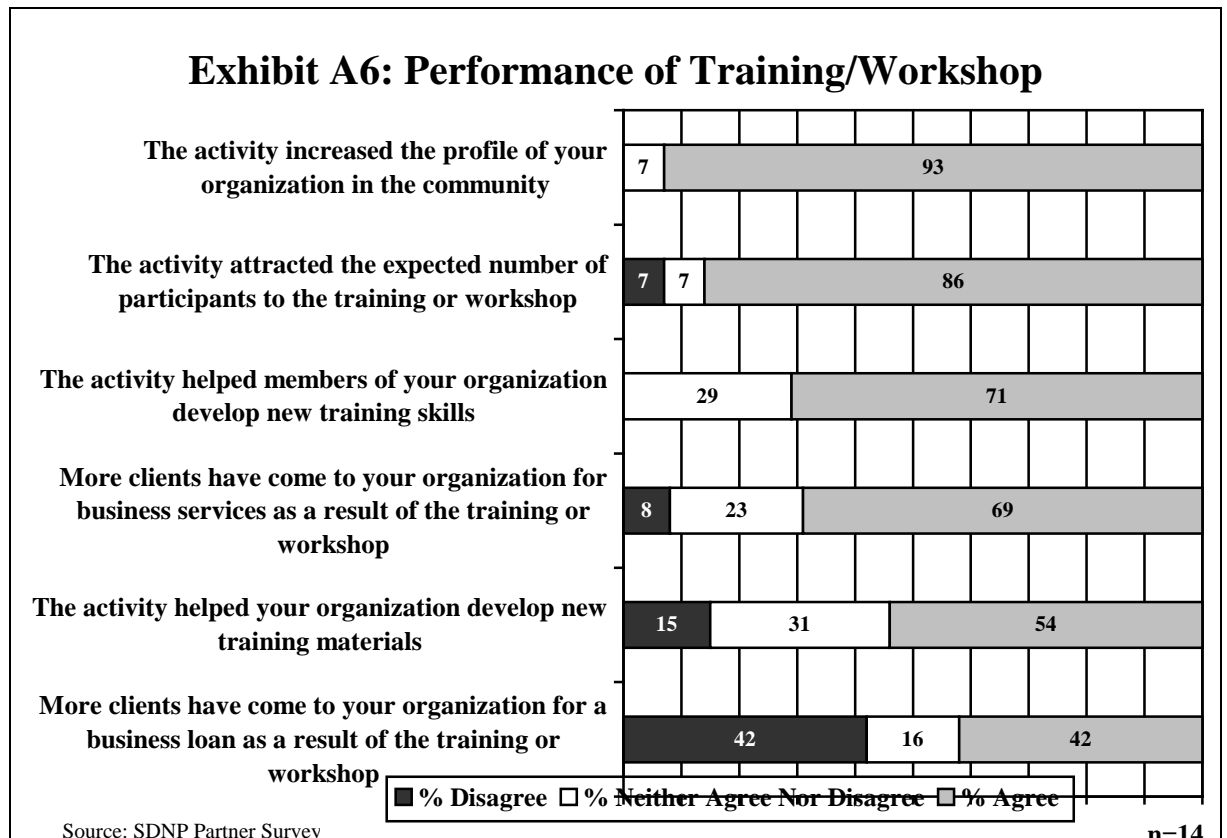


Exhibit A4 provides additional findings on program performance. According to findings:

- All responding organizations (100%) were satisfied with the plan or study and agreed that the information provided was used by their organization or another community organization.
- All other aspects were agreed with by more than ninety percent of respondents.



As mentioned earlier, many projects involved the purchase of equipment such as computers and software. Thirty-four of the fifty-eight respondents bought computer equipment or software with the funds provided and were therefore asked to comment on a list of statements related to the items purchased. With regard to the equipment bought, the survey found that more than ninety percent of respondents agreed with all aspects of the positive impacts regarding the purchased equipment.



As shown in Exhibit A6, the respondents who used the funding to organize training or a workshop were asked whether a number of suggested results were achieved. It should be mentioned that the various suggested impact areas were not necessarily expected from these projects. The purpose of these questions was only to obtain a picture of the possible range of results of these projects. According to findings:

- Ninety-three percent felt the activity increased the profile of their organization in the community.
- Eighty-six percent agreed that the activity attracted the expected number of participants.
- Seventy-one percent agreed the activity helped members of the organization develop new training skills. No respondents disagreed.
- Sixty-nine percent agreed that the activity increased the number of clients for business services offered by their organization.
- Fifty-four percent felt the activity helped their organization develop new training materials.

**Exhibit A7: Incremental Impact of WD funding**

		<b>Computer equipment or software</b>	<b>Training or workshop</b>	<b>Plan or study</b>	<b>Total</b>
Project would not have taken place	n	15	14	11	40
	%	57.7%	87.5%	73.3%	70.2%
Same project would have taken place but at a smaller scale	n	10	2	4	16
	%	38.5%	12.5%	26.7%	28.1%
Same project would have taken place as planned	n	1	0	0	1
	%	3.8%	.0%	.0%	1.8%
Total n		26	16	15	57
Col %		100.0%	100.0%	100.0%	100.0%

Source: SDNP Partner Survey

The above exhibit provides results assessing the incremental impact of SDN. Incrementality was measured by asking respondent to what extent projects would have taken place if SDN did not exist. As shown above, 70 percent of all projects would not have taken place. Only one project (out of 57) would have occurred as planned. Incrementality seems to be most significant for the training and workshop activities.



**Exhibit A8: Funding Partners**

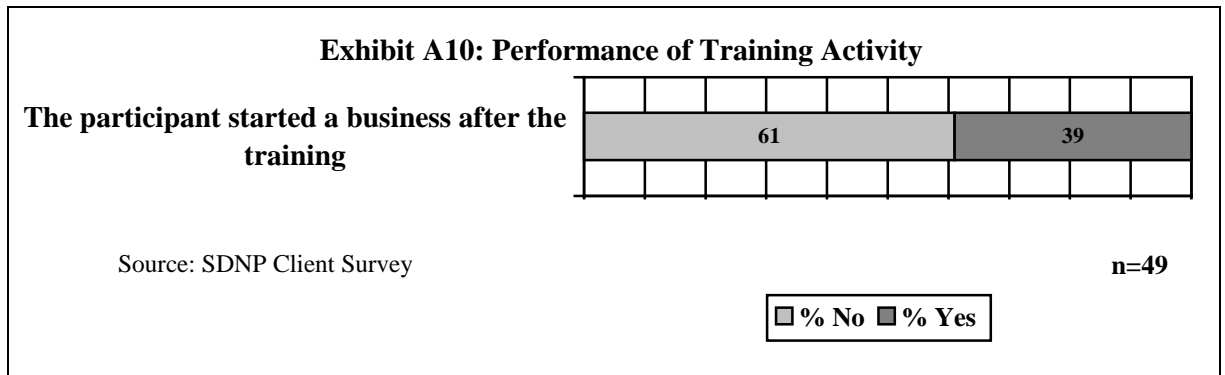
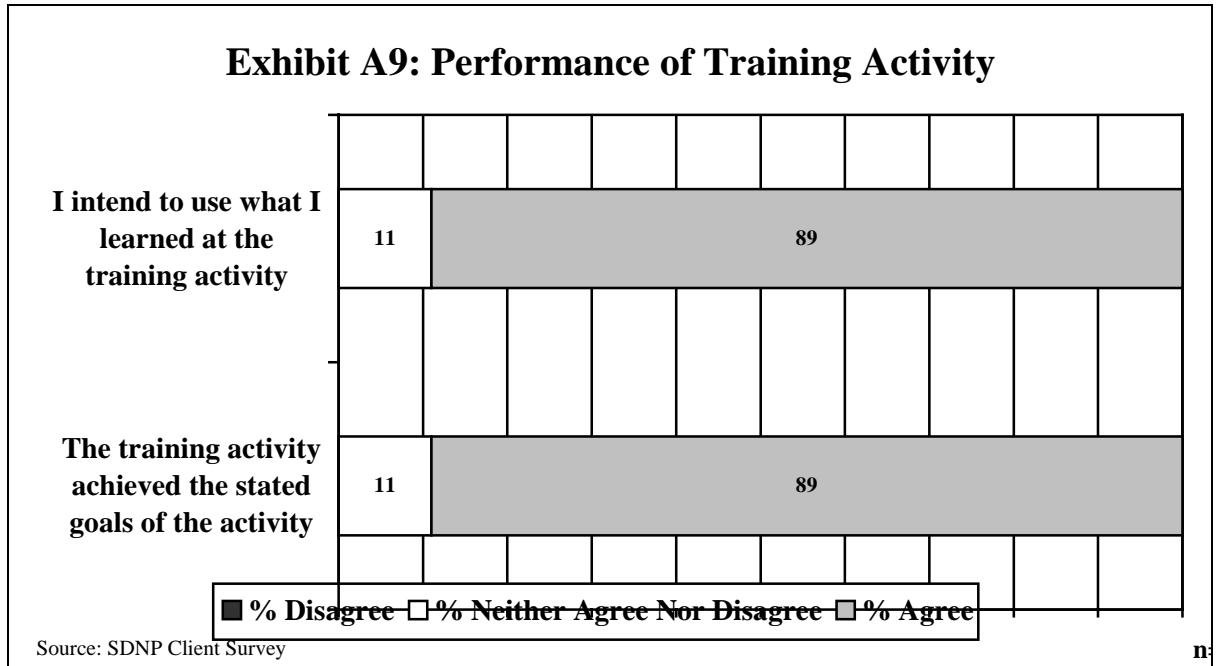
		Computer equipment or software	Training or workshop	Plan or study	Total
Yes	n	3	10	6	19
	Col %	11.5%	62.5%	42.9%	33.9%
No	n	23	6	8	37
	Col %	88.5%	37.5%	57.1%	66.1%
Total n		26	16	14	56
Col %		100.0%	100.0%	100.0%	100.0%

Source: SDNP Partner Survey

The survey also provided information about other funding sources for the projects. Overall, one-third of the partners acknowledged that there were other funding partners to their projects. The other funding partners included:

- Municipal Government (6);
- First Nation (3);
- Provincial governments (4);
- NACCA (National Aboriginal Capital Corporation Association);
- Business link,
- Women's enterprise,
- Chamber of commerce
- CFDC partners;
- Banks;
- Private sector donations.

**The following set of exhibits provide findings from the business client surveys.** As shown in the exhibit on the next page, eighty-nine percent of the forty-nine respondents (business clients) who participated in training activities agreed that the training achieved the stated goals and that they intended to use what they learned at the activity. No respondents disagreed with either comment.



One of the potential impacts of training is business creation. According to findings 39 percent of the participants started a business after their training.

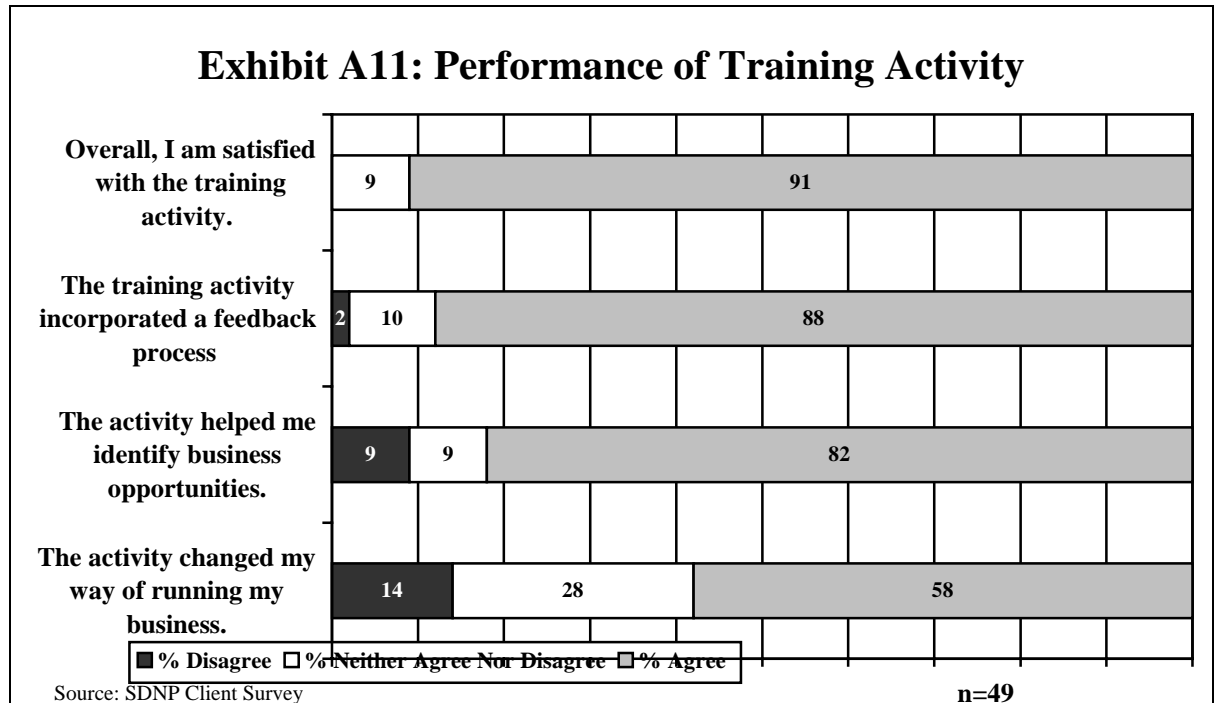


Exhibit A11 shows the satisfaction of those who participated in training activities only (n=49). According to the survey findings:

- Overall, the majority of respondents (91%) were satisfied with the training activity. Eighty-eight percent felt the training incorporated a feedback process.
- Eighty-two percent of the respondents agreed the training helped them to identify business opportunities while nine percent disagreed.
- Fifty-eight percent of participants agreed that the training changed their way of running their business. Twenty-eight percent neither agreed nor disagreed and fourteen percent disagreed with the statement.

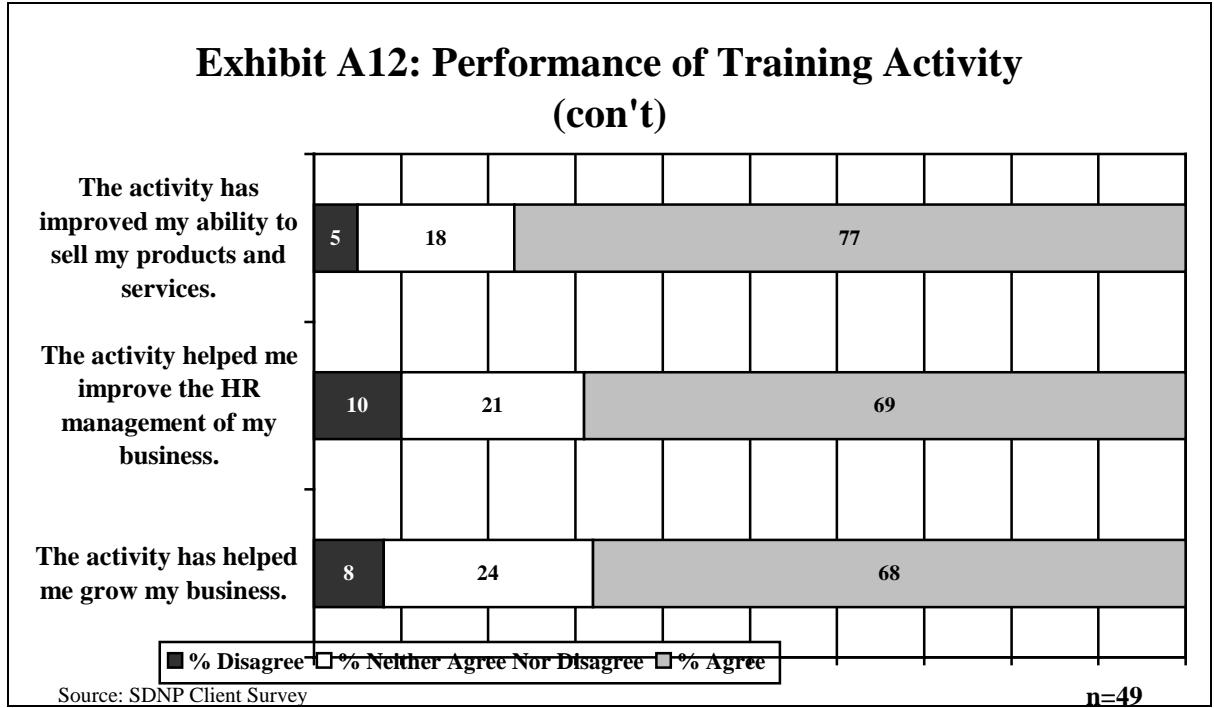


Exhibit A12 provides additional satisfaction statements related to training activities. As shown:

- Seventy-seven percent of the respondents agreed that the training activity improved their ability to sell their products and services. Eighteen percent neither agreed nor disagreed and the five percent disagreed.
- Of the twenty-nine respondents to this statement, sixty-nine percent agreed that the activity helped improve the HR management of the business while ten respondents disagreed. The remaining twenty-one percent neither agreed nor disagreed.
- Almost two-thirds (68%) agreed that the training helped them to grow their business. Twenty-four percent neither agreed nor disagreed and the remaining eight percent disagreed.

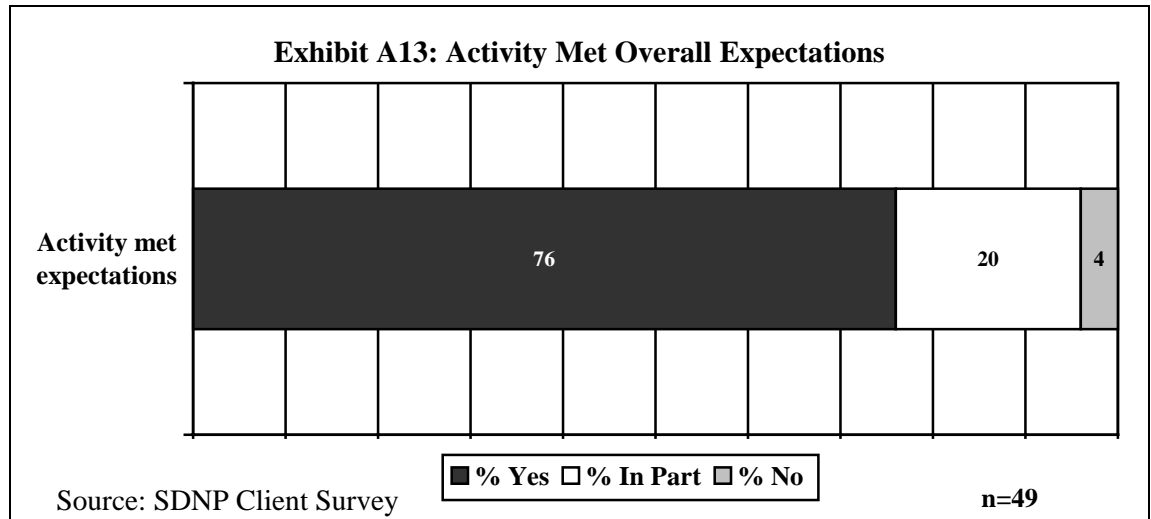
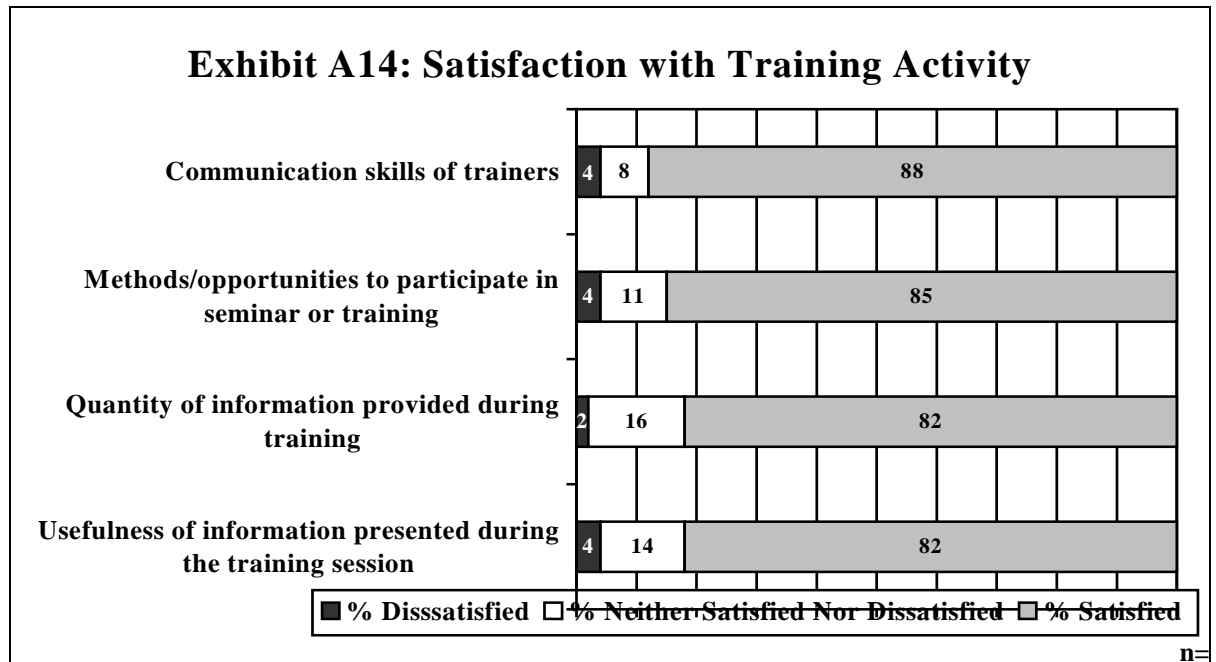
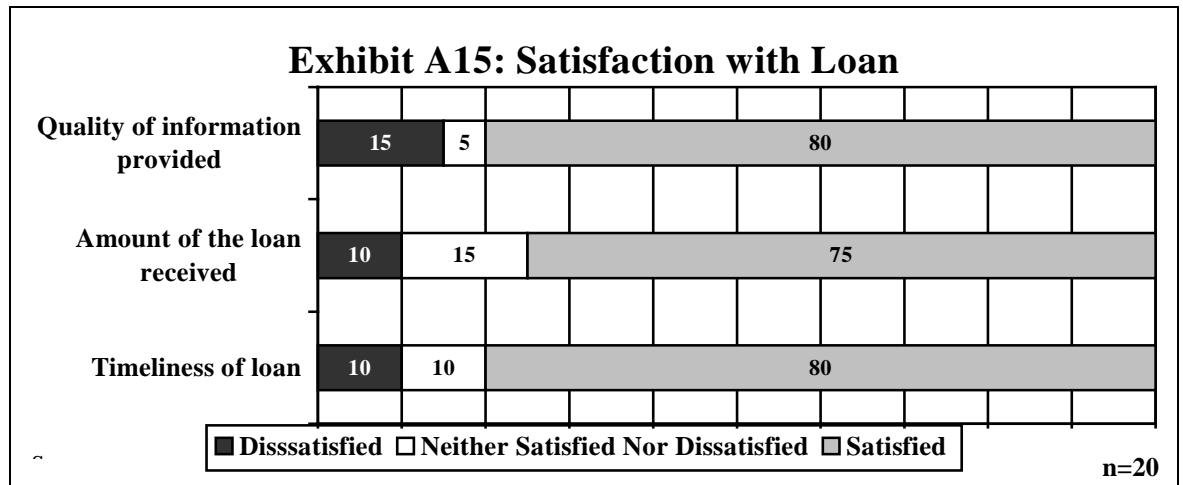


Exhibit A13 provides the results of a general statement regarding expectations of the training activity. Ninety-six percent of respondents felt that the training met their expectations either fully (76%) or in part (20%).



Respondents were asked to comment on their satisfaction of specific aspects of the training activity. As shown, more than eighty percent of the respondents were satisfied with all aspects of the delivery of the training activity

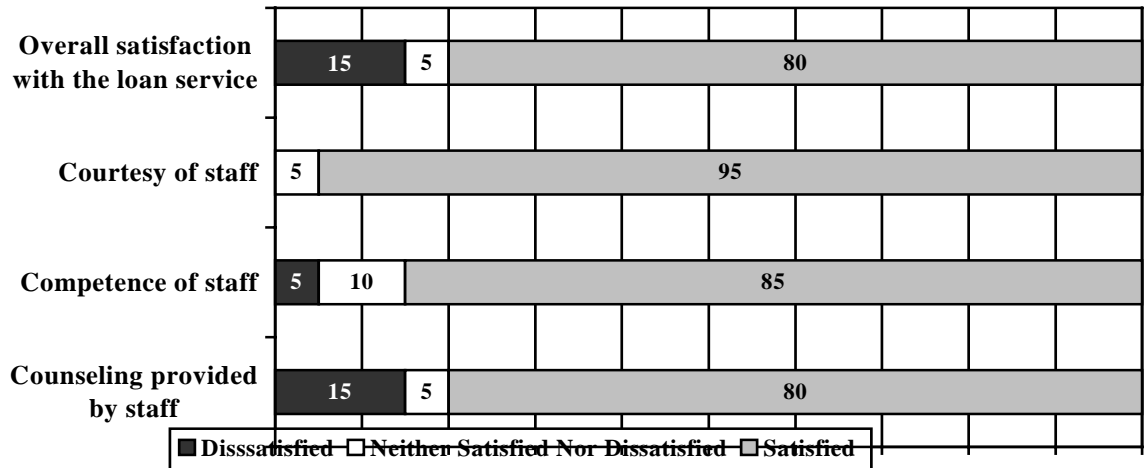
(communications, approach, quality of information, usefulness).



As mentioned earlier, a number of respondents were loan recipients and allowed the evaluation to assess the performance of the loans. Twenty respondents commented on their experiences as loan recipients. Exhibit A15 and A16 provide a summary of their satisfaction with the loan services.

- Overall, eighty percent of the respondents were satisfied with the loan service.
- Seventy-five percent were satisfied with the amount of the loan while fifteen percent were neither satisfied nor dissatisfied and ten percent were dissatisfied.
- More than eighty percent of respondents were satisfied with all other aspects of the loan.

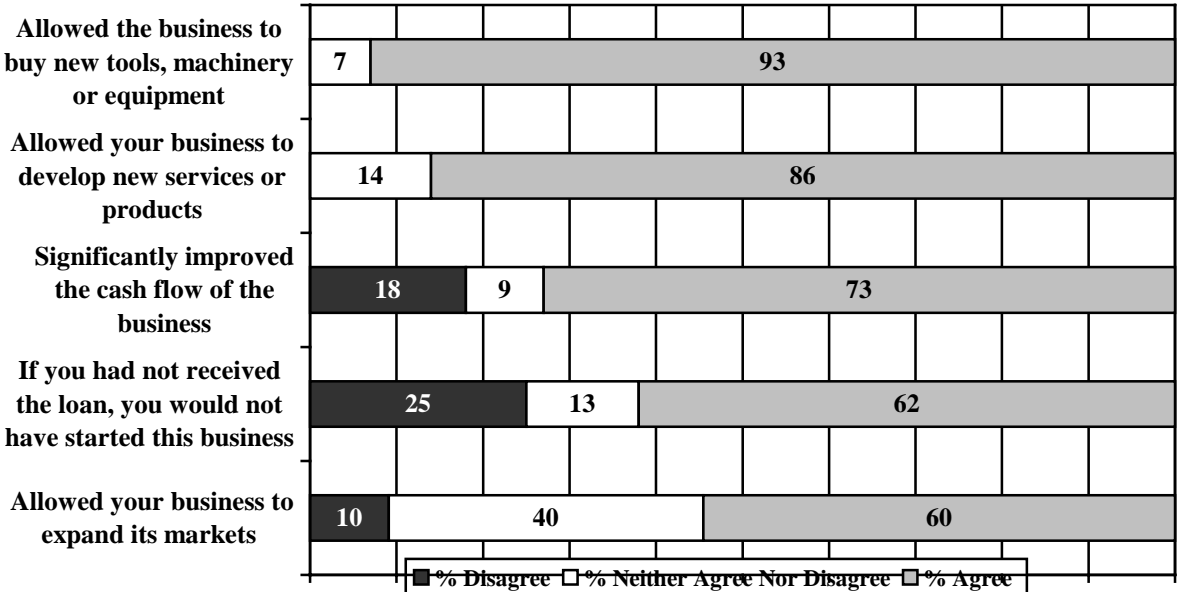
### Exhibit A16: Satisfaction with Loan



Source: SDNP Client Survey

n=

### Exhibit A17: Performance of Loans



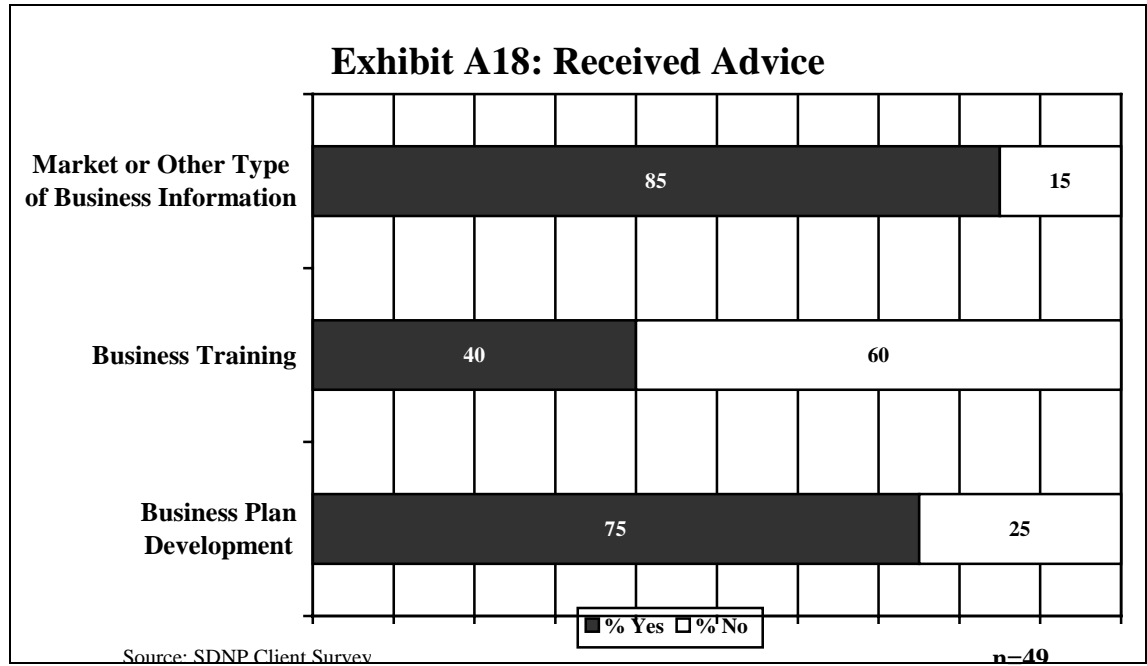
Source: SDNP Client Survey

n=20

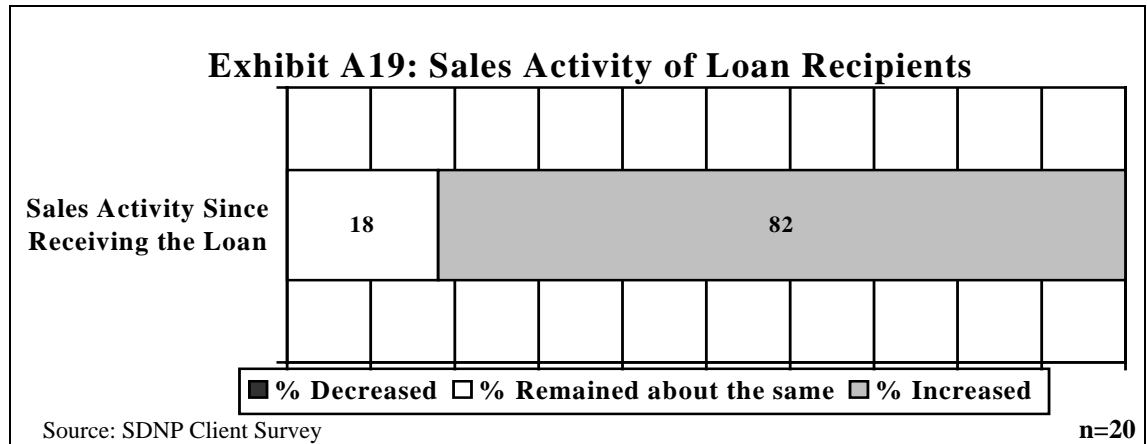
Exhibit A17 provides loan respondents perceptions of their benefits from the loan.

- Most respondents (93%) agreed that the loan allowed the business to buy new tools, machinery or equipment.
- Eighty-six percent agreed that the loan allowed their business to develop new services or products. No respondents disagreed.
- Seventy-three percent felt the loan significantly improved the cash flow of their business.
- For the nine organizations that did not have a business at the time of application, *Sixty-two percent felt that without the loan they would not have started their business. This suggests a significant incremental impact of the loans.*
- Sixty percent of the respondents agreed that the loan allowed their business to expand its markets while forty percent neither agreed nor disagreed. The remaining ten percent disagreed.





In addition to the loan, some respondents received advice on business plan development, business training, and/or market or other business information. This is displayed in the Exhibit A18.



Since receipt of the loan, sales activity of loan recipients has increased for 82% of respondents, as illustrated in Exhibit A19.

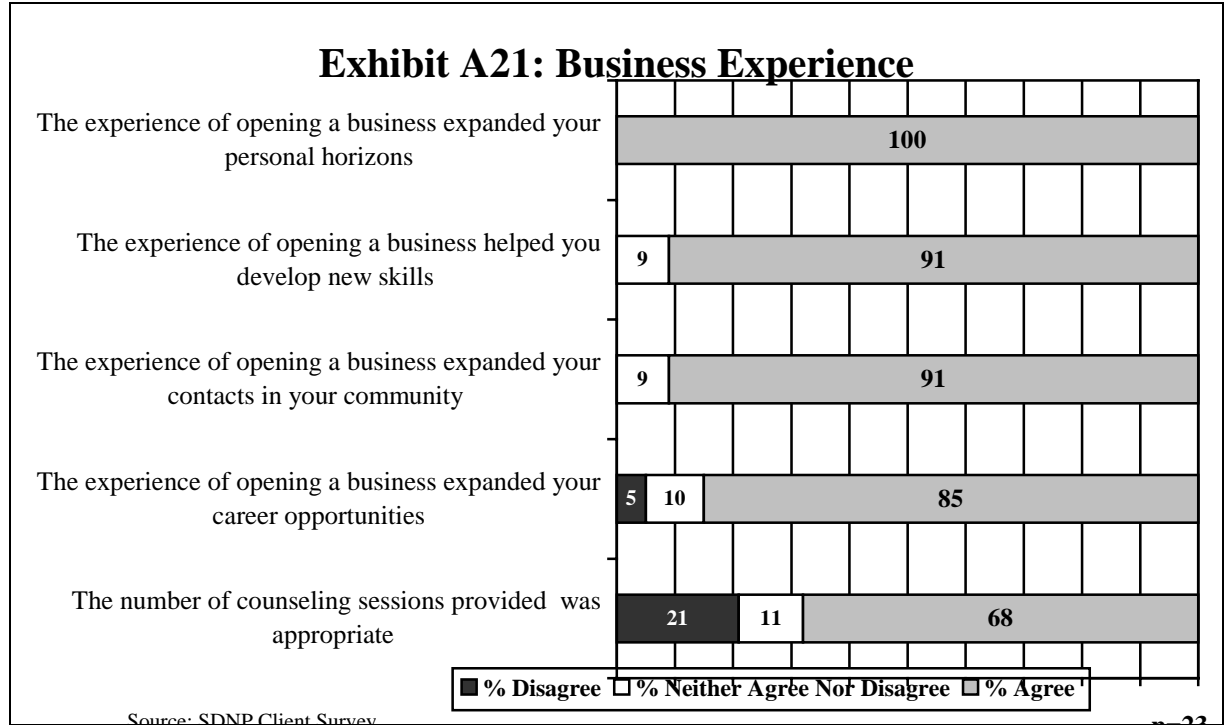
**Exhibit A20: Anticipated business activity without the loan**

Business would have shut down	37.5%
Business would have ceased some of its operations	12.5%
Business would operate like before but without significant expansion	37.5%
Other	12.5%

n=16

Source: SDNP client survey

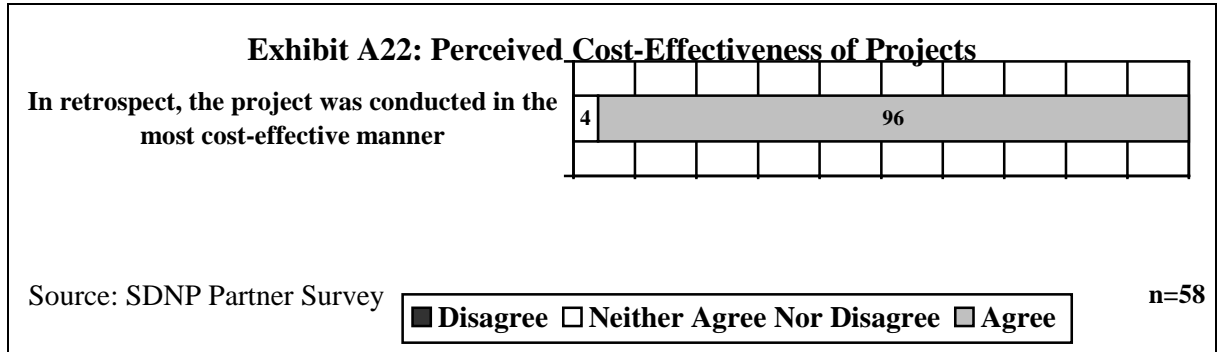
The above exhibit provides survey results related to the impact of the loan on business sales and activities. According to the exhibit, more than one-third of the loan recipients (37 percent) reported that their business would have shut down if it was not for the loan. Another 37 percent report said that their business would have operated like before, but without significant expansion.



Statements pertaining to the experience of their business were asked of the respondents who began a new business since the activity. The results are provided in Exhibit A21 and summarized below:

- All respondents felt that the experience of opening a business expanded their personal horizons.
- Most new business owners (91%) felt the experience of opening a business helped them to develop new skills and expanded contacts in the community.
- Eighty-five percent agreed that the experience of opening a business expanded their career opportunities.
- Almost two thirds (68%) agreed that the number of counseling sessions provided were appropriate. Eleven percent neither agreed nor disagreed and twenty-one percent disagreed.

As indicated below, most project representatives also believe that their projects were cost-effective.



## Appendix B: Results of Database Analysis

Additional results of the SDN database analysis are provided in this appendix.

### Exhibit A23: SDN Projects by Pillar and Funding Amounts

Approved funding amount	Pillar					Total
	Partner Coordination	Business Development	Economic Research and analysis	Sustainable Communities	Entrepreneurship	
\$0 – 19,999	25.6%	29.2%	50.0%	38.2%	71.9%	47.7%
\$20,000 – 39,999	69.2%	27.1%	25.0%	41.5%	12.5%	37.4%
\$40,000 – 59,999		4.2%		4.1%	4.7%	3.8%
\$60,000 – 79,999		2.1%		3.2%	1.6%	2.4%
80,000\$ >	5.1%	37.5%	25.0%	12.9%	9.4%	14.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SDN administrative database

The above exhibit describes the projects by pillar and funding amounts. As indicated above, the “entrepreneurship” projects tend to be smaller in size (72 percent are less than 20,000\$, compared to an average of 48 percent). Business development projects tend to be larger in size (more than one-third was above 80,000\$ in budget value).

### Exhibit A24: Funding Amounts by Client Type

Approved funding amount	Client type					Total
	Aboriginal	People with Disabilities	Francophone	Women	Other or general	
\$0 – 19,999	37.5%	12.5%		25.0%	53.2%	41.2%
\$20,000 – 39,999	31.3%	6.3%	30.8%	25.0%	33.8%	37.9%
\$40,000 – 59,999			23.1%	25.0%	2.5%	3.8%
\$60,000 – 79,999			7.7%		2.0%	2.4%
\$80,000 >	31.3%	81.3%	38.5%	25.0%	8.5%	14.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SDN administrative database

As shown in the exhibit above, larger projects were undertaken for clients in

the category “people with disabilities”. Eighty-one percent of these projects were above 80,000\$ in value.

**Exhibit A25: Funding Amounts from other sources by Region**

Funding amounts from other sources (other than WD)	Region				Total
	BC	Alberta	Saskatchewan	Manitoba	
0 \$	76.8%	76.5%	87.5%	89.7%	79.4%
1 – 10,000\$	12.5%		5.4%	3.4%	10.2%
> 10,000\$	10.7%	23.5%	7.1%	6.9%	10.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SDN administrative database

A minority of projects (21 percent) benefit from support from other sources. These include funding from other federal departments, provincial governments, municipal governments and other sources. According to the database, 90 percent of projects received 10,000\$ or less from other sources. Projects in Alberta were more likely to receive funds from other sources.

# Appendix C: Summary of CEDO/CEDIP and FEDO Evaluations

## CEDO/CEDIP Evaluation Summary

### *Rationale*

- Overall, both CEDO and CEDIP are viewed as relevant to the needs of the interns, the communities, the WCBSN organizations and WD. There is a recognized need for community-level interventions (vs. business level support) coordinated by the WCBSN members. Both programs support these interventions by helping provide HR (CEDIP) and funds. There is, however, some debate whether CEDO should be provided on an ad hoc basis, or integrated in the overall contribution agreement of the WCBSN organizations.

### *Design and Delivery*

- Both programs are regionally delivered. This approach was supported by most respondents of the evaluation. However, there were concerns expressed about the approach to project selection and monitoring. The selection criteria need to be clarified, as well as the reporting requirements.
- The application process is not considered timely (turnaround time between the applications and response is considered too long).
- The average amount of funding provided for CEDIP projects has been significantly reduced over the last two years. A number of respondents said that this has made it more difficult for the hosting organizations. In many cases, it has shortened the length of the internship.

### *Results*

- The evaluation shows that both programs are successful. For CEDIP, the findings show that interns acquire economic development-related skills and are highly likely to find employment or go to school after the internship. At the community level, CEDIP supports the WCBSN organizations' activities and contribute significantly to community planning activities. Many WCBSN members also report impacts on local business retention as a result of the work of the interns. As an

indirect impact, CEDIP also helps retain qualified youth in rural communities.

- The delivery of CEDO varies significantly from region to region. The direct results of most projects include strategic plans and strategies for communities, although it is believed that most projects will have long-term impacts not yet measurable. A number of projects report impacts in terms of HR development in the area of economic development and expanding existing businesses. Most projects leveraged funds from other sources.

### ***Cost-effectiveness and Alternatives***

- At this point, both programs are regionally delivered. Concerns expressed about the approach to project selection and monitoring. The selection criteria need to be clarified, as well as the reporting requirements.
- The application process is not considered timely (turnaround time between the applications and response is considered too long).
- The average amount of funding provided for CEDIP projects has been significantly reduced over the last two years. This has made it more difficult for the hosting organizations. In many cases, it has shortened the length of the internship.

## **FEDO Evaluation Summary**

### ***Rationale***

- According to the evaluation, there is a need for FEDOs to ensure that Francophone entrepreneurs and communities are served in the official language of their choice, supporting Section 41 requirements of the Official Languages Act (OLA). FEDOs help provide business and economic development services to Francophone entrepreneurs and communities that are comparable to those offered to the larger western business community.
- Demand for FEDO services has been limited in some areas, but higher (and rising) in others. There are no duplications with services provided by other organizations such as CFDCs.

### ***Design and Delivery***

- The marketing efforts to make the FEDOs known are extensive. However, some observers feel that the number of clients and loans processed remains low, which may suggest that further marketing is required.



- FEDOs have been effective in establishing partnerships with other network members (WEIs and CFDCs), other federal departments, communities and other organizations. These partnerships have allowed the FEDOs to find new clients, diversify their funding sources and deliver initiatives for other entities, including training initiatives. These have been beneficial to both FEDOs and their clients.

### ***Results***

- According to the evaluation, FEDO staff are very competent and contribute to fill gaps in the community in terms of business information and skills.
- Clients rate FEDO business services from medium to high. They appreciate the workshops, seminars, and the information and contacts provided by staff.
- Take-up for the loan-loss program has been highly variable. In BC, Alberta and Saskatchewan, capital loan activity (through financial institutions with loan-loss reserves) has been lower than expected. High interest rates (compared to regular rates in financial institutions, due to higher risk) and misunderstandings about the objectives of the reserves partly explain the lower than expected level of take-up of loans.
- FEDO staff members have been very active in supporting clients to obtain financing and a number of clients have accessed loans from other financial institutions. The CDEM (Manitoba) has been more successful in coordinating business loans. It is reported that for each dollar invested, seventeen dollars were generated in Manitoba.
- FEDOs play a significant role at the community economic development level and have been catalysts of many CED projects. A number of economic development projects of wider scope have been coordinated by the FEDOs. Work with bilingual municipalities in Manitoba have also led to better community plans and the creation of additional local business loans programs.

### ***Cost-Effectiveness and Alternatives***

- A number of suggestions were made to improve the performance of the FEDOs. Respondents suggested that the FEDOs continue to develop partnerships with other organizations and departments. In particular, partnerships with financial institutions should be established to increase the volume of business loans to Francophone businesses.
- Other suggestions and recommendations include work to improve the

relevance and accuracy of reporting; building a pool of experts for business clients; increase FEDO board representation; and defining/reviewing what should be the FEDOs' market niche.

# Appendix D: Detailed Evaluation Issues

The following evaluation issues guided the evaluation.

## Rationale

- 1.1 Is there a need for the SDN?
- 1.2 Are SDN objectives consistent with current government and department priorities and objectives?

## Design and Delivery

- 1.3 Are the terms and conditions of the SDN suitable?
- 1.4 Is SDN too large, is it too broad, do the subprograms need to be separated out to lessen the complexity of the Program?
- 1.5 Did both WD and SDOs properly apply eligibility criteria?
- 1.6 Were the elements of due diligence applied by both WD and the SDOs?
- 1.7 Was the project selection process effective? User-friendly? Timely?
- 1.8 Are SDN projects properly monitored? Are reports timely and complete?

## Success

- 1.9 How successful has the SDN been in achieving its overall objectives?
- 1.10 What has been the impact of the SDN on the capacity of WD and SDOs to deliver government assistance?
- 1.11 What has been the impact of the SDN on improving the quality of service to SMEs and other businesses?
- 1.12 What has been the impact of the SDN on awareness and knowledge of available government assistance?
- 1.13 What has been the impact of the SDN on participation in government-sponsored initiatives by SMEs and other businesses?
- 1.14 What has been the impact of the SDN on improving the revenue generating ability of SMEs and other businesses?
- 1.15 What has been the impact of the SDN on creating or maintaining jobs in Western Canada?
- 1.16 How successful have the Investment Funds been in contributing to the SDN's objectives?

## Cost-Effectiveness:

- 1.17 Is the SDN the most cost-effective way to deliver targeted business and

information services to SMEs?

- 1.18 Is the SDN the most cost-effective way to provide capital to assist existing businesses or help entrepreneurs to create new businesses?
- 1.19 What can be done to deliver the SDN in a more cost-effective manner?
- 1.20 What are alternatives to the SDN in attempting to meet the stated objectives?

# Appendix E: Detailed Case Studies

# Project Case Study #1

Project: Product Development Seminars as part of the Southern Exposure Giftware Initiative  
Organization: Community Futures Development Corporation of Sun Country, B.C.

## 1. Introduction

The Community Futures Development Corporation is a non-profit organization, managed by a volunteer board of directors, which delivers entrepreneurial programs to the Sun Country area. The CFDC aims to foster entrepreneurship and promote, coordinate, and implement various economic development activities in the region. Their programs include business counselling, loan programs and the provision of business information. This organization assists in both the development of businesses as well as overall support of community economic development.

This case study focuses on a series of product development seminars delivered as part of the Southern Exposure Giftware Initiative. The Southern Exposure Giftware Initiative and product development seminars are partially funded through Western Economic Diversification, SDNP funding. In 2002-03, Western Diversification provided for \$18,000 in funding while \$27,000 was leveraged from other sources during that fiscal year. Partners for this project have included The Co-Operators Group, Rural Secretariat, Interior Savings Credit Union, CFDC Sun Country, CFDC Central Interior First Nations, CFDC Nicola Valley, CFDC Shuswap and CFDC of Thompson Country.

## 2. Project description

In 1999 the Sun Country CFDC completed a feasibility study to determine the business needs of local artisans and craftspeople. The study found that there were substantial gaps among this group in terms of product development. Based on this feasibility study, Southern Exposure Giftware Initiative was designed to assist local artisans and craftspeople with product and market development through a number of activities: product adjudication processes<sup>2</sup>,

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<sup>2</sup> The Adjudication process involves an assessment of craft/artisan products according to the merits and marketability of the product. The process is intended to assist artisans and craftspeople in developing a high quality and marketable product. As a result of the assessment feedback and recommendations were provided to help creators improve products

product development training sessions and seminars, sales presentation and business planning. This initiative also regularly provides the local area artisans with relevant information and ideas related to their product and business goals, as well as information on the distribution network for locally made products.

### ***Purpose of the Project***

Overall, the objective of the Southern Exposure Giftware Initiative and the product development seminars is to build local producers' capacity to develop value-added giftware and to link producers with appropriate markets. Southern Exposure Giftware's goals are to support the production of locally made giftware, souvenirs and art; provide producers in the region with access to industry specific business training; provide artisans with feedback on their products and promotional materials; provide marketing and networking opportunities to regional producers; and develop a larger core of high-capacity Sun Country producers.

A series of 'day long' product development seminars and workshops were held in three different local communities, including Aboriginal communities. These workshops included a number of topics such as marketing concepts, trade show ideas, labeling and tagging, packaging, product design and evaluation, and promotion. The seminars also provided participants with networking opportunities.

## **3. Achievement of objectives**

### ***Success/Impact***

The project representative cited the Southern Exposure Giftware Initiative as a very successful project. It was bestowed the 'Project of the Year Award' by the Economic Development Association, representing the first CFDC to win this award. With respect to the product development seminars, participant feedback<sup>3</sup> was very positive: participants reported that they were highly satisfied with the facilitators, opportunities for networking, and building their product development knowledge. A particular noted strength of the workshops was the use of successful artisans to facilitate and to share their success and

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to increase marketability and competitiveness.

<sup>3</sup> Seminar feedback forms are distributed at each session and the results rolled-up and summarized by the CFDC.

best practices with participants. A less tangible reported benefit was the increased feeling of participant self-confidence emanating from these seminars.

The initiative also helped to raise the CFDC profile. As a result of exposure at Giftware events and training workshops, there is an increased awareness of the CFDC's role in community development activities.

Through informal feedback and ongoing contact with many local artisans and craftspeople, the project representative estimates that approximately 60 percent of participants utilize the workshop material to improve their products' marketability, while the other 40 percent use it to build their product development capacity. The seminars and the Southern Exposure Giftware initiative are credited with contributing to helping some local artisans/craftspeople start-up their own businesses. For example, one course participant has developed a successful business and is now selling soapstone products both locally and internationally.

Giftware events are reported to result in increased numbers of clients and sales of products, helping to contribute to the local economy. The event also helped to raise the profile of retailers who purchase the products further contributing to their businesses. The adjudication process was also reported to contribute to the development of higher quality and more marketable products.

### *Challenges*

According to the project sponsor, key challenges included:

- Lack of sustained funding.
- Project funding on an annual basis prevents longer term planning.
- Some funding sources for fiscal year 2005-06 are not being continued despite the reported success of this project, thus putting the program in jeopardy.
- During the initial phase of project, the numbers of attendees were lower than anticipated. After the first two seminars, attendance increased substantially through word of mouth.



*Learning from the project*

There are a number of lessons learned and strategies utilized to address the challenges. These include:

- Continued efforts to leverage funds and to communicate the value of the project;
- When beginning the product development seminars, it is a good idea to have general information sessions prior to starting the series. This helps to promote the program and to avoid participants joining the series after the series has commenced.

## Project Case Study #2

Project: Service Partners Upgrade, 2003  
Organization: Meridian CFDC, Saskatchewan and Alberta

### 1. Introduction

The Meridian Community Futures Development Corporation (CFDC) fosters community and regional partnerships through liaisons with local, provincial and federal groups to enhance rural service and to sustain rural communities in Central Saskatchewan and Alberta.

The Meridian CFDC is represented by a group of local volunteers that engage in regional economic development and employment through three means:

- Providing general, technical and financial assistance to new or existing business ventures;
- Providing an investment fund for new or growing businesses; and
- Promoting the importance of youth entrepreneurs.

This case study focuses on the impacts of one time funding (\$15,000) provided to the CFDC for client service improvements in 2003. While other funds were not leveraged, the leaser agreed to upgrade the CFDC facilities in conjunction with the service upgrades.

### 2. Project description

In 2003, the Meridian CFDC responded to a Request for Proposals from WD for service partner upgrades. Upgrades could consist of computer upgrades, purchases of instructional documents and publications for libraries, and leasehold improvements. The upgrades had to contribute to improved client service delivery. In this case, the Meridian CFDC received approval to upgrade employee/volunteer workstations and to provide a computer workstation for use by clients and for use on a temporary basis by staff, interns or volunteers.

### 3. Achievement of objectives

#### *Success/Impact*

The project representative reported that the funding contributed to enhanced internal CFDC capacity and improved client service delivery. Feedback from internal staff indicates that the improved workstations encouraged them to utilize the computer to conduct research and to be more aware of other client services. Prior to the project, staff did not have suitable work environments (e.g. did not have keyboards placed at appropriate heights, or pull out trays for key boards). In addition, the improved workstations were reported to enhance the CFDC's professionalism and credibility in the community, as it more suitably reflected their function to provide business services and loans.

The client workstation<sup>4</sup> provides clients with access to the computer and the Internet and is generally used to help clients resolve specific problems (e.g. patent search). Staff may also mentor those who might not have sufficient computer skills to show them how to search for appropriate business and entrepreneurship information. Generally, clients use the computer station on a monthly basis. Interns and volunteers also use it on a temporary basis. For example, it enabled the CFDC to partner with the Regional Economic Development Authority to house an intern from this organization, thus enabling a sharing of resources between these two organizations.

The project representative reports that this particular Call for Proposals (for service upgrades) generally benefited CFDC and other service delivery organizations as it stipulated standards for the purchase of computer equipment. Upgraded, standardized equipment enabled these organizations to perform computer related tasks more efficiently (e.g. the completion of quarterly financial and activity reports).

#### *Challenges*

According to the project sponsor, the key challenge is implementing the project in a very short timeframe. The request for proposal was announced in January/February 2003, giving the CFDC little time to apply for and implement the project by the end of the fiscal year.

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<sup>4</sup> The client workstation was designed to be accessible to those with wheelchairs and those clients with some types of visual impairments.

While the client cites a real need for these types of projects, more timely announcements of funding availability or directed core funding (specified budget lines) to specific types of activities/infrastructure would provide service delivery organizations with more time to strategically plan and implement the activities.

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## Project Case Study #3

Project:	Review of Options for Investment Pool Programs of Community Futures Development Corporations in Manitoba and Saskatchewan
Organizations:	Community Futures Partners of Manitoba Inc. Community Futures Partners of Saskatchewan Inc.

### 1. Introduction

Community Futures Partners of Manitoba Inc. (CFPM), an association representing 16 Community Futures Development Corporations (CFDCs), is established throughout rural and northern Manitoba. Community Futures Partners of Saskatchewan (CFPS) is an Association that represents 13 CFDCs throughout Saskatchewan. In 2001-2002, CFPM sponsored the “Review of Options for Investment Pool Programs of Community Futures Development Corporations in Manitoba and Saskatchewan”, a WD funded project under the Service Delivery Network Program (SDNP). The project was a joint initiative by CFPM and CFPS.

### 2. Project description

The objective of the project was to explore alternate funding options and to examine the feasibility of the establishment of an Investment Fund Pool. The study was completed in 2002. Project beneficiaries included the Manitoba and Saskatchewan CF Associations and the CFDCs.

CFPM funding for the project was \$15,000, and \$10,000 was allocated to CFPS. Under the direction of a Committee that consisted of representatives from CFPM and CFPS, CFPM hired an independent consultant to conduct the study, using SDNP project funds received by CFPM and CFPS. Western Economic Diversification (WD) was the sole source of funding for this project.

#### *Purpose of the Project*

The objective of the project was to accomplish the following:

- Understand the immediate and future needs of Manitoba and Saskatchewan CFDCs for additional investment funds;
- Review identified options to make investment funds available to

- Manitoba and Saskatchewan CFDCs in the future; and
- Present a recommendation of an option or options for consideration of CFPM and CFPS' membership.

To achieve these objectives, the following three options were analyzed:

- Joining Community Futures Investment Pool Program in Alberta (an established pool operated by Community Futures Network Society of Alberta);
- Joining Community Futures Investment Pool Program in British Columbia (an established pool operated by Community Futures Development Association of BC); and
- Creating a Manitoba-Saskatchewan Futures Investment Pool Program or a separate Manitoba Investment Pool and Saskatchewan Investment Pool.

### ***Key Activities***

The key activities that were undertaken in the feasibility study were:

- Literature and document review of the existing pooling models in other provinces and regions to identify their benefits, concerns and lessons learned to inform the decision making process of CFPM and CFPS on the establishment of loan funds;
- Analysis of pooling models where CFDCs have high demand under-resourced regions and those that have more useable funds;
- Identification of the immediate and specific needs of Manitoba and Saskatchewan CFDCs; and
- Presentation of the draft and final reports with the findings and recommendations that work best for CFPM and CFPS.

## **3. Achievement of objectives**

### ***Success/Impact***

In the view of the project sponsor, the Board members who represented each CFDC in Manitoba and Saskatchewan were interested in addressing the issues of inequities of capitalization among CFDCs and assessing CFDC support for investment fund pools. They were reportedly very satisfied with the feasibility

study, which offered them a series of recommendations and options on how to approach these problems. While Saskatchewan decided not to pursue the Investment Fund Pool option at that time, Manitoba established an Investment Fund Pool.

The interviews with the key informants from Manitoba and Saskatchewan indicated that the CFDC representatives were very satisfied with the project achievements, and that there was very little disagreement among the members of the Community Partners Board.

The project sponsor and stakeholder reported that the longer-term impacts of the project on the local businesses and economies were too early to assess. The study was reported to contribute to the following outcomes:

- Increased knowledge and capacity of CFPM and CFPS in the area of Investment Fund options to help them make sound decisions;
- Increased networking and linkages among CFDCs within each province;
- Increased structural and financial capacity of CFDCs that do not have available funds, which contributed to the buy in of all Manitoba CFDCs for the concept of investment pool;
- Establishment of a new corporation, “Community Futures Investment Pool” for Manitoba Investment Fund Pool, and its constitution, guidelines, policies and procedures;
- Creation of a Committee in January 2005, appointed through the CFPM Board of Directors that oversees the Community Futures Investment Pool of Manitoba; and
- Increased membership (\$500 membership fee) and putting together the funds of Manitoba CFDCs in one Fund Pool (approximately between \$1.2 to \$1.6 Million).

The interviews with the project sponsor and stakeholder, the anticipated medium and long-term outcomes of the project include the following:

- Increased capital for CFDCs by making the funds of those with surplus useful and accessible;
- Increased access to capital that will generate local businesses and economic growth;

- Greater benefits to communities that have higher demands and limited funds;
- Finding other investors to possibly access other funding sources; and
- Expanding the opportunity to access additional investment funds, now at a maximum of \$125,000, in compliance with WD and Treasury Board Guidelines.

### *Challenges*

According to the project sponsor and stakeholder interviews, the key challenges were:

- The ability to sell the concept of the Fund Pool to CFDCs, some of which had as much as \$9 million in reserves; and
- Applying existing models to the Manitoba and Saskatchewan context.

### *Learning from the project*

These challenges were overcome through the processes that were used in the project and the skills and expertise that were sought. These processes included:

- Listening and treating each CFDC as unique within its Province;
- Using the “bottom-up” approach in the decision making process; and
- The use of an appropriate research methodology and understanding of the subject including the hiring of an expert consultant in community economic development and investment fund pool.

Project representatives also noted the importance of involving Community Futures General Managers in the process and ensuring access to adequate legal and investment pool expertise.



## Project Case Study #4

Project: Urban Entrepreneurs with Disabilities (Ventures)  
Organization: Distinctive Employment Counselling Services of Alberta  
(DESCA)  
Edmonton, ALB.

### 1. Introduction

Distinctive Employment Counselling Services of Alberta (DESCA) in Edmonton is a not-for-profit organization that provides individualized programs to people with barriers to employment to help them integrate into the labour force. DECSA's service delivery approach aims at ensuring that, "all people are valued, respected and have the opportunity to work to full potential." It works collaboratively with the service users to help them overcome the employment barriers in today's changing economy. DECSA is the sponsor of the Urban Entrepreneurs with Disabilities project (Ventures) in Edmonton since 1998.

### 2. Project description

Ventures assists persons with disabilities in urban Edmonton to become entrepreneurs. The Edmonton Community Loan Fund (ECLF), a partner for the project, manages the Ventures Loan Fund, which totals \$400,000. WD provided the capital and covers the operational costs of Ventures, which is \$192,000 for three years. This arrangement is a result of the partnership agreement between DECSA and ECLF on the delivery of Ventures. ECLF is a community-based organization that provides capital for socially responsible projects to improve the quality of life of low-income individuals and families in the Edmonton region.

#### *Purpose of the Project*

The objective of the project is to facilitate self-employment and access to business loans to persons with disabilities. According to an interview respondent, Ventures is an important program for its target population as it increases self-sufficiency of people with disabilities by removing the barriers to self-employment and business loans.

DECSA and ECLF are the main partners in the implementation of the project, sharing the responsibility of the two funding components of the project (administration and Loan Funds). Other community partners are also involved, including:

- Anderson Career Training Institute;
- The Government of Alberta (Human Resources);
- University of Alberta Disability Resource Centre;
- Mennonite Centre for Newcomers;
- Business Link; and
- Micro Business.

These partners provide services and specialized training to the participants of Ventures without cost. The programs offered by partner agencies support persons with disabilities during the completion of Ventures training and transition into self-employment. According to DECSA, persons with disabilities have varying degrees of skills and employability readiness, requiring additional costs for training and consulting services.

### ***Key Activities***

Key activities of Ventures include the following:

- Make assessments of skills, abilities and business objectives of persons with disabilities;
- Evaluate the viability of business plans;
- Conduct an orientation to help persons with disabilities understand the nature of their disability in relation to their business plan;
- Assess the needs of persons with disabilities for assistive technology, make referrals and assist persons with disabilities access these services;
- Deliver individualized business training programs as identified in the service plan;
- Assist persons with disabilities with business proposals and budget start up costs;
- Connect individuals, who completed the training program and have a business plan to the loan program through ECLF. A maximum business loan of \$75,000 may be granted to an individual for a project;
- Provide ongoing advice and coaching to individuals during their first

stages of self-employment and connect them to the necessary services as per their request; and

- Assist individuals unable to obtain business loans and become entrepreneurs to explore other employment opportunities through job search skills and employment counselling.

### **3. Achievement of objectives**

#### *Success/Impact*

According to a stakeholder, DECSA is known in the community for its quality of services and success in helping people with barriers to employment. The stakeholder talked about a very successful case: based on Ventures business advice and guidance, a participant started a self-help /counselling business based on the Internet, which reportedly was successful and generated employment for five or six individuals with and without disabilities. According to the stakeholder, most of the participants who were referred to Ventures were highly satisfied with the services. Positive outcomes were reported, including job creation, economic gains to the community, and economic independence for persons with disabilities.

#### *Challenges*

The main challenges that were reported by the project sponsor were the following:

- Inability of some individuals to access business loans due mainly to poor or low credit history;
- Limited funding for customized training of participants to help them acquire the necessary business skills, including bookkeeping and marketing;
- Unavailability of “business incubation” programs to support participants overcome obstacles that may arise and interfere with their success in the early stages of the business; and
- Recurrence of disability, which can happen at any stage during the training and/or after the business starts.

### *Learning from the project*

Among the strategies used by Ventures to maximize success were the following:

- Incorporating information on business loan criteria in the information/orientation sessions and a more rigorous assessment of the viability of the business plan. This raised awareness among project participants about business loan eligibility criteria and resulted in less disappointment; and
- The use of other resources to complement the services needed by the participants to acquire specific business skills to become entrepreneurs. The services were offered by paid consulting services and non-profit organizations funded by other sources.

## **4. Service Delivery**

The project sponsor is very pleased with the ease of the application process and the quick turnaround time for approval. As well, it was noted that WD objectives and priorities and SDNP's terms and conditions are very clear and well understood. The application process, funding guidelines, monitoring and reporting requirements (quarterly activity and financial reports) are said to be appropriate, effective and accountable. WD staff is reported to be accessible, helpful in the application and reporting processes.

The only recommendation that was brought up by the project sponsor is to obtain support to provide "business incubation" services, allowing entrepreneurs with disabilities to be nurtured until their business is fully mature. This could enhance the program and allow early intervention if/when appropriate to increase the likelihood of when/if problems are and increase the likelihood of success. This component is suggested to be cost-effective as it reduces the risk of failure and (as a result) non-reimbursement of loans.

## Project Case Study #5

Project: Insurance Services for the Outdoor Tourism Industry  
Organization: Community Futures Development Corporation (CFDC) of the S.E. Region of B.C

### 1. Introduction

The Community Futures Development Corporation (CFDC) of the South-East Region serves the geographic areas of ten municipalities and one First Nation community in B.C by:

- Promoting entrepreneurial development;
- Improving access to traditional and non-traditional sources of capital; and
- Developing and implementing a wide range of local and regional community economic development initiatives.

This case study focuses on the impacts of the Insurance Services for the Outdoor Tourism Industry project. The budget for this project was \$45,000, including a \$34,000 contribution from Western Diversification (WD). The CFDC leveraged \$11,000 from the Tourism Action Society of the Kootenay (TASK), and in-kind contributions in the form of research services from the University College of the Cariboo. The majority of WD funding was spent on consulting fees, travel, workshops, presentations and distribution information. Partners for the project included the Council of Tourism Associations of British Columbia, Tourism Industry Association of Canada, Tourism Industry Association of the Yukon, Wilderness Tourism Association of the Yukon, Association of Canadian Mountain Guides, Saskatchewan Nature and Eco-Tourism Association, and individual business owners in the outdoor tourism industry.

### 2. Project description

In 2003-2004, the CFDC undertook this feasibility study, which started in September 2003. The project had two components: the research study and a working group, consisting of representatives from partner and stakeholder groups in the tourism industry. The study examined insurance issues faced by the outdoor tourism industry. In collaboration with the researchers and consultants, the working group developed an implementation plan with options for an insurance program for the outdoor tourism industry. TASK, a partner for

the project, played a leading role in communications and by consulting with industry to increase buy-in from a large pool of businesses. The feasibility study found that small businesses in the tourism industry face major barriers in accessing insurance for their operations. It also provided solutions and viable options for insurance programs.

### ***Purpose of the Project***

The purpose of this project is to examine the issues of insurance coverage of the outdoor tourism small businesses, identify feasible options, and work on solutions that enable SMEs in the outdoor industry to overcome insurance barriers.

### ***Key Activities***

The key activities that were undertaken in the project were as follows:

- To examine the feasibility of having an insurance program for outdoor tourism;
- To conduct an analysis of insurance requirements for the tourism sector;
- To look at the short and long term barriers to insurance coverage in the outdoor tourism sector;
- To identify partners for this kind of program;
- To evaluate two types of insurance models to see how they would be workable for the tourism industry; and,
- To develop an implementation plan for an insurance program in the outdoor tourism sector.

## **3. Achievement of objectives**

### ***Success/Impact***

The organization representatives reported that the project was successful. Considering that tourism is an important sector of the economy, the first in some communities and second in the region, it served a large proportion (30 percent) of CFDC clients. Through this project, partnerships were built with national and regional organizations, which worked on options and solutions to the problem of insurance access faced by the industry. The project also had a direct impact on many small businesses that were on the verge of closing as a result of insurance coverage problems. They have more viable options as a

direct result of the project.

### *Challenges*

There were two main challenges that were reported by the project sponsors. First, the complexity of the issue of insurance coverage required an extensive consultation and the involvement of a wider national network of stakeholders. It was realized that the problem of insurance coverage affects the entire tourism industry, and that it could not be tackled solely at the regional level. Second, the project took a longer time than anticipated. To address this challenge, the organization requested an extension of the timeline of the project, which was approved by WD. The project was completed in January 2005.

## **4. Service Delivery**

The project representative considered the application and approval process appropriate and timely. The area of concern was the reported high turnover of WD regional liaison officers (approximately 7 staff changes in a three-year time frame).

The quarterly reporting requirements, including the activity reports, financial reports, final reports and audited financial statements, are considered appropriate for financial accountability. With respect to the outcome reporting, the amount of work is stated to be cumbersome for WD and the organizations. Securing private funding is reportedly difficult as the private sector is stated to be more concerned about the financial gain than the beneficiaries of the project. As well, the project sponsor finds that multi-year funding (e.g. two year contract) can be more cost-effective than single year funding as it allows time into project implementation rather than rushing to meet the fiscal year. Overall, project representatives are satisfied with WD delivery of SDNP.

## Project Case Study #6

Project: Rural Entrepreneurs with Disabilities Funding 2002-2003  
Organization: Community Futures Development Association of British Columbia

### 1. Introduction

The Community Futures Development Association (CFDA) of British Columbia supports 34 Community Futures Development Corporations (CFDCs). In recognition of the uniqueness and diversity of each CFDC in BC, the mission of the CFDA is to strengthen local communities and regions economically, as well as socially, culturally, and environmentally, by:

- Enhancing the effectiveness, capacity, growth, innovation, and awareness of CFDCs in British Columbia; and
- Initiating, developing, and managing community economic development programs and partnerships that benefit CFDA members.

This case study focuses on the impacts of the services delivered by CFDA with \$300,000 WD funding in 2002-2003. The services consisted of the facilitation and coordination of the delivery of services and projects involving Entrepreneurs with Disabilities in Rural BC.

### 2. Project description

With SDNP funding, CFDA conducted the following activities:

- Set up a Funding Allocation Committee;
- Prepared a Request for Proposals (RFP);
- Distributed the information to all CFDCs in BC;
- Allocated funds to viable initiatives; and
- Administered the program of Rural Entrepreneurs with Disabilities.

Project funding was allocated to non-profit organizations for initiatives with high probability of strengthening entrepreneurship for persons with disabilities and the social economy, and improving community and regional development. In 2002-2003, 15 organizations were approved for funding, including 10 community projects and five provincial initiatives. The objectives of the



projects included raising awareness about barriers that face entrepreneurs with disabilities, marketing initiatives, specialized training for staff and volunteers, and strengthening partnerships.

Partners for the project included CFDCs, non-profit organizations that work in CFDCs local communities, Richmond Disability Association and Rick Hansen Foundation. WD was the sole source of funding for the project, however, there were in-kind contributions provided to non-profit organizations in the form of Internet/website skills training and donated computers by the local credit union to entrepreneurs with disabilities.

### *Purpose of the Project*

Overall, the objective of the Rural Entrepreneurs with Disabilities project was to facilitate and coordinate services and projects involving entrepreneurs with disabilities in rural B.C. to foster and develop entrepreneurship and the social economy for persons with disabilities.

## **3. Achievement of objectives**

### *Success/Impact*

According to the project sponsor, the project supported sophisticated and innovative community based initiatives, which achieved good results for entrepreneurs with disabilities and the social economy. The funded organizations leveraged other financial sources and contributed with financial and staff resources to the success of their projects. An example of the successful projects is a pilot project designed to provide distant education to persons with disabilities through an online course curriculum on how to run an online business. This project is reported to have benefited 20 future entrepreneurs with disabilities in 2002-2003, and to have a high rate of participant completion of the training program<sup>5</sup>. Many participants are reported to have developed their Web stores to sell products of small local artisans, make Websites for SMEs and contribute to the local economy.

As for the CFDCs, it enabled them to do more community development work. The project helped them partner with non-profit organizations to implement

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<sup>5</sup> Jan Wright Consulting. (November 2004). Internet Business Development for Entrepreneurs with Disabilities Program: Participant Survey Results.

initiatives for persons with disabilities to create small business enterprises, earn money to supplement their income security, and contribute to the economy and their local communities. The program also increased community involvement, enhanced partnerships and benefited non-profit organizations at the grassroots level. There were stronger partnerships built between the non-profit and the business sector.

Another outcome that resulted from the Rural Entrepreneurs with Disabilities program in 2002-2003 was a sponsored province-wide conference hosted by Richmond Disability Association. Approximately 100 people attended the event, mostly persons with disabilities.

### *Challenges*

There were minimal challenges in 2002-2003 due to CFDA's experience in the process and CFDCs strong involvement in community-based economic development. However, the project sponsor reported that the program was affected by the lack of sustained funding. Funding for the program was decreased to \$150,000 in 2003-2004 and \$75,000 in 2004-2005. In his opinion, excellent initiatives were not funded.

### *Learning From the Project*

Program representatives learned that it was more effective to be strategic in the project funding allocation. It was more effective to select fewer initiatives (two in the case of 2004-2005) with higher likelihood of sustainability, than more projects that were less likely to have ongoing benefits.

## **4. Service Delivery**

CFDA, CFDCs and many non-profit organizations involved in entrepreneurship of people with disabilities are quite aware of WD funding and have a good partnership relationship with the agency. The project sponsor considers WD application process, guidelines and the received by WD project officers either by phone or email to be very helpful and user friendly. The objectives and guidelines are clearly articulated by WD and understood by the organization. The monitoring and reporting are stated to be appropriate and effective for accountability. However, according to the project representative, two-year funding options would allow continuity and better projects.