



Western Economic  
Diversification Canada

Diversification de l'économie  
de l'Ouest Canada

# **Evaluation of the Western Diversification Program – Western Economic Partnership Agreements**

**WESTERN ECONOMIC DIVERSIFICATION CANADA**

**Audit, Evaluation & Disclosure Branch**

**December 2008**

## EXECUTIVE SUMMARY

The Western Economic Partnership Agreements (WEPAs), a sub-component of the Western Diversification Program (WDP), are multi-year cost-shared federal provincial agreements that are designed to promote the development and diversification of the western Canadian economy and to coordinate federal economic activities in the region. Western Economic Diversification Canada (the Department) employs WEPAs to harmonize regional economic development efforts with provincial governments.

The Department negotiated and signed four-year, cost-shared, WEPAs with each of the four western provinces in the fall of 2003. The four WEPAs represented \$200 million of investments over the life of the four agreements, cost shared equally between the federal and four provincial governments. The agreements targeted common federal and provincial priorities, including:

- Innovation—promoting a knowledge-based economy, environmental technologies and life sciences;
- Entrepreneurship—tourism, trade, value-added investment, Aboriginal business development, export readiness; and,
- Community Economic Development—community, rural and northern development.

These three common priorities align with two of the Department's strategic outcomes: Community Economic Development; Entrepreneurship and Innovation.

This report summarises WEPA evaluation findings using methodologies employed and data collected in the broad WDP evaluation. The scope of the report covers the period from 2003 to 2007. During the time period being covered by this report, the department expended over \$55 million under the WEPAs. The objectives of the report are:

- to examine the relevance and effectiveness of the WEPAs; and
- to examine the success of the WEPAs.

The results realised can be attributed to the collective investments made by the Department, provincial governments, and other funding partners.

### Relevance and Effectiveness of the WEPAs

Findings from the final 2008 *Evaluation of the WDP* report found that WDP sub-components such as WEPAs respond appropriately to the needs identified in their specific terms of reference by aligning with the needs of the various provincial agencies and departments involved. The four western provincial governments have indicated their desire see the agreements renewed with the governments of Saskatchewan and Manitoba announcing their participation and including its renewal in their budget estimates for 2008-09.

WEPAs are seen as effective and affordable mechanisms, particularly in terms of skill development, by key informants. Because economic development and diversification is seen as a shared responsibility between the provincial and federal governments, each WEPA is able to accommodate this shared mandate and is able to address the needs of the economic community and respond to changes within that community. For every dollar the Department invested through the WEPAs, an additional \$1.65 was leveraged from other sources.

Based on information provided in both the administrative database and the key informant interviews, the WEPAs are considered complimentary to other existing programs. WEPAs help increase the coordination of the federal and provincial governments, enhance partnerships and augment networking.

## **Success of the WEPAs**

### ***Strategic Outcome – Community Economic Development***

Community economic development accounted for 51% of the WEPA projects and 41% of total WEPA expenditures between the evaluation periods of July 14, 2003 to March 31, 2007.

Investments in community economic development by the WEPAs are intended to strengthen the competitiveness and sustainability of communities with particular focus on rural or northern development. Projects tend to have a community wide emphasis focusing on increasing the viability and diversification of local economies and contributing to enhanced community planning.

61.7% of funding recipients agreed that WEPA funding for their projects helped to increase viability and diversification of local economies and 88.7% felt it contributed to enhanced community planning. Mitigating economic crisis was not a major focus of WEPAs and less than half of funding recipients agreed that their projects achieved results in this area.

### ***Strategic Outcome - Entrepreneurship and Innovation***

Entrepreneurship and Innovation accounted for 49% of the WEPA projects and 59% of total WEPA expenditures between the evaluation periods of July 14, 2003 to March 31, 2007.

The WEPA supports initiatives that promote entrepreneurship, which include the development of infrastructure and linkages that strengthen clusters or foster growth within key strategic sectors of the economy. WEPA projects that support innovation invests in infrastructure, skill building and organization by enhancing technology commercialization and technology adoption in firms to support economic growth and maintain the competitiveness of businesses and sectors in western Canada. In some cases, investments in entrepreneurship and innovation have a strong component in each other and also in community economic development.

For entrepreneurship related activities, 93.3% of survey respondents indicated that their projects resulted in increased successful partnerships and strategic linkages and 61.7% of respondents indicating that their projects increased productivity. For innovation activities, 81.7% of survey respondents indicated that their projects resulted in increased education, training, or skill development. About half of respondents indicated that WEPAs increased research and development activities and technological capacity. Slightly less than half of respondents indicated results in technology linkages and in knowledge infrastructure.

## **Recommendation**

**The Department should work with the western provincial governments to negotiate the renewal of the WEPAs for future years.**

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	I
SECTION 1: INTRODUCTION .....	1
1.1.1 Western Diversification Program .....	1
1.1.2 Western Economic Partnership Agreements (WEPAs) .....	1
1.1.3 Context for the Report .....	3
SECTION 2: METHODOLOGY .....	4
2.1 Research Approach .....	4
SECTION 3: RELEVANCE AND EFFECTIVENESS OF THE WEPA .....	5
3.1 Relevance of the WEPAs .....	5
3.2 Effectiveness of the WEPAs .....	5
3.2.1 Amount of Investment Generated .....	6
3.2.2 Improvement of Federal/Provincial Relations .....	6
SECTION 4: SUCCESS OF THE WEPA .....	7
4.1 Strategic outcome – Community Economic Development .....	7
4.2 Strategic Outcome – Entrepreneurship and Innovation .....	8
4.2.1 Entrepreneurship .....	8
4.2.2 Innovation .....	10
SECTION 5: RECOMMENDATION .....	13
APPENDIX A: LOGIC MODEL OF WEPA .....	14

## SECTION 1: INTRODUCTION

### 1.1.1 *Western Diversification Program*

The Western Diversification Program (WDP) is WD's major program and provides support to projects that develop and diversify the Western Canadian economy. The WDP is "a tool for working with western Canadians to make strategic investments designed to enhance and strengthen the economy in Western Canada."<sup>1</sup>

As an umbrella program, the WDP has a number of sub-components that operate under its program authority. One of these sub-components is the Western Economic Partnership Agreements (WEPAs) with each of the four western Canadian provincial governments.

### 1.1.2 *Western Economic Partnership Agreements (WEPAs)*

WEPAs are multi-year cost-shared federal provincial agreements that are designed to promote the development and diversification of the Western Canadian economy and to coordinate federal economic activities in the region. The Department employs WEPAs to harmonize regional economic development efforts with provincial governments.

The first formal type of federal-provincial agreement for economic development in western Canada - the General Development Agreements (GDAs) - was ratified in 1974. In 1984, the GDAs were replaced with a new "umbrella" agreement - Economic Regional Development Agreements (ERDAs) between 1984 to 1994. The responsibility for the ERDAs was transferred to the Department in 1987. In 1990, ERDAs were reconfigured and renamed the WEPAs.

The Department negotiated and signed the most recent four-year, cost-shared, WEPAs with each of the four western provincial governments in the fall of 2003. The WEPAs represent a total of \$200 million of investments, cost shared equally between the federal and provincial governments (\$50 million cost shared with each province). Projects under those agreements could be approved up until March 31, 2008, although expenditures on the approved projects could continue after that date.

WEPAs help the federal government build positive relationships with the four western provinces. They provide a valuable instrument for joint planning, for reducing overlap and duplication, and they serve as a visible demonstration of federal-provincial cooperation and action.

WEPAs are based on the following principles:

1. Cost-sharing with provincial governments on a 50-50 basis.
2. Partnership and joint federal provincial planning and decision-making.
3. Equal allocation of resources among the four provinces.
4. Sustainable growth, not short-term relief.
5. Building on strengths and enhancing competitiveness to achieve a more sustainable economic base.
6. Recognition of unique characteristics of each provincial economy while at the same time being consistent with national economic development policies.
7. Encouraging incrementality, private and institutional participation.

---

<sup>1</sup> Western Economic Diversification Canada (n.d.) Western Diversification Program.  
<http://www.wd.gc.ca/eng/301.asp>

8. Coordinating and enhancing ongoing federal and provincial government and industry activities.
9. Reducing overlap and duplication by enhancing coordinating economic development activities of the federal and provincial governments.
10. Flexibility of delivery terms (i.e. unilateral, joint or third-party delivery). Both parties may fund individual projects equally, entirely by one of the parties, or some combination in between.

The agreements target common federal and provincial priorities, including:

- Innovation— strengthen the western Canadian innovation system by increasing capacity, awareness, and use of new technologies; creating greater linkages between communities and private/research/educational institutions; and creating new, and strengthening existing technology clusters.
- Entrepreneurship— improving business services and information, and developing the skills and capacity of western Canadian businesses to result in an increase in new businesses or to enhance existing businesses. Increase investment in western Canada, and increase trade and export opportunities to enhance the competitiveness of western businesses in the global economy.
- Community Economic Development— enhance the ability of communities to access and take advantage of opportunities for economic growth and ensure that social, environmental and economic factors are considered when addressing community needs.

These three common priorities align with two of the Department's strategic outcomes: Community Economic Development; Entrepreneurship and Innovation.

Each of the agreements also reflects priorities identified by the signing provincial government. Thus in Manitoba, the Canada-Manitoba WEPA integrates the above strategic priorities as well as the promotion of sustainable economic growth through rural, northern, and urban initiatives that use a community-based economic development approach.

In Saskatchewan, the WEPA objectives include increasing productivity, export readiness, investment retention and attraction; contributing to the knowledge based economy; supporting Aboriginal participation in key sectors of the economy; and assisting in the diversification and value-added processing of primary resources.

In Alberta, investments that strengthen innovation and value-added industries and those that improve the viability, prosperity, and quality of life in Alberta communities through initiatives that contribute to a sustainable approach to regional development that incorporates economic, environmental, and social considerations are priorities identified by the provincial government.

The priorities for funding under the Canada-British Columbia WEPA fall into four categories – tourism, innovation, entrepreneurship, and sustainable communities. Fifty percent of WEPA funding is being spent in the BC “Heartlands”, an area that includes the entire province except for Vancouver and Victoria.

Following the expiry of the WEPA agreements in March 2008, previously approved projects have a two-year time frame in which to be completed. Table 1-1 shows the regional distribution of WEPA funding amounts approved within the timeframe of the agreements (March 31, 2003 to March 31, 2008).

**Table 1-1  
Distribution of WEPA Funding Amount by Region**

Region	WEPA Funding Amount	Total Project Costs*	% of Projects Costs Approved by WEPA
British Columbia	\$24,788,219	\$95,873,842	26%
Saskatchewan	\$23,873,581	\$79,489,624	30%
Alberta	\$24,793,880	\$74,729,532	33%
Manitoba	\$25,622,795	\$74,512,314	34%
Total	\$99,078,475	\$324,605,313	31%

Reference: WD Infoquest – WEPA Report

\*Total project costs includes funding from WD, provincial sources, client contributions and all other funding sources

### 1.1.3 Context for the Report

Departmental management requested that as part of the *Evaluation of the Western Diversification Program (WDP)*, data related to WEPAs be collated and analysed for results to assist in determining if the WEPAs should be renewed. This report summarises WEPA evaluation findings from data generated under the broad WDP evaluation. The scope of the report covers the period used for the WDP evaluation from 2003 to 2007.

The Head of Evaluation used a risk-based approach to determine the extent of the evaluation coverage and the appropriate methodology to conduct this evaluation of the WEPAs. The Head of Evaluation determined that based upon the maturity of the WEPAs and their predecessor agreements, the past evaluation coverage and positive results, and the adequacy of data recently collected under the WDP Evaluation, the methodology and scope adopted for this report was appropriate for its intended purpose.

The objectives of the report are:

- To examine the relevance and effectiveness of the WEPAs.
- To examine the success of the WEPAs.

The results realised can be attributed to the collective investments made by the Department, provincial governments, and other funding partners.

## SECTION 2: METHODOLOGY

### 2.1 Research Approach

The evaluation framework for this report used segments of the Evaluation Framework listed as Appendix B in the final report of the *Evaluation of the WDP*. The report is therefore subject to the limitations identified in the WDP evaluation. Data, including documents relevant to the WEPAs, were analysed to generate the findings in this report. The relevant WEPA data collected include:

1. *Administrative data review*: 133 projects within the WDP database were relevant to WEPA. The total project expenditures within the period of the evaluation (June 14, 2003 to March 31, 2007) were \$55,896,680. Table 2-1 shows the expenditures and the number of projects per each strategic outcome of WEPA.

**Table 2-1**  
**Projects under the Program Activity Architecture**

WEPA Strategic Outcome	Percentage of Projects	Expenditures
Community Economic Development	51%	\$22,907,405
Entrepreneurship	19%	\$7,777,188
Innovation	40%	\$25,212,087
Total	100%	\$55,896,680

n=133. Reference: Administrative Data

2. *File Review*: 19 files related to WEPAs were examined.
3. *Key Informant Interviews*: 82 key informant interviews were conducted for the WDP evaluation. Several aspects of the guides used for the WDP key informant interviews related to WEPAs. The key aspects related to WEPAs include:
  - Improvement of federal/provincial relations;
  - The level to which WEPAs advanced or speeded up projects, the general affect of WEPAs on projects; and
  - The degree to which WEPAs promoted collaboration and successful partnerships.
4. *Funding Recipient Survey*: In the recipient survey conducted for the WDP evaluation, 60 of the responding recipients received funding for their projects from WEPAs.
5. *Case Studies*: 3 case studies were WEPA projects. The projects were:
  - Canadian Light Source, Inc. #3209 (SK);
  - SpringBoard West Innovations, Inc. # 6604 (SK); and
  - MB Audio Recording Industry Association/MB Motion Picture Industry Association #2791 (MB).

## **SECTION 3: RELEVANCE AND EFFECTIVENESS OF THE WEPA**

### **3.1 Relevance of the WEPAs**

An evaluation of the WEPAs completed in 2002 concluded that the WEPAs provide a flexible economic development tool able to respond to regional priorities; they continue to be relevant in meeting federal and provincial goals; and that they have been effective in establishing strong federal/provincial economic development goals. The 2002 evaluation found the WEPAs to be instrumental in advancing projects that would not have otherwise moved ahead.

Findings from the final 2008 *Evaluation of the WDP* report found that the terms and conditions of the WDP align with western Canada's current economic and diversification needs. WEPAs, being a sub-component of the WDP, therefore align with western Canada's economic and diversification needs as well. The current WDP evaluation concludes that WDP sub-components such as WEPA's respond appropriately to the needs of the various provincial agencies and departments involved.

As a result of the relevance of the WEPAs within western Canada, there exists the desire from the western provincial governments to see the agreements renewed. The governments of Saskatchewan and Manitoba announce their participation in the agreements and included its renewal in their budget estimates for 2008-09.

### **3.2 Effectiveness of the WEPAs**

The WEPA logic Model (Appendix A) recognises that collaboration and partnerships is a critical component underlying the way business is conducted in all investments. The results expected from this component of the logic model include:

- Joint identification of priorities between partners, and focussing on investments in projects that addresses them.
- Leveraging of investment from project partners.
- Improved communication and cooperation between WD and provincial partners, and an overall capacity to address economic development needs in the west.

Key informants were generally pleased with the results of the WEPAs. The WEPAs are seen as effective and affordable particularly in terms of skill development. Because economic development and diversification is seen as a shared responsibility between the provincial and federal governments, each provincial WEPA is able to accommodate this shared mandate and are able to address the needs of the economic community and respond to changes within that community.

Key informants reported that the western provinces would likely not do projects without the federal support the WEPA provide. 91% of WEPA funding recipients indicated that WEPA funding allowed partners to carry out activities that would not have been done otherwise. Respondents reported that the federal and provincial governments decide together which priorities will be funded and work together to coordinate federal and provincial strategies. 88% of WEPA funding recipients agreed that WEPA funding allowed all partners in a project to focus on common priorities. However, under the agreements, some projects may not fit entirely within the Department's mandate. In order to allow for this, some projects may be funded fully from provincial contributions.

### **3.2.1 Amount of Investment Generated**

A total of 133 projects included in the administrative database was analysed to determine the amount of investment generated from all sources (other federal departments, provincial departments, municipal departments, private sector funding and client contributions).

WEPAs contributed \$94,098,102 to the projects reflecting 33% of the total project costs. Funding from other sources amounted to \$249,352,210 which represented 67% of total funding. Thus, for every dollar the Department invested through the WEPA agreements, an additional \$1.65 was leveraged from other sources.

### **3.2.2 Improvement of Federal/Provincial Relations**

Key informants used the WEPAs as an example of successful partnerships and/or strategic alliances in the WDP evaluation. WEPAs were a means of bringing both the provincial and federal governments to the table to work on shared priorities. The WEPAs increased coordination and cooperation between the federal and provincial governments and were considered complimentary and supplementary. In essence, the WEPAs link departments together and create a medium for discussion, thus increasing federal/provincial dialogue and understanding. Use of the WEPAs helps to ensure that federal and provincial projects and programs do not duplicate one another. The potential for some overlap between the WEPA projects and projects that are completed by Infrastructure Canada or the Urban Aboriginal Strategy was mentioned by some key-informants.

Though it was reported that the regions have different WEPA management structures, a common theme was that a management committee with both federal and provincial representatives was in place for each WEPA. The WEPAs also have generated working groups that help to develop projects. Meetings are often held to discuss projects and a great deal of networking is conducted. The fact that the federal and provincial governments undertake multiple projects under one agreement rather than through multiple agreements was recognised as a benefit of the WEPAs.

## SUCCESS OF THE WEPA

### 3.3 Strategic outcome – Community Economic Development

Community economic development accounted for 51% of the WEPA projects and 41% of total WEPA expenditures between the evaluation periods of July 14, 2003 to March 31, 2007.

Investments in community economic development by the WEPAs are intended to strengthen the competitiveness and sustainability of communities with particular focus on rural or northern development. Urban considerations are factored into the selection of projects where the economic and community impacts are recognized. Projects tend to have a community wide emphasis focusing on increasing the viability and diversification of local economies and contributing to enhanced community planning.

61.7% of funding recipients agreed that WEPA funding for their projects helped to increase viability and diversification of local economies and 88.7% felt it contributed to enhanced community planning. Mitigating economic crisis was not a major focus of WEPAs and less than half of funding recipients agreed that their projects achieved results in this area.

**Table 4-1  
Community Impact of WEPA Funding**

Community Economic Development Impacts	Strongly Disagree/ Disagree	Neutral	Agree/ Strongly Agree	Don't Know/Not Applicable
Increased viability and diversification of local economies	10.0%	18.3%	61.7%	10.0 %
Contributed to enhanced community planning	1.7%	5.0%	88.7%	5.0%
Helped mitigate economic crisis	16.7%	33.3%	43.3%	6.7%

n= 60 Reference: Recipient Survey

The WEPA administrative database indicated 40 communities had results related to enhanced community services. The database also indicated 27 business plans, tools, strategies or agreements developed through WEPA projects that contributed to results in community economic development.

Two examples of projects that demonstrated results in community economic development through WEPA funding from the file review are shown below.

- WEPA contributed \$566,250 to Saskatchewan's Aboriginal Human Resource Council (AHRC) project to extend funding for the oil sand sector job placement initiative (total projects costs of \$755,000). The objective of the project termed *Job Horizons* was to increase employment opportunities and promote capacity building and skills training to Aboriginal residents of Northern Saskatchewan. By the time the project was completed in June 2008, 311 job placements have been made with 65 employers taking part in the project. The project resulted in increased aboriginal participation in the economy and increased opportunities for residents of northern and rural communities. The success of

the project urged the AHRC to initiate dialogue with the federal government to undertake a scaled up version (*Job Horizons II*) beyond 2008/09.

- WEPA contributed \$200,000 to the District of Campbell River in British Columbia to assist in developing an engineering design for the Campbell River cruise ship terminal (total cost of project was \$500,000). The engineering design was completed and led to Phase III of the project (construction of the port) for which WD contributed \$3.2 million out of the total cost of \$24.5 million.

The port was built and officially opened with the arrival of Regent Cruises' 700-passenger *Seven Seas Mariner*. The port is owned and operated by the Campbell River Indian Band and it is estimated to bring substantial long-term economic benefits to Campbell River and the entire regional economy with the creation of over 200 jobs and estimated average annual economic impacts of \$11.4 million. This project demonstrated the development of a business tool (the engineering design), which was implemented and is likely to lead to new and growing businesses and employment.

### **3.4 Strategic Outcome – Entrepreneurship and Innovation**

Entrepreneurship and Innovation accounted for 49% of the WEPA projects and 59% of total WEPA expenditures between the evaluation periods of July 14, 2003 to March 31, 2007.

The WEPAs support initiatives that promote entrepreneurship, which include the development of infrastructure and linkages that strengthen clusters or foster growth within key strategic sectors of the economy. WEPA projects that support innovation invests in infrastructure, skill building and organization by enhancing technology commercialization and technology adoption in firms to support economic growth and maintain the competitiveness of businesses and sectors in western Canada.

In some cases, investments in entrepreneurship and innovation have a strong inter-related component in each other and also in community economic development.

#### **3.4.1 Entrepreneurship**

The WEPA logic model recognizes a competitive and expanded business sector, increased opportunities for investments and growth in international trade as some of the long-term impacts of investing in entrepreneurship activities. Some short and medium term outcomes that lead to these long-term outcomes include:

- Industry collaboration and stronger sectorial clusters through partnerships and strategic linkages;
- New and growing businesses through businesses created, maintained or expanded
- Improved business skills through entrepreneurship training programs; and
- Increased trade and participation in international markets and increase level of investment.

Recipient survey respondents reported their projects achieving results in some short and medium term outcomes entrepreneurship (Table 4-2). 93.3% of the respondents indicated that their projects resulted in increased successful partnerships and strategic linkages. From the WDP evaluation, key informants indicated the achievement of successful partnerships and strategic linkages, to support entrepreneurship. By promoting partnerships, the WDP sub-

components such as WEPAs were said to improve knowledge transfer, create new investment opportunities, and increase collaboration between sectors and levels of government.

**Table 4-2**  
**Entrepreneurship Impact of WEPA Funding**

Entrepreneurship Impacts	Strongly Disagree/ Disagree	Neutral	Agree/ Strongly Agree	Don't Know/Not Applicable
Increased participation in international markets	28.3%	25.0%	45.0%	1.7%
Increased foreign investment in Western Canada	21.7%	31.7%	18.3%	28.3%
Increase productivity	5.0%	20.0%	61.7%	13.3%
Increased successful partnerships and strategic linkages	0.0%	6.7%	93.3%	0.0%

n=60. Reference: Recipient Survey

Survey respondents were less likely to indicate that their projects resulted in foreign investment. 61.7% of respondents indicated that their projects increased their productivity.

Other short and med-term results achieved through WEPA investments and reported through other lines of evidence include:

- **New and growing businesses:** The administrative database had one WEPA project having identified 34 businesses created/ maintained/expanded as its indicator exceeded the project's target outcome of 12. One WEPA case study, SpringBoard West Innovations in Saskatchewan, had one spin-off company with two other possibilities underway. Fifteen spin-off companies are expected to be formed by March 2010
- **Improved business skills:** The WEPA database indicates that two courses were developed for businesses, 53 sessions/courses/classes held. Three WEPA projects had a total of 1,944 individuals trained on entrepreneurship related courses from April 1, 2003 to March 31, 2007. From the file review, the Retail Merchants Association of BC developed customized retail training program in BC. The WEPA contributed \$47,500 out of the total project costs of \$115,000. Results from the project website indicate retail stores experiencing higher sales using the skills from the courses. The course is now being expanded into other provinces.

A WEPA entrepreneurship case study, the MB Audio Recording Industry Association/MB Motion Picture Industry Association in Manitoba showcased several results achieved both in the short and medium term.

**Case Study: MB Audio Recording Industry Association/MB Motion Picture Industry Association (Project #2791) in MB**

*Short and medium term results achieved in this project include:*

- *Industry collaboration and stronger sectorial clusters through partnerships and strategic linkages*
- *New and growing businesses through businesses created, maintained or expanded*
- *Increased trade and participation in international markets and increase level of investment*

In April 2004, WEPA provided \$1.2 million to support the Manitoba Motion Pictures Industry Association (MMPA) and the Manitoba Audio Recording Industry Association (MARIA) to initiate Phase II of a five-year initiative from 2004 to 2009. Additional support was received from the Province of Manitoba, Industry, and other governments with the objective to increase local, national, and international market access, and enhance the overall marketability and competitiveness of the film and music industry sectors in MB.

The project permitted hundreds of industry association members to attend key national and international film and music markets to locate broadcasters, distributors and partners for co-productions and recording deals with two trade missions organised to Los Angeles.

Film production success from Manitoba include:

- 'My Winnipeg' – won best Canadian feature at the Toronto International Film Festival in 2007.
- 'Falcon Beach' – first primetime drama series in Manitoba to be aired around the world.
- 'Til Debt Do Us Part' – TV show that won Frantic Films its first Gemini Award.

The success of the project was cited as a contributing factor in shaping post secondary education curricula in MB. As an example, Red River College (RRC) expanded its Digital Multimedia Technology two year degree program to include a third year in the area of 3D animation as a result of industry requirement for advanced skills in this area.

Respondents indicated increased and improved provincial, national and international awareness of the film and music industry in Manitoba in addition to increased participation in international markets. From the project files, 180 artists released albums in 2007 out of which, 163 were locally produced in MB. Of these albums, 37 had national distribution, 16 international distributions. An increasing number of small and medium sized businesses (service producers) emerged to support the growing film sector. Examples include catering companies, transportation and drivers, construction trades to support set building, set decoration, costume hair and makeup.

Contributions to the Manitoban economy were also significant. The industry employs 2,300 people in both direct and indirect jobs and has seen increases in production volumes and employment over the past few years. Manitoba has the second highest production volume in Western Canada totalling over \$120 million in 2007-2008, exceeding production levels in both Alberta (\$106 million) and Saskatchewan (\$73 million).

### **3.4.2 Innovation**

The WEPA logic model recognizes a strengthened and innovative system in western Canada as one of the long-term impacts of investing in innovation activities. Short and medium term outcomes that lead to this long-term outcome include:

- Enhanced technology adoption, commercialization and stronger linkages;
- Improved research and development capacity leading to technologies with commercialization potential;
- Improved innovation capacity; and
- Improved competitiveness of businesses in key sectors through technology skills development and knowledge infrastructure.

Table 4-3 indicates some short and medium term results reported by survey recipients for innovation. 81.7% of respondents indicated that their projects resulted in increased education, training, or skill development, which is related to outcomes in improving competitiveness of the businesses in key sectors. About half of respondents indicated results in increase research and development and in increase technological capacity. Slightly less than half of respondents indicated results in technology linkages and in knowledge infrastructure. From the WDP evaluation, key informants indicated that technology has been an area of recent investment for WDP and its sub-components such as the WEPAs with such activities as training, science and technology programs, involvement in building research centres, and technology commercialization and adoption work.

**Table 4-3**  
**Innovation Impact of WEPA Funding**

Innovation Impacts	Strongly Disagree/ Disagree	Neutral	Agree/ Strongly Agree	Don't Know/Not Applicable
Increased education, training, or skill development	1.7%	6.7%	81.7%	10.0%
Increased research and development	11.7%	15.0%	58.3%	15.0%
Increased technology capacity in community	13.3%	6.7%	50.0%	30.0%
Increased technology linkages	15.0%	16.7%	48.3%	20.0%
Increased physical infrastructure for research and development	15.0%	21.7%	45.0%	18.3%
Developed a technology in a research institution with commercialization potential	25.0%	13.3%	31.7%	30.0%

n= 60, Reference: Recipient Survey

Results from other lines of evidence linked to both short and mid-term outcomes of WEPA investments in innovation are shown below:

- **Technology adoption, commercialization and stronger linkages:** The administrative database indicates that from 2003 to 2007, WEPA investments resulted in 6 patents being filed. From the file review, WEPAs support to organizations such as Communities for Tomorrow brings together businesses, researchers and municipalities to develop innovative new infrastructure solutions, test them, and deliver them to the global market.
- **Research and Development, and Knowledge Infrastructure:** From the WEPA administrative database, 26 new products resulted from research and development activities. From the file review, WEPAs provided \$2.5 million to the Alberta Research Council to assist in building an agriculture fibre pilot processing facility. Expected outcomes from the project will be the establishment of new-bio-products companies in western Canada leading to job creation and new economic activities.

A WEPA innovation case study, the Canadian Light Source Inc project in Manitoba showcased several results achieved both in the short and medium term.

**Case Study: Canadian Light Source Inc (Project #3209) in SK**

*Short and medium term results achieved in this project include:*

- *Industry collaboration and stronger sectorial clusters through partnerships and strategic linkages*
- *Increased trade and participation in international markets and increase level of investment*

The Canadian Light Source, Inc. (CLS) is a \$173.4 million national synchrotron (scientific machine designed to produce very intense beams of x-rays and ultraviolet light) light facility located on the University of Saskatchewan campus in Saskatoon, Saskatchewan.

This particular project was designed to provide operating funding over a five and a quarter year time frame from 2003/04 to 2007/08. This project is funded under the Western Economic Partnership Agreement (WEPA) and is cost-shared (50/50) with the Province of Saskatchewan (\$3 million each). The project supported operating funding for development of beamline science for industrial users, industrial liaison scientists, working with industry to identify opportunities, business development and marketability, and development of a CLS economic development strategy. Other funding has been provided under WEPA to CLS to purchase new equipment (CLS benefited from more than \$1 million in funding in February, 2008).

WEPA funding allowed CLS has developed strong working relationship with 39 Canadian universities and their synchrotron scientists. Other relationships have been established with different industry sectors, including mining, oil and gas, agriculture, pharmaceuticals, medical imaging, aerospace, automotive, and medical device manufacturers.

Case study respondents indicated that this particular project increased or contributed to increased viability and diversification of local economies, technology linkages, research and development, technology skill development, and successful partnerships and/or strategic alliances. The completion of the Phase I beamlines was described as an important output of the project. As well, increased academic, national and international awareness have resulted from the project.

Respondents also reported that WDP funding brought about two major impacts:

- WDP funding allowed CLS to be heavily promoted across the academic community, as well as with businesses, nationally and internationally. Funding also afforded CLS the occasion to undertake significant promotional activities, both locally, provincially, national, and internationally, and has allowed CLS to bring its activities to the 'layperson,' and establish its relevance.
- Secondly, WDP funding has provided CLS with tremendous leveraging power to access additional funds from other sources. Reporting on some project indicators such as increased industry use was not available due to the confidentiality issues surrounding the information of industry users. The evaluators received a guided, extensive tour of the facility and it was noted that the CLS facility is greatly expanding the construction of a beamline to be used in medical and veterinary research.

#### **SECTION 4: RECOMMENDATION**

Based on the findings and conclusions presented in the report, the following recommendation is made to support the renewal of the WEPAs in western Canada.

**The Department should continue to work with the western provincial government to negotiate the renewal of the WEPAs for future years.**

- Western provincial governments (Manitoba and Saskatchewan) announced their participation in the WEPA's by including it in their budget estimates for 2008-09.
- The WEPAs respond appropriately to the needs of western Canada and are seen as an effective and affordable model by stakeholders.
- The WEPAs are recognized as a means of bringing both the provincial and federal governments to the table on shared priorities. This increases the coordination and cooperation between both levels of government.

**APPENDIX A: Logic Model of WEPA**

