



## REPORT ON PLANS AND PRIORITIES 2007-2008

Estimates

A handwritten signature in black ink, which appears to read "Jean-Pierre Blackburn".

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Jean-Pierre Blackburn

Minister of Labour and Minister  
of the Economic Development Agency  
of Canada for the Regions of Quebec



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# 1

## OVERVIEW



### I.1 Message from the Minister

Publication of the *Report on Plans and Priorities* is an opportunity, once a year, to make a more formal presentation of our commitments on economic development.

This year, the exercise is particularly meaningful for me since it arises one year after my appointment as head of the Economic Development Agency of Canada for the Regions of Quebec. I was thus able to draw on my recent experience to take part in the deliberations leading to the general policy and more strategic directions contained in this report.

Globalization has become an inescapable economic phenomenon. It is one of the major changes to have arisen over the past 50 years, during which time the federal government provided the regions with its first development tools. An intensification of borderless competition may be observed in all regions of Quebec, particularly in our single-industry communities that are more prone to economic shocks.

I was able to see these effects first-hand on my different tours of the regions of Quebec. In particular, the economic structure based on the harvesting of natural resources in our province is becoming more fragile. Such industries as textiles, forestry and fisheries, previously the engines of our regions, are going through hard times.

Many of our more traditional enterprises and industries are now called upon to review or enhance how they do things. Also, the Agency pays quite special attention to the regions of Quebec that are experiencing difficulties, whose economy is based either on the harvesting of natural resources or on a single sector of activity and is slow adjusting to the new realities of world trade.

On my visits to the regions, I met men and women in the field, front-line stakeholders. One observation shared by many is that Quebecers rely on the Agency to support, coordinate and put forward economic development initiatives, particularly where economic growth is slow and employment inadequate.

At an economic juncture marked by the appearance of emerging economies, such as India and China, and the appreciation of the Canadian dollar, productivity and innovation appear more than ever to be crucial components of communities' prosperity and vitality and, consequently, of Canadians' quality of life.

In the context of this new economy, we have identified two key focuses around which we wish to direct Agency action in 2007-2008: regions posting slow economic growth, and small- and medium-sized enterprises.

Through its action, the Agency is setting itself the dual strategic goal of contributing to the dynamism and revitalization of Quebec communities and reinforcing the competitiveness of SMEs and regions. In this sense, our approach is in line with the initiatives I have announced over the past year, which have already borne fruit. I am convinced that we are on the path to success.

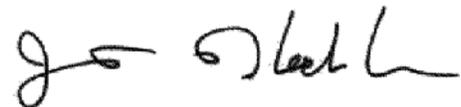
In the field, Agency activities will cover the whole of Quebec, that is, outlying and central areas, major urban centres, Metropolitan Montréal, and the most vulnerable communities within those four types of areas.

The dynamism and vitality of Quebec communities depend on numerous socio-economic factors. The Agency intends to promote an approach based on the creation of collective capital, development of entrepreneurship in the regions and enhancement in a given geographical area of value-added attractions.

With respect to competitiveness of SMEs and regions, the Agency wishes in particular to support an increase in enterprises' strategic skills with respect to management and innovation, participate in development and consolidation of new regional poles and promote outside Canada the knowhow and competitiveness specific to our regions.

This integrated approach ties in with a broad context and takes into account the economic, social, cultural and environmental dimensions. In its approach, the Agency is also building on joint action, consultation and participation by various development stakeholders from the public sector and civil society. In conjunction with its partners and drawing on the expertise and experience of its personnel, in particular from its 14 business offices across Quebec, the Agency will contribute to the diversification of communities and the growth of enterprises and regions.

I view this new year with a great deal of enthusiasm and confidence. I invite you to read this *2007 2008 Report on Plans and Priorities*, in which you will find the commitments that have been reached to make Quebec's regions prosperous, dynamic places.



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**Jean-Pierre Blackburn**

Minister of Labour and Minister  
of the Economic Development Agency  
of Canada for the Regions of Quebec

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## 1.2 Management representation statement

I submit, for tabling in Parliament, the *2007-2008 Report on Plans and Priorities* (RPP) of the Economic Development Agency of Canada for the Regions of Quebec.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements contained in the TBS guidance.
- It is based on the Agency's Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board.
- It presents consistent, comprehensive, balanced and reliable information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.



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Michelle d'Auray  
President

Date: FEB 27 2007

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## 1.3 Summary

### Rationale

Under its Act, which came into effect on October 5, 2005, the object of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate. In carrying out its object, the Agency shall take such measures as will promote cooperation and complementarity with Quebec and communities in Quebec.

#### Vision

In the long term, Quebec's regions and communities will have increased their development capabilities, dynamism and prosperity in a significant, lasting manner for the benefit of their residents.

### Three long-term strategic outcomes

#### *Vitality of communities*

Revitalize communities so they enjoy better socio-economic prospects and maintain and develop the economic activity base.

#### *Competitiveness of SMEs and regions*

Reinforce conditions conducive to sustainable growth and the competitive positioning of SMEs and the regions through the development of SMEs' capabilities, networks, innovation and knowledge.

#### *Policy, representation and cooperation*

Foster the development and implementation of policies, programs and initiatives which reflect national priorities and the realities of Quebec's regions, reinforcement of the consistency and added value of federal action with respect to regional development, and cooperation with the Government of Quebec and other development agents.

### To contribute to the Government of Canada's results

By fostering strong economic growth.

### Through an integrated regional development approach

**Global:** take economic, social, cultural and environmental dimensions into account in the design of policies, programs and initiatives.

**Territorial:** establish strategies geared to the type of area defined in terms of similar socio-economic issues.

**Horizontal:** build on cooperation and collaboration with federal partners, the Government of Quebec and Quebec communities.

**Participatory:** elicit participation by the economic agents concerned.

### By eliciting and supporting development through

- information and promotional activities concerning Agency programs and services
- guidance, development and consulting activities
- financial assistance activities
- activities associated with the generation and enhancement of knowledge.

### In relation to several beneficiaries

- enterprises (particularly SMEs)
- non-profit organizations (NPOs)
- communities

by building on its 14 business offices, as well as advisory committees and a network of development organizations across Quebec, including:

- local development agencies supporting communities
- regional or sectoral organizations offering general and specialized services to enterprises, in particular in exports and innovation
- knowledge institutions (research centres, college technology transfer centres and universities).

### Agency resources

	2007-2008	2008-2009	2009-2010
Financial resources (\$ thousands)	394,700	246,193	234,622
Human resources (full-time equivalent [FTE])	409	407	400

## 1.4 Agency priorities

Planned spending <sup>1</sup> (\$ thousands)		2007-2008	2008-2009	2009-2010
<b>Program priorities<sup>2</sup></b>				
<b>Priority #1:</b> Intensify the economic diversification of regions and communities posting slow economic growth	Type Already established	80,000	64,000	60,000
<b>Priority #2:</b> Reinforce the performance of innovative, competitive SMEs in key sectors	Type Already established	54,000	47,000	49,000
<b>Management priorities</b>				
<b>Priority #3:</b> Implement the Agency's new programs				
<b>Priority #4:</b> Reinforce the Agency's results-based management capability and initiate integrated planning				

*Notes:*

- 1 Planned contributions and grants expenditures.
- 2 For further information on priorities, plans and planned results, see section 2.

## 1.5 Agency areas of intervention

Planned spending<sup>1</sup> and human resources<sup>2</sup>  
(in \$ thousands and FTEs)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>■ Strategic outcome (SO) #1:</b> <i>Vitality of communities</i>				
<b>Program activities<sup>3</sup> (PA):</b>				
<i>Development of communities</i>	140,949 188 FTEs	100,695 188 FTEs	86,866 185 FTEs	Priority #1
<i>Infrastructure</i>	97,358 21 FTEs	— 21 FTEs	— 17 FTEs	
<i>Special intervention measures</i>	6,973 10 FTEs	2,703 6 FTEs	2,663 6 FTEs	
<b>Total</b>	<b>245,280</b> <b>218 FTEs</b>	<b>103,398</b> <b>215 FTEs</b>	<b>89,529</b> <b>208 FTEs</b>	
<b>■ Strategic outcome #2:</b> <i>Competitiveness of SMEs and regions</i>				
<b>Program activities:</b>				
<i>Competitiveness of enterprises (SMEs)</i>	63,037 82 FTEs	56,663 83 FTEs	58,433 83 FTEs	Priority #2
<i>Competitive positioning of regions</i>	38,025 56 FTEs	37,772 56 FTEs	38,957 56 FTEs	
<b>Total</b>	<b>101,062</b> <b>138 FTEs</b>	<b>94,435</b> <b>139 FTEs</b>	<b>97,390</b> <b>139 FTEs</b>	
<b>■ Strategic outcome #3:</b> <i>Policy, representation and cooperation</i>				
<b>Program activity:</b>				
<i>Policies, programs and initiatives</i>	500 53 FTEs	950 53 FTEs	950 53 FTEs	Priority #3
<b>Total</b>	<b>500</b> <b>53 FTEs</b>	<b>950</b> <b>53 FTEs</b>	<b>950</b> <b>53 FTEs</b>	
<b>GRAND TOTAL</b>	<b>346,842</b> <b>409 FTEs</b>	<b>198,783</b> <b>407 FTEs</b>	<b>187,869</b> <b>400 FTEs</b>	

*Notes:*

- 1 Planned contributions and grants expenditures.
- 2 The variation in FTEs is explained in section 3 under each program activity.
- 3 For further information on program activities, resources and planned outcomes, see section 3.

**Definitions****Competitiveness of SMEs and regions**

Ability to gain a competitive advantage over their local, regional, national and international competitors.

**Strategic capabilities**

Combination and coordination of resources, skills and knowledge which enable an enterprise to undertake actions or activities that will have an important effect on its growth and long-term development.

**Collective capital**

Productive relationships between the members of networks and their institutions, resulting in socio-economic spinoff.

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# 2

## AGENCY PRIORITIES AND PLANS

The purpose of this section is to present the four priorities and associated plans for 2007-2010. The Agency's overall intervention is explained in section 3, which presents total planned spending by program activity.

For the next three years, the Agency has selected the following priorities and plans:

Planned spending <sup>1</sup> (\$ thousands)		2007-2008	2008-2009	2009-2010
<b>PROGRAM PRIORITIES</b>				
<p><b>Priority #1:</b> Intensify the economic diversification of regions and communities posting slow economic growth, through the following plan:</p> <ul style="list-style-type: none"> <li>■ Community Economic Diversification Initiative – Vitality (CEDI-Vitality)</li> <li>■ Community Economic Facilities for the Regions support measure</li> <li>■ Venture Capital Fund for Business Startups in the Regions</li> <li>■ Capital Fund for Business Succession</li> <li>■ Special attention to target groups (linguistic minorities, Aboriginals and visible minorities).</li> </ul>	Type Already established	80,000	64,000	60,000
<p><b>Planned outcomes:</b> See results under the <i>Development of communities</i> program activity with respect to collective capital, entrepreneurship and attractive communities (subsection 3.1.1).</p>				

*Continued on page 10*

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Planned spending (con't) (\$ thousands)		2007-2008	2008-2009	2009-2010
<p><b>Priority #2:</b> Reinforce the performance of innovative, competitive SMEs in key sectors, through the following plan:</p> <ul style="list-style-type: none"> <li>■ reinforcement of enterprises' strategic capability</li> <li>■ partner in enterprises' commercialization on foreign markets</li> <li>■ advisory committees for more effective partnership with the regions.</li> </ul>	Type already established	54,000	47,000	49,000

**Planned outcomes:**

See results under the *Competitiveness of enterprises* program activity with respect to Enterprises' capabilities (subsection 3.2.1).

## MANAGEMENT PRIORITIES

**Priority #3:**

Implement the Agency's new programs

**Priority #4:**

Reinforce the Agency's results-based management capability and initiate integrated planning.

*Note:*

1 Planned contributions and grants expenditures.

These priorities are of two types: two program priorities, and two management priorities. The Agency's program priorities aim to intensify the economic diversification of regions and communities posting slow economic growth and reinforce the performance of innovative, competitive SMEs in key sectors. The Agency intends to devote some \$350 million from its contributions and grants budget to these two priorities (50% of that budget). The management priorities are aimed at implementing the Agency's new programs, reinforcing the Agency's results-based management capability and initiating integrated planning. The management priorities tie in with the spirit of lifelong learning that is strongly promoted by the Agency and enables it to match its overall resources ever more closely with the priorities identified, along with increasing its effectiveness.

The Agency's priorities, as well as its overall intervention in regional development, are intended on the one hand to be in line with the federal government's major priorities and on the other hand as a response to the context of the socio-economic development of Quebec and its regions and to its management challenges.

## 2.1 Context of Agency intervention

### 2.1.1 Institutional context: Government priorities

The Government of Canada recently tabled its long-term economic plan, *Advantage Canada – Building a Strong Economy for Canadians*,<sup>1</sup> to increase economic prosperity, today and tomorrow.

This economic plan is based on five key advantages. The last three are especially relevant to the Agency, in view of its mission:

- tax advantage, to reduce taxes for all Canadians and establish the lowest tax rate on new business investment in the G7
- fiscal advantage, to eliminate Canada's total government net debt in less than a generation
- entrepreneurial advantage, to increase competition on the Canadian market
- knowledge advantage, to give Canada the best educated, most skilled and most flexible workforce in the world
- infrastructure advantage, to build modern, world-class infrastructure.

This plan also contains principles that will guide the review of issues and decision-making within the government, and thus the Agency. These principles are as follows:

- focussing government on what it does best so it is efficient and effective, and gets results for people, notably responsible spending
- creating new opportunities and choices for people, for instance, by retaining and attracting to Canada the most talented people (e.g., innovators, entrepreneurs, researchers), and by bringing under-represented Canadians into the country's economic mainstream: Canadians with low and modest incomes, Aboriginals, older workers, persons with disabilities and immigrants

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1 Advantage Canada: [www.fin.gc.ca/ec2006/plan/pltoce.html](http://www.fin.gc.ca/ec2006/plan/pltoce.html)

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- investing for sustainable growth, particularly in three crucial areas: research and development (R&D), the environment, and infrastructure, to ensure that investment reflects national priorities, is aligned with the needs of enterprises and contributes to a clean and healthy environment
- freeing enterprises to grow and succeed, by encouraging them to invest more in training, machinery, equipment and innovation.

## 2.1.2 Socio-economic context

The Agency carries out its mission in a context where globalization, in particular the strong growth of such economies as China, India or Brazil, has led to an intensification of the competition faced by a number of the traditional industries which sustained Quebec and its regions for decades, as well as a number of the new industries on which the future success of the Quebec economy increasingly depends.

The growth of the Quebec economy has been steady since the mid-1990s. Thus, employment grew substantially and the unemployment rate hit its lowest level (8% in 2006) since 1974. However, a slowdown in economic growth is anticipated over the next few years. This will be modest at best, and lower than the Canadian average, tempered by the high level of the Canadian dollar and restructuring in the manufacturing sector. Job creation is therefore to be expected to slow down.

The Quebec economy is facing some sizeable challenges, three of which in particular held the Agency's attention.

First, there are substantial economic disparities among Quebec's regions. Added to this observation is the slowdown, and indeed the elimination, of certain traditional economic activities in the manufacturing sector (which lost 68,000 jobs between 2002 and 2006) and natural resources (the forestry sector lost 19,000 jobs between 2002 and 2006). Several Quebec regions and communities are experiencing adjustment difficulties owing to global competition, the higher Canadian dollar and the scarcity of or increasingly difficult access to the resource, making them more vulnerable to economic changes. In view of this new state of affairs, Quebec's regions will have to take foot in new markets and design or implement business models and adopt technology and processes that will enable them to distinguish themselves in industries under direct assault from foreign competition.

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All Quebec regions have to face the aging of the population, workers and business leaders, and a number face the departure of some of their young talent toward other regions, and even other provinces and countries. These phenomena jeopardize the ability to create wealth, and social cohesion, particularly in certain communities that are remote or those experiencing economic difficulties. The establishment of a healthy entrepreneurial climate and the creation of sustainable jobs will go a long way toward mitigating both these phenomena.

Second, Quebec's regions have to continue diversifying their activities and pursue their gradual transformation into an economy where export and innovation capability plays an increasingly important role. Indeed, the experts agree that opening up markets presents opportunities, as well as enormous challenges for SMEs, whose competitiveness largely depends on their ability to stake out a position on international markets. Exports represent a significant portion of Quebec's economic activity. However, this proportion has been falling over the past five years, from 60.8% of gross domestic product (GDP) in 2001 to 52.8% of GDP in 2005. SMEs' competitiveness also depends considerably on their ability to innovate. Indeed the challenge of commercializing new products is particularly great for Quebec SMEs. Note that Quebec lags behind on the productivity front. Thus, Quebec's labour productivity is 9.6% lower than Ontario's, and 5.9% beneath the Canadian average. Finally, while Quebec leads Canada in terms of industrial R&D spending in relation to the size of the economy (the province has seen a strong increase in R&D spending, the number of enterprises performing R&D and the labour force dedicated to R&D since 1994), the commercial revenues of those performing R&D lie beneath the Canadian average.

Third, the regions will have to mobilize all their resources successfully behind the objectives they have set for themselves. It is often at the local and regional levels—closer to problems and individuals—that needs are manifested and solutions developed. To that end, their regional leaders will have in particular to take into account the requirements of citizens who expect public bodies to lend an attentive ear to their needs, operate highly transparently, manage precisely and effectively the sums entrusted to them and work closely with all people, corporations and organizations likely to contribute to meeting the regions' challenges.

### 2.1.3 Agency organizational context

On October 5, 2005, the Act establishing the Agency came into effect. This new statute emphasizes the development and diversification of the economy of the regions of Quebec, in particular the regions posting slow economic growth. It encourages close cooperation with local organizations and the Government of Quebec.

In order to adjust its intervention framework to the new issues generated, on the one hand, by market globalization and the new world economic order and, on the other hand, the challenges specific to Quebec's regions, the Agency has set up new strategic directions<sup>2</sup> for 2006-2011.

These directions constitute the Agency's long-term strategy for meeting the challenges of regional development in Quebec. They are based on an integrated vision of regional development. It is by focussing its intervention and investment on the vitality of communities, the competitiveness of SMEs and the competitive positioning of regions that the Agency intends to energize the regions of Quebec, thus contributing to their prosperity and to a lasting improvement in Quebecers' quality of life and standard of living.

To anchor its strategic directions firmly in its action, the Agency recently developed new programs, based on its Program Activity Architecture (PAA),<sup>3</sup> that will be in place from April 1, 2007. These new separate but interdependent programs reflect the main conclusions drawn from evaluations of prior programming. They target the vitality of communities, competitiveness of SMEs and regions, and strategic research. These programs are:

- CED-Community Diversification Program
- CED-Business and Regional Growth Program
- Regional Development Research Program.

To enhance federal institutions' management capability, the Government of Canada introduced the *Management Accountability Framework* (MAF)<sup>4</sup> three years ago. This framework provides a comprehensive, integrated model for management and management practices improvement. The MAF aims to reinforce managers' accountability with respect to 10 major components summarizing the Government of Canada's expectations. The Agency is required to implement all the components of the MAF. It will do so gradually. Indeed, it was recently evaluated by the Treasury Board Secretariat (TBS) and will develop an action plan to address TBS's recommendations.

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2 See Appendix 6.1 for the logical framework of the Agency's 2006-2011 strategic directions.

3 See Appendix 6.2 for the Agency's PAA.

4 To consult the *Management Accountability Framework*: [www.tbs-sct.gc.ca/maf-crg/index\\_e.asp](http://www.tbs-sct.gc.ca/maf-crg/index_e.asp)

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## 2.2 Priorities and plans

The 2007-2008 development priorities are in line with those mentioned in last year's RPP. In fact, in view of the socio-economic context, the Agency has chosen to intensify its action in order to support the diversification and vitality of regions and communities posting slow economic growth and the performance of innovative, competitive SMEs in key sectors.

The same is true for management priorities; the Agency will continue the action undertaken last year with respect to policy development and program design by emphasizing the implementation of new programs. It will also pursue its efforts on the results-based management front.

In addition, the Agency recently drafted its fourth Sustainable Development Strategy, which is in line with the federal government's common objectives for sustainable development. The commitments made in the 2007-2010 action plan are an integral part of the Agency's activities. It intends to continue contributing to activities which yield tangible results, in relation both to SMEs and to the regions of Quebec.

### 2.2.1 Program priorities<sup>5</sup>

#### **Priority #1: Intensify the economic diversification of regions and communities posting slow economic growth**

As its first priority, the Agency wishes to intensify the economic diversification of regions and communities posting slow economic growth. The planned grants and contributions budget is approximately \$200 million over three years. Through this priority, the Agency is intensifying its efforts to achieve the outcomes of the *Development of communities* program activity.

The Agency intends to support and foster the completion of projects likely to respond to the issues specific to those communities in order to mitigate socio-economic adjustment difficulties, renew the entrepreneurial base and facilitate economic diversification by building on their specific assets and potential on the industrial, tourism, cultural or knowledge fronts.

The Agency intends to contribute to reinforcing the economic activity of regions posting slow economic growth, in particular seven devitalized regions (Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte Nord, Gaspésie—Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay—Lac-Saint-Jean) and 21 regional county municipalities (RCMs) whose devitalization index is high. Certain parts of these regions and RCMs are far from the

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<sup>5</sup> For further information on the Agency's plans and initiatives:  
[www.dec-ced.gc.ca/asp/general/Annonce\\_Regions.asp?LANG=EN](http://www.dec-ced.gc.ca/asp/general/Annonce_Regions.asp?LANG=EN)

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major North American consumer markets. They show little economic diversification, and this makes them vulnerable when demand for their main products flags, and they have increasingly to adjust to the tightening of rules governing the harvesting of their natural resources (e.g., reduced stumpage dues).

To realize this priority, the Agency intends to implement the following plan:

- Community Economic Diversification Initiative – Vitality (CEDI-Vitality)
- Community Economic Facilities for the Regions support measure
- Venture Capital Fund for Business Startups in the Regions
- Capital Fund for Business Succession
- Special attention to target groups (linguistic minorities, Aboriginals and visible minorities).

### **Community Economic Diversification Initiative – Vitality (CEDI-Vitality)**

There are substantial economic disparities among the regions of Quebec. The prosperity of some communities still often depends on the health of a single industry, or even a single enterprise. Moreover, it often relies on the harvesting and processing of natural resources. These communities have an immediate need of support for diversification of their economic fabric.

The Agency has announced the launch of the Community Economic Diversification Initiative – Vitality (CEDI-Vitality). In the past, the Agency has supported the diversification of communities facing devitalization in certain specific sectors (e.g., fishery). CEDI-Vitality broadens the scope of this assistance by targeting the economic diversification of communities facing economic devitalization and posting a low vitality index. This initiative will thus contribute to diversifying the economic base and reducing the dependency of communities whose economy is based on a single industry or sector or on the harvesting of natural resources; it also aims to create sustainable employment and stem the population exodus.

### **Community Economic Facilities for the Regions support measure**

A region's ability to attract investment and new business is influenced by the presence of certain assets, including adequate community economic facilities. These are an important factor in the development of regions that affects the maintenance and reinforcement of their industrial activity. But Quebec's regions and communities experiencing slow economic growth suffer particularly at times from insufficient or obsolete facilities. For that reason, the Agency decided to establish a two-year pilot measure to support the construction and upgrading of community economic facilities, such as an industrial park, ferry wharf, section of railway line or telecommunications network.

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This measure will enable the regions and communities assisted to benefit from community economic facilities that contribute directly to the reinforcement of their economic activity and even facilitate economic diversification. The projects receiving assistance will have to support reinforcement of the economic base directly, generate direct, measurable, short or medium-term economic spinoffs, create a significant number of sustainable jobs, reinforce access to the main markets outside the region and enable a region or community to acquire lasting competitive advantages. The success of the measure will be gauged in particular by the creation and development of enterprises, the maintenance and creation of sustainable employment and the increase in trade.

### Venture Capital Fund for Business Startups in the Regions

The creation of new enterprises is a key element in ensuring the vitality of regions and making them more dynamic. But recent studies show that opportunities for business and job creation are insufficient to motivate young people to stay or resettle in the regions. In many regions, the demographic decline is in the process of making the economic base more fragile. In addition, entrepreneurs have to take advantage of business opportunities to create enterprises. To that end, they must, among other things, have access to adequate financing. For that, the Agency wishes to support the development of new enterprises and devote special effort, by means of flexible tools, to keeping young people in the regions. It has set up the *Venture Capital Fund for Business Startups in the Regions* in partnership with the Community Futures Development Corporations (CFDCs), the Business Development Centres (BDCs), the *Fondation de l'entrepreneurship*, and the support of Desjardins Venture Capital.

This fund targets SMEs that have no recurring sales and are on their first round of seeking outside investors. It will contribute to creating enterprises which could not have been launched without this new source of capital. It also aims to rectify a serious problem, since a mere 4% of the venture capital in Quebec is currently invested outside Montréal, Québec and Gatineau.

### Capital Fund for Business Succession

In Quebec, 98% of enterprises are SMEs, accounting for 64% of all jobs in the province (Statistics Canada, July 2006). Throughout Quebec, the population of SME owners is aging: more than 40% of them plan to retire within five years, and 70% within 10 years (Canadian Federation of Independent Business, June 2005). This represents a major challenge, since the survival of Quebec's entrepreneurial heritage is currently under threat. For Quebec SMEs to be able to keep on creating jobs and generating wealth, it is important to plan the business succession.

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To rectify this situation, the Agency has set up the *Capital Fund for Business Succession* in partnership with the CFDCs and BDCs, with the support of Desjardins Venture Capital, and the *Fondation de l'entrepreneuriat*. This fund aims to help entrepreneurs purchase existing enterprises and ensure that they continue operating in the area they originated in.

As a result, this initiative should help increase the number of successful SME transfers, particularly intergenerational transfers (owner-employee; parent-child), keep existing enterprises, jobs and decision-making centres in the regions, and contribute to reinforcing the regional economic fabric.

### **Special attention to target groups (linguistic minorities,Aboriginals and visible minorities)**

The Agency intends to pay special attention to target groups (linguistic minorities, Aboriginals and visible minorities). Moreover, the Agency's action plan concerning Official Language Minority Communities comprises activities integrated with the Agency's overall areas of intervention. This will also be the case with the next multiculturalism plan that is to be tabled over the coming months.

Over the next few years, the Agency will contribute to the growth of the target groups by focussing in particular on encouraging increased participation by these groups in regional development initiatives and structures.

### **Priority #2: Reinforce the performance of innovative SMEs in key sectors**

As its second priority, the Agency wishes to reinforce the performance of innovative, competitive SMEs in key sectors. The planned grants and contributions budget is approximately \$150 million over three years. Through this priority, the Agency is intensifying its efforts to achieve the results of the *Competitiveness of enterprises* (SMEs) program activity, and more specifically those under the *Development of enterprises' capabilities* sub-activity.

The Agency is targeting improved international competitiveness of SMEs in key sectors. The sectors it is promoting are: (1) aerospace, life sciences, nanotechnology, biofood and environmental technology for Greater Montréal; (2) optics-photonics, health and nutrition, medical equipment and computer technology for the major urban centres (Québec and Gatineau); (3) biotechnology, metallurgy and agri-food for the central areas; (4) aluminum, marine science and technology, and forestry for the outlying areas.

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For the Agency, entrepreneurs' creativity is a crucial factor in regional economic development. Moreover, to start up an enterprise, take foot in new business segments or develop promising markets, enterprise founders or executives need favourable conditions. For instance, they have to have access to the capital they need, obtain advice from experienced experts, make contact with potential partners or take advantage of the proximity of high-level research institutions.

To realize this priority, the Agency intends to implement the following plan:

- Reinforcement of enterprises' strategic capability
- Partner in enterprises' commercialization on foreign markets
- Advisory committees for a more effective partnership with the regions.

### **Reinforcement of enterprises' strategic capability**

In an environment characterized by globalization and fierce competition, enterprises' competitiveness depends on their ability to innovate in terms of products and processes, through sales and after-sales service on up to the ability to integrate with major networks of distributors or manufacturers. In fact, enterprises have to enhance their strategic capability in order to take advantage of the opportunities represented by emerging markets and to meet the competition.

This is the perspective in which the Agency intends to foster the reinforcement of enterprises' strategic capability: ability to manage, innovate, adopt advanced technology, develop markets, and integrate with globalized production chains. To that end, the Agency intends to support the dissemination of information, development of strategic capability and development of sectoral clusters.

### **Partner in enterprises' commercialization on foreign markets**

Globalization has led to market liberalization and generated new business opportunities. But it has also intensified competition, and this represents some sizeable challenges for enterprises. But SMEs' competitiveness in the face of emerging markets is directly linked to their ability to carve themselves out a position abroad. The Agency has decided to intensify its assistance for increasing SMEs' export capability. To that end, it has implemented a new measure entitled *Partnering with enterprises' for commercialization*. In fact, the difficulties associated with innovative, international exporting enterprises' business activities are among the main obstacles to their development. SMEs' competitiveness in the face of emerging markets largely depends on their ability to stand out on international markets, and the challenge of commercialization is particularly great for most Quebec SMEs. In this context, SMEs have to have access to resources to gather and evaluate the information they need, develop strategies toward international markets, and market their products and services.

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In concrete terms, this measure will enable Quebec enterprises or groups of enterprises to finance up to 50% of the salary of export specialists. It will therefore make it possible to provide enterprises with new strategic capability with respect to commercialization abroad and to improve their competitiveness on foreign markets. This is in addition to the support already provided by the Agency to stimulate SMEs' innovation capability, support the commercialization of their products and services and increase their productivity. The spinoffs will include an increase in the value of exports and the number of new exporters.

### **Advisory committees for a more effective partnership with the regions**

The Agency is aware that people, organizations and enterprises in Quebec communities are especially well placed to identify their difficulties and draw up customized solutions likely to encourage their recovery. It also knows that local people can give a project the impetus needed to succeed. Consequently, the Agency wishes to elicit greater participation by socio-economic agents in the design of the directions and priorities to be favoured in their regions, and in the choice of niches to be targeted.

The Agency is setting up advisory committees to keep it informed as to the economic situation in their regions and advise it on the development approaches to be favoured. These committees will be made up of members appointed by the Minister and living in the geographical areas served by the Agency's business offices. They will be individuals recognized in their communities for their knowledge and commitment, in particular business people and representatives of the CFDCs, BDCs and other regional economic organizations. Through this approach involving dialogue and partnership, the Agency is listening more closely to, and reinforcing the dialogue with, the regions and supporting the emergence and development of sectors of excellence and more traditional industries, in line with the needs and priorities clearly identified by the regions.

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## 2.2.2 Management priorities

### **Priority #3: Implement the Agency's new programs**

The Agency recently developed new programs that will come into effect on April 1, 2007. These programs are focussed on the attainment of tangible, measurable results and target improvement of the vitality of communities and the competitiveness of SMEs and regions, and an increase in, and dissemination of, knowledge and knowhow with respect to regional development. The Agency's third priority involves the implementation of these new programs.

To realize this priority, the Agency intends to implement the following plan:

- Deployment of programs and their tools
- Development of departmental policy
- Implementation of the territorial approach.

#### **Deployment of programs and their tools**

The Agency intends to promote the further development of its human resources' capability by building, among other things, on training, continuous accompaniment and tools (e.g., intervention frameworks, application frameworks) to guide more specifically the implementation of its new programs and ensure that they lead to tangible results.

In addition, in line with the requirements of the *Policy on Transfer Payments*, the Agency has analysed the risks associated with the new programs and will be introducing strategies to mitigate them.

#### **Development of departmental policy**

The Agency intends to continue consolidating its political and analytical capability so as to be able to specify more clearly its intentions in the areas of intervention and administrative procedures to be adopted.

More specifically, different policies will be developed over the coming year on such topics as tourism, commercialization of technology and innovation, and international promotion.

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## Implementation of the territorial approach

The Agency intends to implement its territorial approach. *Territorial* refers to identification of the realities of geographical areas sharing the same development issues and subject to similar challenges. In concrete terms, the Agency intends to develop differentiated, consistent strategies catering to the challenges and potential of the following areas:

- Metropolitan Montréal
- major urban centres
- central areas
- outlying areas.

These strategies will have to include the presentation of the main features of these areas, the main development issues and the main intervention targeted in line with results to be achieved. They represent as it were the plans from which the Agency plans its intervention reflecting the distinct realities of the four types of areas. They are based on sequences of coherent action which tend toward the attainment of objectives and territorial results.

## **Priority #4: Reinforce results-based management and initiate integrated planning**

The Agency targets the continuous improvement of its effectiveness and efficiency. It is important to define clearly the results it intends to achieve, channel its efforts toward their achievement, measure the performance of its intervention and, finally, adapt its action to serve Quebecers and Quebec enterprises more effectively. With a view to sound management and optimum use of resources in a lifelong learning perspective, the Agency's fourth priority will focus on the reinforcement of results-based management and the establishment of integrated planning.

To realize this priority, the Agency intends to implement the following plan:

- Implementation of integrated planning
- Implementation of the performance measurement framework
- Development of information management practices
- Planning of implementation of the government's new evaluation policy.

## Implementation of integrated planning

The Agency has set up an integrated results-based planning mechanism. This mechanism integrates and focusses the Agency's overall action toward the attainment of results by matching strategic planning, operational planning, performance measurement and information management.

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In this way, the Agency wishes to ensure that results are taken into account in decision-making processes. It targets the alignment of all resources (human, financial, informational, relational and technological) on the basis of targeted results.

Over the next two years, the Agency will intensify its integration efforts, particularly with regard to the matching of operational plans with strategic plans and the reflection of risks and their mitigation strategies in overall plans.

### **Implementation of the performance measurement framework**

Over the past year, the Agency specified its targeted results. It began to translate into specific indicators the objectives it will be pursuing through its new programs. It aims to be in a position, in the medium term, to set targets or levels of results to be attained (quantification of results) in order to be able to measure the extent to which the targeted results are achieved. It will also have to pursue the empowerment and training of personnel with respect to results-based management and the new performance measurement framework. Finally, the Agency will put in place different monitoring and follow-up mechanisms in order to provide senior management with the assurance that the information available to them is reliable and of high quality.

### **Development of information management practices**

Since departmental performance measurement depends, from the outset, on the ability to access reliable, accurate data on results and the costs of its programs and activities, the Agency has undertaken work that will pave the way for the development of information management practices on performance.

### **Planning of implementation of the government's new evaluation policy**

The Agency will continue to improve its tools in order to generate advice and recommendations on the timeliness of its programs and initiatives, the quality of their design and their effectiveness, implementation and management, and to estimate the risks associated with their application.

The Government of Canada is preparing to renew its evaluation policy. The Agency will adjust its evaluation approach in 2007-2008 to bring it in line with this new policy.

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# 3

## ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

The goal of this section is to present the Agency's overall intervention on the basis of its Program Activity Architecture (PAA).

The PAA is the basic structure which enables the Agency to allocate its resources to its different programs and activities, then to manage them in order to obtain the targeted outcomes.

To be in a position to meet the current and future challenges of Quebec's regions, the Agency has set up a new PAA, meaning it will be able to fulfil its mission and mandate on the basis of its strategic directions. The Agency has chosen to intervene with respect to three strategic outcomes:

- *Vitality of communities*
- *Competitiveness of SMEs and regions*
- *Policy, representation and cooperation.*

### 3.1 Strategic outcome #1: *Vitality of communities*

*Vitality of communities* is in line with improvement in Quebecers' quality of life. It enables Quebec communities to be dynamic in order to enjoy a better socio-economic outlook and maintain and develop their economic activity base.

### Financial and human resources

(in \$ thousands and FTEs<sup>1</sup>)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>Strategic outcome #1: Vitality of communities</b>				
Grants and contributions	245,280	103,398	89,529	Priority #1
Operations <sup>2</sup>	25,757	25,194	24,537	
<b>Total</b>	<b>271,037</b>	<b>128,592</b>	<b>114,066</b>	
<b>Full-time equivalent</b>	<b>218</b>	<b>215</b>	<b>208</b>	

### Planned intermediate outcomes

DEVELOPMENT OF COMMUNITIES	INFRASTRUCTURE	SPECIAL INTERVENTION MEASURES
<ul style="list-style-type: none"> <li>■ Communities pursue a vision of development and implementation of initiatives arising from it.</li> <li>■ Target groups participate in regional development initiatives and structures.</li> <li>■ Entrepreneurs carry out their enterprise projects.</li> <li>■ Enterprises contribute to communities' maintenance and economic growth.</li> <li>■ Communities are recognized for their distinctive character, brand image or outreach.</li> </ul>	<ul style="list-style-type: none"> <li>■ Municipalities have quality drinking water available.</li> <li>■ Cities and municipalities benefit from safe transportation infrastructure and contribute to reducing congestion and pollution.</li> <li>■ Maintenance and renewal of assets improve communities' economic activity base.</li> </ul>	<ul style="list-style-type: none"> <li>■ Adjustment facilitates the appearance of development and diversification opportunities in communities affected by the disappearance of major sources of employment.</li> <li>■ The programs and initiatives put in place make it possible to manage economic crises associated with natural disasters.</li> </ul>

#### Notes:

- 1 The variation in FTEs is explained under each program activity.
- 2 Including salaries and fringe benefits.

### 3.1.1 Program activity: *Development of communities*

A community's vitality depends on its ability to develop, grow and thrive from its own assets, consisting of different types of capital, in particular human, social and cultural.

The goals of this program activity are as follows:

- **Collective capital:** foster the development of collective capital through the establishment of visions, development and diversification plans, local development and integration of groups marginalized in development in order to increase local mobilization, thus contributing to enhanced capability to take charge of development.
  - **Entrepreneurship:** support communities so they take charge of their own development through entrepreneurship and the emergence, development or maintenance of viable enterprises of local or regional scope in order to enrich the entrepreneurial fabric, thus contributing to increasing the number and quality of enterprises and entrepreneurs.
  - **Attractive communities:** increase attraction capability through tourism outreach and the presence of assets raising communities' profile in order to attract tourists and attract and retain skilled individuals and international organizations, thus contributing to increased dynamism and prosperity.
-

### Financial and human resources

(in \$ thousands and FTEs)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>Strategic outcome #1:</b> <i>Vitality of communities</i>				Priority #1
<b>Program Activity #1:</b> <i>Development of communities</i>				
Grants and contributions	140,949	100,695	86,866	
Operations <sup>1</sup>	21,910	21,994	21,742	
<b>Total</b>	<b>162,859</b>	<b>122,689</b>	<b>108,608</b>	
<b>Full-time equivalent<sup>2</sup></b>	<b>188</b>	<b>188</b>	<b>185</b>	

### Planned immediate outcomes

#### COLLECTIVE CAPITAL

- Development stakeholders work together on specific development issues within their communities.
- Development stakeholders have a vision and plans for development and diversification.
- Development stakeholders are committed to implementing growth-generating local and regional development initiatives.
- Development initiatives and projects are implemented in communities.
- Target groups are part of networks contributing to local and regional development.
- Networks benefit from resources aimed at improving their ability to integrate target groups.

#### ENTREPRENEURSHIP

- Individuals wishing to start up in business benefit from support better geared toward entrepreneurship.
- SMEs of local and regional scope are created, developed and consolidated.

#### ATTRACTIVE COMMUNITIES

- Tourism stakeholders share a common vision in terms of development and commercialization of their offering.
- Communities have new tourism products.
- Communities have an improved, structured or commercialized tourism offering.
- Communities have assets with attraction potential as part of a planned and shared approach.
- Communities benefit from conditions that foster their overall development.

#### Notes:

- 1 Operating expenses and the number of FTEs remain steady despite the decrease in grants and contributions expenditures, as a result of some major projects (e.g., Québec's 400th anniversary celebrations).
- 2 Including salaries and fringe benefits.

### 3.1.2 Program activity: *Infrastructure*

The quality of community infrastructure has an impact on Canadians' quality of life. Quality infrastructure enables communities to attract and retain organizations and individuals that will secure their economic and social future. It also makes the movement of people and goods more efficient and safer.

In this spirit, the Government of Canada announced back in 2000 the creation of several infrastructure support programs and, among other things, it signed an agreement with the Government of Quebec in October 2000 for implementation of the Infrastructure Canada Program (ICP), namely, the Canada-Quebec Infrastructure Program Agreement. In July 2005, this agreement was amended to postpone the expiration date for the ICP and incorporate into it the implementation of a new program, the Municipal Rural Infrastructure Fund (MRIF). Further to that, the Agency was given the special mandate of managing these two programs in Quebec. In the case of the ICP, the Agency is fully responsible for management of the program. As to the MRIF, the Agency acts as the agent for the Department of Transport, Infrastructure and Communities, which has responsibility for the fund.

The ICP targets the renovation, replacement or construction of infrastructure, and has three components:

- Component 1: Drinking water and wastewater infrastructure
- Component 2: Local transportation infrastructure
- Component 3: Projects with urban or regional economic impact.

### Financial and human resources

(in \$ thousands and FTEs<sup>1</sup>)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>Strategic outcome #1:</b> <i>Vitality of communities</i>				
<b>Program Activity #2:</b> <i>Infrastructure</i>				
Grants and contributions	97,358	—	—	
Operations <sup>2</sup>	2,743	2,507	2,095	
<b>Total</b>	<b>100,101</b>	<b>2,507</b>	<b>2,095</b>	
<b>Full-time equivalent</b>	<b>21</b>	<b>21</b>	<b>17</b>	

### Planned immediate outcomes

DRINKING WATER AND WASTEWATER INFRASTRUCTURE ■ Municipalities have quality drinking water available.	LOCAL TRANSPORTATION INFRASTRUCTURE ■ Cities and municipalities benefit from safe transportation infrastructure and contribute to reducing congestion and pollution.	PROJECTS WITH URBAN OR REGIONAL ECONOMIC IMPACT ■ Maintenance and renewal of assets improve communities' economic activity base.
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#### Notes:

- 1 The number of FTEs and planned operating expenses concern management of the MRIF. The Agency acts as the agent for the Department of Transport, Infrastructure and Communities, which has responsibility for the fund.
2. Including salaries and fringe benefits.

### 3.1.3 Program activity: *Special intervention measures*

The Agency has a program activity whereby it can come to the assistance of communities or regions facing significant economic shocks, such as the closing of plants in an industrial sector, or natural disasters (flooding in the Saguenay, ice storm in Montréal and Montérégie). In those situations, in the event of additional dedicated funding from the Government of Canada, the Agency temporarily puts special adjustment measures in place enabling communities to support their economic activity and initiate action to help them regain economic balance or stability.

At present, the Agency is responsible for delivery of the CANtex component of the Canadian Apparel and Textile Industries Program (CATIP). The goal of CANtex is to support initiatives to raise the productivity and competitiveness of textile firms.

#### **Financial and human resources**

(in \$ thousands and FTEs)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>Strategic outcome #1:</b> <i>Vitality of communities</i>				
<b>Program Activity #3:</b> <i>Special intervention measures</i>				
Grants and contributions	6,973	2,703	2,663	
Operations <sup>1</sup>	1,105	693	700	
<b>Total</b>	<b>8,078</b>	<b>3,396</b>	<b>3,363</b>	
<b>Full-time equivalent</b>	<b>10</b>	<b>6</b>	<b>6</b>	

#### **Planned immediate outcomes**

##### COMMUNITIES' ADJUSTMENT TO ECONOMIC SHOCKS

- Adjustment facilitates the appearance of development and diversification opportunities in communities affected by the disappearance of major sources of employment.

##### COMMUNITIES' ADJUSTMENT TO NATURAL DISASTERS

- The programs and initiatives put in place make it possible to manage economic crises associated with natural disasters.

Note:

- 1 Including salaries and fringe benefits.

## 3.2 Strategic outcome #2: *Competitiveness of SMEs and regions*

The second strategic outcome, *Competitiveness of SMEs and regions*, aims for the Agency's intervention regarding competitiveness to lead to the development of strategic skills, networks, innovation and knowledge, and the advent of investment so that conditions favouring sustainable growth and the competitive positioning of regions and SMEs are reinforced.

### **Financial and human resources**

(in \$ thousands and FTEs)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>Strategic outcome #2: <i>Competitiveness of SMEs and regions</i></b>				Priority #2
Grants and contributions	101,062	94,435	97,390	
Operations <sup>1</sup>	16,013	16,120	16,120	
<b>Total</b>	<b>117,075</b>	<b>110,555</b>	<b>113,510</b>	
<b>Full-time equivalent</b>	<b>138</b>	<b>139</b>	<b>139</b>	

### **Planned intermediate outcomes**

#### COMPETITIVENESS OF SMEs

- Supported enterprises use their strategic skills.
- Products and services stemming from R&D are commercialized.
- Clusters are better structured.
- New enterprises and investment in strategic capital assets consolidate regions' economic base.

#### COMPETITIVENESS OF REGIONS

- Technological and commercial alliances are formed between knowledge players and enterprises.
- The innovation commercialization process generates economic and social spinoffs in the medium and long term.
- Competitive regions attract foreign investment, particularly in high value-added niches.
- Quebec regions' locational factors are recognized.

*Note:*

- 1 Including salaries and fringe benefits.

### 3.2.1 Program activity: *Competitiveness of enterprises (SMEs)*

In the context of globalization, knowledge intensity, the proximity of the United States and the rise of countries with lower labour costs, the Agency intends to stimulate SMEs' growth and competitiveness so as to increase productivity, earned income and the number of jobs in the regions. To that end, it has chosen:

- for SMEs that have innovation potential or are highly innovative: to foster an increase in strategic skills with respect to management, innovation, adoption of advanced technology, market development, and integration with globalized production chains; foster support for organizations dedicated to improving SMEs' strategic skills; and facilitate the structuring of clusters in order to enhance SMEs' performance and facilitate their adjustment
- to support the establishment and first expansion phases of enterprises in economic activities deemed strategic for a region's development.

#### Definitions

##### **Locational factors**

Major presence of a skilled workforce, research excellence and proximity to markets.

##### **Potentially innovative SME**

An enterprise in the primary, manufacturing or service sector that has introduced innovative processes or products. An enterprise with innovation potential generally invests less than 3% of its sales in R&D.

##### **Highly innovative SME**

An enterprise in which technology plays a key role. A highly innovative enterprise generally invests over 3% of its sales in formal R&D activities, often on an ongoing basis.

**Financial and human resources**

(in \$ thousands and FTEs)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>Strategic outcome #2:</b> <i>Competitiveness of SMEs and regions</i>				Priority #2
<b>Program Activity #1:</b> <i>Competitiveness of enterprises (SMEs)</i>				
Grants and contributions	63,037	56,663	58,433	
Operations <sup>1</sup>	9,540	9,605	9,605	
<b>Total</b>	<b>72,577</b>	<b>66,268</b>	<b>68,038</b>	
<b>Full-time equivalent</b>	<b>82</b>	<b>83</b>	<b>83</b>	

**Planned immediate outcomes**

## ENTERPRISES' SKILLS

- Enterprises are committed to a strategic skills improvement process.
- Enterprises have better strategic skills for commercializing products and services resulting from R&D.
- Enterprises enjoy an effective service offering which contributes to improving their strategic skills.
- New highly innovative SMEs are created.
- Clusters have a vision and a structuring plan to resolve common issues.

## STRATEGIC ENTERPRISES

- Technological enterprises are established in emerging sectors.
- Strategic capital assets have a ripple effect on the activities of a region's SMEs.

*Note:*

- 1 Including salaries and fringe benefits.

### 3.2.2 Program activity: *Competitive positioning of regions*

Concerning the *Competitive positioning of regions* program activity, the Agency intends to improve the regions' international competitiveness by enhancing their knowledge and competitive advantages on the international stage. It has chosen to:

- develop and consolidate regional competitiveness poles and national- and international-calibre poles of excellence; to achieve this, the Agency intends to foster innovation and networking of knowledge players, sustain development of a critical mass of knowledge and support technology enhancement and transfer
  - enhance the international competitiveness of Quebec regions; to that end, the Agency plans to favour the integrated promotion of locational factors, attraction of foreign direct investment and reinvestment by foreign enterprises already established in Quebec.
-

### Financial and human resources

(in \$ thousands and FTEs)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>Strategic outcome #2:</b> <i>Competitiveness of SMEs and regions</i>				
<b>Program Activity #2:</b> <i>Competitive positioning of regions</i>				
Grants and contributions	38,025	37,772	38,957	
Operations <sup>1</sup>	6,472	6,515	6,515	
<b>Total</b>	<b>44,497</b>	<b>44,287</b>	<b>45,472</b>	
<b>Full-time equivalent</b>	<b>56</b>	<b>56</b>	<b>56</b>	

### Planned immediate outcomes

#### COMPETITIVENESS POLES

- Presence of a mass of knowledge in recognized sectors or clusters.
- Knowledge players have the necessary strategic skills to develop, commercialize their knowledge, work with fund providers, governments and enterprises, and integrate within national and international networks.
- Research and transfer institutions follow an approach anchored in industry's needs.

#### INTERNATIONAL PROMOTION OF REGIONS

- Strategic plans to penetrate markets are drawn up in consultation with partners and implemented.
- International promotion efforts are more concerted and tie in with an integrated approach that raises Quebec's profile.
- The offering is integrated (i.e., the way in which locational factors are promoted is integrated with a more comprehensive presentation enhancing foreign firms' choice).

Note:

- 1 Including salaries and fringe benefits.

### 3.3 Strategic outcome #3:

#### *Policy, representation and cooperation*

The Agency's efforts in policy development, representation and cooperation will enable Quebec's regions and communities to benefit from federal policies, programs and initiatives that reflect national priorities and the realities of Quebec's regions, and will help reinforce the consistency and added value of federal action regarding regional development.

#### **3.3.1 Program activity: *Policies, programs and initiatives***

The purpose of this program activity is to strengthen the Agency's ability to develop or help formulate policies, programs and initiatives to better meet the needs of Quebec's regions and to improve federal regional development activities in Quebec, notably by generating and disseminating regional and economic development knowledge useful for development stakeholders. The latter use this knowledge to act on development and actively participate in an ongoing dialogue on regional and economic development issues and problems.

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### Financial and human resources

(in \$ thousands and FTEs<sup>1</sup>)

	2007-2008	2008-2009	2009-2010	Contributes to priority
<b>Strategic outcome #3:</b> <i>Policy, representation and cooperation</i>				Priority #3
<b>Program Activity #1:</b> <i>Policies, programs and initiatives</i>				
Grants and contributions <sup>2</sup>	500	950	950	
Operations <sup>3</sup>	6,087	6,096	6,096	
<b>Total</b>	<b>6,587</b>	<b>7,046</b>	<b>7,046</b>	
<b>Full-time equivalent</b>	<b>53</b>	<b>53</b>	<b>53</b>	

### Planned immediate outcomes

RESEARCH AND STRATEGIC ANALYSIS	REPRESENTATION AND INFLUENCE	COOPERATION AND COLLABORATION
<ul style="list-style-type: none"> <li>■ Knowledge is produced for economic and regional development stakeholders.</li> <li>■ This new knowledge is transferred.</li> <li>■ Development experts and organizations decide to work together in networks.</li> </ul>	<ul style="list-style-type: none"> <li>■ The realities of Quebec's regions are reflected in the government decision-making process.</li> <li>■ Quebec communities and regions are sensitized to federal priorities and action in Quebec.</li> </ul>	<ul style="list-style-type: none"> <li>■ The Agency has developed collaborative action with federal government bodies and development stakeholders.</li> <li>■ The Agency has explored cooperative action with non federal government organizations.</li> </ul>

#### Notes:

- 1 The number of FTEs and planned operating expenditures include, in addition to management of grants and contributions projects, activities involving consultation, guidance, and transfer and sharing of knowledge generated by research, representation and influence activities, and cooperative and collaborative activities.
- 2 This grants and contributions budget is set aside solely for *Research and strategic analysis*.
- 3 Including salaries and fringe benefits.

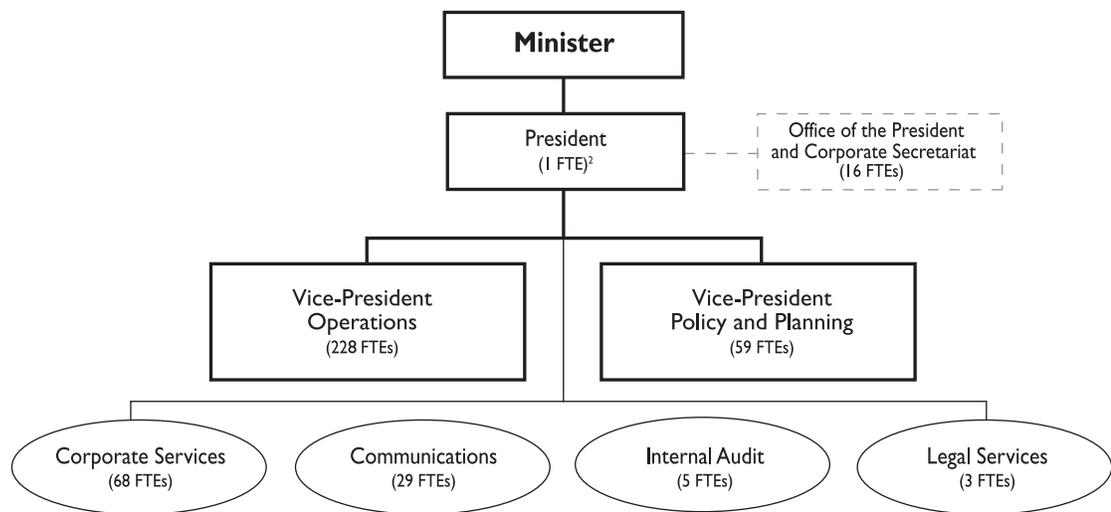
# 4

## ADDITIONAL INFORMATION

### 4.1 Information on the organization

#### Economic Development Agency of Canada for the Regions of Quebec

Organization chart<sup>1</sup>



*Notes:*

- 1 A more detailed organization chart is available on the Agency's Web site at: [www.dec-ced.gc.ca/asp/APropos/Organigramme.asp?LANG=EN](http://www.dec-ced.gc.ca/asp/APropos/Organigramme.asp?LANG=EN)
- 2 FTE: Full-time equivalent.

## 4.2 Links with Government of Canada results

2007-2008	Operations	Grants	Contributions	Gross budgetary expenditures	Less non-respendable revenue	Total Main Estimates	Readjustments	Total planned spending
<i>(\$ thousands)</i>								
<b>Strategic outcome:</b> <i>Vitality of communities</i>								
<i>Development of communities</i>	21,910	33,530	107,419	162,859	(4,250)	158,609	151	158,760
<i>Infrastructure</i>	2,743	—	97,358	100,101	—	100,101	—	100,101
<i>Special intervention measures</i>	1,105	—	6,973	8,078	—	8,078	—	8,078
	25,758	33,530	211,750	271,038	(4,250)	266,788	151	266,939
<b>Strategic outcome:</b> <i>Competitiveness of SMEs and regions</i>								
<i>Competitiveness of enterprises (SMEs)</i>	9,540	400	62,637	72,577	(36,125)	36,452	1,958	38,410
<i>Competitive positioning of regions</i>	6,472	320	37,705	44,497	(2,125)	42,372	54	42,426
	16,012	720	100,342	117,074	(38,250)	78,824	2,012	80,836
<b>Strategic outcome:</b> <i>Policy, representation and cooperation</i>								
<i>Policies, programs and initiatives</i>	6,088	100	400	6,588	—	6,588	—	6,588
<b>GRAND TOTAL</b>	47,858	34,350	312,492	394,700	(42,500)	352,200	2,163	354,363

The Agency's three strategic outcomes and six program activities contribute to the achievement of the Government of Canada's *Strong Economic Growth* outcome area.

## 4.3 RPP tables

**TABLE 1: DEPARTMENTAL PLANNED SPENDING AND FULL-TIME EQUIVALENTS**

<i>(\$ thousands)</i>	Forecast spending 2006-2007 <sup>1</sup>	<b>Planned spending 2007-2008</b>	Planned spending 2008-2009	Planned spending 2009-2010
<i>Development of communities</i>	—	162,859	122,689	108,608
<i>Infrastructure</i>	—	100,101	2,507	2,095
<i>Special intervention measures</i>	—	8,078	3,396	3,363
<i>Competitiveness of enterprises (SMEs)</i>	—	72,577	66,268	68,038
<i>Competitive positioning of regions</i>	—	44,497	44,287	45,472
<i>Policies, programs and initiatives</i>	—	6,588	7,046	7,046
<b>Total Main Estimates<sup>2</sup></b>	<b>381,595</b>	<b>394,700</b>	<b>246,193</b>	<b>234,622</b>
<b>Adjustments</b>				
Canada Business Service Centres	—	1,878	1,878	—
Internal audit policy	—	177	—	—
Social economy	—	—	2,850	—
Collective agreements	385	108	102	102
<b>Supplementary Estimates</b>				
Funding for projects that improve water quality and local transportation or provide regional economic benefit	35,000	—	—	—
Spending restraint in 2006	(6,082)	—	—	—
Funding to support the commemoration of the 400th anniversary of Québec in 2008	2,875	—	—	—
Operating budget carry forward	1,706	—	—	—
Additional funding to support community economic development in rural and disadvantaged urban areas (Community Futures Program)	1,632	—	—	—
Funding for the Canada Strategic Infrastructure Fund relating to investment in public infrastructure projects designed to improve quality of life in both urban and rural communities	35	—	—	—
Expenditure Review Committee savings in 2005 - Procurement	(290)	—	—	—
Transfer to the National Arts Centre – To set up the Scene Quebec broadcasters program	(300)	—	—	—

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TABLE 1: DEPARTMENTAL PLANNED SPENDING AND FULL-TIME EQUIVALENTS (con't)

(\$ thousands)	Forecast spending 2006-2007	<b>Planned spending 2007-2008</b>	Planned spending 2008-2009	Planned spending 2009-2010
<b>Supplementary Estimates (con't)</b>				
Transfer to Industry – To support a pilot project aimed at the deployment of a broadband network in the Abitibi-Témiscamingue region	(450)	—	—	—
Transfer to Industry – To support the Canadian Apparel and Textile Industries Program	(677)	—	—	—
Transfer to the National Research Council of Canada – For the purchase of research and development equipment and the establishment of a technology transfer centre (Aerospace Manufacturing Technology Centre)	(1,000)	—	—	—
Transfer to the National Research Council of Canada – To support the Industrial Research Assistance Program with a view to increasing small- and medium-sized enterprises' innovation capability	(2,570)	—	—	—
Deferral to subsequent years	(19,645)	—	—	—
<b>Total adjustments</b>	<b>10,619</b>	<b>2,163</b>	<b>4,830</b>	<b>102</b>
<b>Net planned spending</b>	<b>392,214</b>	<b>396,863</b>	<b>251,023</b>	<b>234,724</b>
Less: Non-respendable revenue <sup>3</sup>	(42,500)	(42,500)	(44,000)	(49,500)
Plus: Cost of services received without charge	5,344	5,320	6,322	6,306
<b>Total expenditures for the Agency</b>	<b>355,058</b>	<b>359,683</b>	<b>213,345</b>	<b>191,530</b>
Full-time equivalent (FTE) <sup>4</sup>	408	409	407	400

Notes:

- 1 The table is presented in line with the new Program Activity Architecture. The 2006-2007 spending forecast has not been broken down.
- 2 The decrease in planned spending over the coming years is primarily attributable to the reduction in planned spending under the Infrastructure program, grants (Sept-Îles and Québec Port Authorities) and spending restraint in 2006.
- 3 Details of non-respendable revenue are presented in table 4.
- 4 The planned decrease is attributable to the reduced use of FTEs under the Social Economy Initiative and the Municipal Rural Infrastructure Fund.

TABLE 2: VOTES AND STATUTORY ITEMS LISTED IN MAIN ESTIMATES

Vote or statutory item	Truncated vote or statutory wording (\$ thousands)	Main Estimates 2007-2008	Main Estimates 2006-2007
1	Operating expenditures	42,357	44,693
5	Grants and contributions	346,842	331,165
(S)	Contribution to employee benefit plans	5,501	5,737
<b>Total for the Agency</b>		<b>394,700</b>	<b>381,595</b>

The 2007-2008 Main Estimates of \$394.7 million are \$13.5 million higher than the 2006-2007 Main Estimates. This net difference is primarily due to a \$13.3-million increase to support the commemoration of the 400th anniversary of Québec in 2008.

TABLE 3: SERVICES RECEIVED WITHOUT CHARGE

<i>(\$ thousands)</i>	2007-2008
Accommodation provided by Public Works and Government Services Canada	3,208
Employer's contribution to employees' insurance premiums and expenditures paid by the Treasury Board Secretariat	2,082
Salary and associated expenditures for legal services provided by Justice Canada	30
<b>Total services received without charge in 2007-2008</b>	<b>5,320</b>

TABLE 4: SOURCES OF NON-RESPONDABLE REVENUE

<b>Non-respondable revenue<sup>1</sup></b> <i>(\$ thousands)</i>	Forecast spending 2006-2007	<b>Planned spending 2007-2008</b>	Planned spending 2008-2009	Planned spending 2009-2010
<i>Development of communities</i>	4,250	4,250	4,400	4,950
<i>Infrastructure</i>	—	—	—	—
<i>Special intervention measures</i>	—	—	—	—
<i>Competitiveness of enterprises (SMEs)</i>	36,125	36,125	37,400	42,075
<i>Competitive positioning of regions</i>	2,125	2,125	2,200	2,475
<i>Policies, programs and initiatives</i>	—	—	—	—
<b>Total</b>	<b>42,500</b>	<b>42,500</b>	<b>44,000</b>	<b>49,500</b>

Note:

1 This refers to reimbursements of repayable contributions to be billed in future years.

TABLE 5: TRANSFER PAYMENTS

(\$ thousands)	Planned spending 2006-2007 <sup>1</sup>	Planned spending 2007-2008	Planned spending 2008-2009	Planned spending 2009-2010
<b>■ Strategic outcome: <i>Vitality of communities</i></b>				
Program activity: <i>Development of communities</i>				
<i>Grants</i>				
CED-Community Diversification Program	—	1,080	1,080	1,080
Sept-Îles Port Authority to expand Wharf 41	—	2,400	—	—
Québec Port Authority to commemorate the 400th anniversary of Québec in 2008	—	30,050	4,700	—
<b>Total grants</b>	—	<b>33,530</b>	<b>5,780</b>	<b>1,080</b>
<i>Contributions</i>				
Community Futures Program	—	40,304	32,000	32,400
CED-Community Diversification Program	—	67,115	62,915	53,386
<b>Total contributions</b>	—	<b>107,419</b>	<b>94,915</b>	<b>85,786</b>
Program activity: <i>Infrastructure</i>				
Contributions to the Province of Quebec under the Infrastructure Canada Program	—	97,358	—	—
Program activity: <i>Special intervention measures</i>				
Contributions to the Canadian Apparel and Textile Industries Program	—	6,973	2,703	2,663
<b>■ Strategic outcome: <i>Competitiveness of SMEs and regions</i></b>				
Program activity: <i>Competitiveness of enterprises (SMEs)</i>				
Grants to the CED-Business and Regional Growth Program	—	400	400	400
Contributions to the CED-Business and Regional Growth Program	—	62,637	56,263	58,033
Program activity: <i>Competitive positioning of regions</i>				
Grants to the CED-Business and Regional Growth Program	—	320	320	320
Contributions to the CED-Business and Regional Growth Program	—	37,705	37,452	38,637
<b>■ Strategic outcome: <i>Policy, representation and cooperation</i></b>				
Program activity: <i>Policies, programs and initiatives</i>				
Grants to the Regional Development Research Program	—	100	200	200
Contributions to the Regional Development Research Program	—	400	750	750
<b>TOTAL</b>	<b>340,478</b>	<b>346,842</b>	<b>198,783</b>	<b>187,869</b>

*Note:*

1 The table is presented in line with the new Program Activity Architecture. The 2006-2007 spending forecast has not been broken down.

TABLE 6: AGENCY'S SUSTAINABLE DEVELOPMENT STRATEGY (SDS)

**Agency's governance goal:**

Reinforce governance and decision-making to support sustainable development.

Federal government goal	Performance measurement	Agency's anticipated results for 2007-2008
<ul style="list-style-type: none"> <li>■ sustainable communities.</li> </ul>	<ul style="list-style-type: none"> <li>■ review of departmental commitments contained in the plans</li> <li>■ annual plan for monitoring the commitments of the fourth SDS approved by senior management as well as progress of results.</li> </ul>	<ul style="list-style-type: none"> <li>■ SDS commitments are integrated in decision-making processes as early as the planning stage.</li> <li>■ Clear, effective governance mechanisms integrate sustainable development in the decision-making process.</li> </ul>

**Agency's empowerment goal:**

Continue empowering personnel with respect to sustainable development.

	Performance measurement	Agency's anticipated results for 2007-2008
	<ul style="list-style-type: none"> <li>■ implementation of diagnostic tool in business offices</li> <li>■ staff participation in training sessions</li> <li>■ survey on satisfaction concerning timeliness of training</li> <li>■ compilation of information on sustainable development.</li> </ul>	<ul style="list-style-type: none"> <li>■ A sustainable development diagnostic tool is set up in business offices by 2010.</li> <li>■ Agency managers and personnel have a common understanding of the concept of sustainable development, they are sensitized to the commitments made in the Agency's fourth SDS, and they are aware of the memorandums of understanding with partners.</li> <li>■ Information on sustainable development is accessible within the Agency.</li> </ul>

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TABLE 6: AGENCY'S SUSTAINABLE DEVELOPMENT STRATEGY (SDS) (con't)

**Agency's Vitality of communities goal:**

Support communities so they contribute to a prosperous, sustainable economy.

Federal government goals	Performance measurement	Agency's anticipated results for 2007-2008
<ul style="list-style-type: none"> <li>■ clean air</li> <li>■ reduce greenhouse gas emissions</li> <li>■ sustainable development and use of natural resources</li> <li>■ governance for sustainable development.</li> </ul>	<ul style="list-style-type: none"> <li>■ number of communities sensitized and number of plans taking sustainable development into account</li> <li>■ number of sustainable development initiatives and projects carried out in communities</li> <li>■ case study conducted to identify more accurately the impact of initiatives or projects on communities' development</li> <li>■ number of projects and activities supporting green entrepreneurship</li> <li>■ number of tourism projects that take sustainable development into account.</li> </ul>	<ul style="list-style-type: none"> <li>■ Communities are sensitized and mobilized, and they have set out a vision and drawn up development and diversification plans which take sustainable development principles into account.</li> <li>■ Sustainable development initiatives and projects are carried out in communities.</li> <li>■ Green entrepreneurship is supported.</li> <li>■ Communities benefit from tourism projects that take sustainable development into account.</li> </ul>

**Agency's Competitiveness of SMEs and regions goal:**

Contribute to enhancing the performance of Quebec SMEs and regions with respect to sustainable development.

Federal government goals	Performance measurement	Agency's anticipated results for 2007-2008
<ul style="list-style-type: none"> <li>■ clean air</li> <li>■ reduce greenhouse gas emissions</li> <li>■ sustainable development and use of natural resources.</li> </ul>	<ul style="list-style-type: none"> <li>■ number of Enviroclubs set up</li> <li>■ number of enterprises participating in Enviroclubs</li> <li>■ number of synergies achieved</li> <li>■ number of eco-design diagnoses of existing products carried out</li> <li>■ number of products, services and environmental technologies commercialized.</li> </ul>	<ul style="list-style-type: none"> <li>■ Enterprises have better strategic capability for grasping green business opportunities and enjoy enhanced environmental performance.</li> <li>■ Enterprises are engaged in a process of enhancement of strategic capabilities in line with the principles of sustainable development and energy efficiency.</li> <li>■ Eco-friendly products and services and environmental technologies stemming from R&amp;D are commercialized.</li> </ul>



Information on the Agency's SDS:

[www.dec-ced.gc.ca/Complements/Publications/Strategie-EN/SDD\\_2007-2010/tdm.html](http://www.dec-ced.gc.ca/Complements/Publications/Strategie-EN/SDD_2007-2010/tdm.html)

TABLE 7: INTERNAL AUDIT AND EVALUATION

Name of internal audit or evaluation	Type of audit and evaluation	Status	Scheduled date of completion
Compliance with key project approval and contribution payment process controls.	Internal audit	Completed	January 2006
 <b>Electronic link to report:</b> <a href="http://www.dec-ced.gc.ca/Complements/Publications/Evaluation-EN/Rapport_infras_EN_2006.htm">www.dec-ced.gc.ca/Complements/Publications/Evaluation-EN/Rapport_infras_EN_2006.htm</a>			
Audit of the delivery of the Regional Strategic Initiatives (RSI) program and Innovation, development, entrepreneurship and access program for SMEs (IDEA SME).	Internal audit	Completed	January 2006
 <b>Electronic link to report:</b> <a href="http://www.dec-ced.gc.ca/Complements/Publications/Verification-EN/DEC_Rapport_Estrie_2005_en.htm">www.dec-ced.gc.ca/Complements/Publications/Verification-EN/DEC_Rapport_Estrie_2005_en.htm</a>			

# 5

## OTHER TOPICS OF INTEREST

### 5.1 Program Activity Architecture crosswalk

Like all other Government of Canada organizations, the Agency is subject to the *Management, Resources and Results Structure* (MRRS) policy, which calls for development of a Program Activity Architecture to show how it allocates and manages the resources it controls to attain the targeted results.

The Agency has set up a new PAA, which comes into effect in April 2007 and is reflected in this RPP.

The changes made concern the three strategic outcomes and six program activities.

## NEW PROGRAM ACTIVITY ARCHITECTURE STRUCTURE

### Strategic outcome #1: *Vitality of communities*

Revitalize communities so they enjoy better socio-economic outlooks and maintain and develop their economic activity base.

<b>Program activity:</b> <i>Development of communities</i>	<ul style="list-style-type: none"> <li>■ Develop a community in terms of its socio-economic adaptability and its ability to promote entrepreneurship, create small enterprises, attract tourists and retain skilled individuals.</li> </ul>
<b>Program activity:</b> <i>Infrastructure</i>	<ul style="list-style-type: none"> <li>■ Renew and build quality public infrastructure in Quebec's rural and urban communities.</li> </ul>
<b>Program activity:</b> <i>Special intervention measures</i>	<ul style="list-style-type: none"> <li>■ Support communities facing major economic shocks.</li> </ul>

### Strategic outcome #2: *Competitiveness of SMEs and regions*

Reinforce conditions favourable to sustainable growth and competitive positioning of SMEs and regions through development of SMEs' capability, networks, innovation and knowledge.

<b>Program activity:</b> <i>Competitiveness of enterprises (SMEs)</i>	<ul style="list-style-type: none"> <li>■ Stimulate SMEs' growth and competitiveness, so as to increase productivity, earned income and employment in the regions.</li> </ul>
<b>Program activity:</b> <i>Competitive positioning of regions</i>	<ul style="list-style-type: none"> <li>■ Improve regions' international competitiveness by enhancing their knowledge and competitive advantages on the international scene.</li> </ul>

### Strategic outcome #3: *Policy, representation and cooperation*

Foster development and implementation of policies, programs and initiatives reflecting national priorities and the realities of Quebec's regions; reinforcement of the consistency and added value of federal action with respect to regional development; and cooperation with the Government of Quebec and other development stakeholders.

<b>Program activity:</b> <i>Policies, programs and initiatives</i>	<ul style="list-style-type: none"> <li>■ Enhance the Agency's ability to draw up or participate in development of policies, programs and initiatives which better meet the needs of Quebec's regions and reinforce the timeliness of federal action pertaining to regional development in Quebec.</li> </ul>
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## OLD PROGRAM ACTIVITY ARCHITECTURE STRUCTURE

### Strategic outcome #1: *Enterprises' competitiveness*

<b>Program activity:</b> <i>Enterprise development</i>	<ul style="list-style-type: none"> <li>■ Facilitate enterprises' business growth.</li> </ul>
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### Strategic outcome #2: *Vitality of communities*

<b>Program activity:</b> <i>Improvement of the economic environment of regions</i>	<ul style="list-style-type: none"> <li>■ Contribute to generating socio-economic conditions conducive to development of Quebec's communities and regions.</li> </ul>
<b>Program activity:</b> <i>Improvement of community infrastructure</i>	<ul style="list-style-type: none"> <li>■ Develop and renew drinking water and wastewater infrastructure, transportation infrastructure, and infrastructure with an economic and cultural role.</li> </ul>
<b>Program activity:</b> <i>Provision of special adjustment measures</i>	<ul style="list-style-type: none"> <li>■ Stabilize, revitalize and diversify the economy of certain communities facing economic shocks and mitigate the impact of major natural disasters.</li> </ul>

## 5.2 Performance measurement strategy

The Agency is implementing a performance measurement strategy which provides managers with information on results that can inform their decision-making. The Agency's performance measurement strategy includes ongoing monitoring and analysis of its intervention and associated results. It includes several reviews as well, that is, audits and evaluations to analyse its procedures, initiatives and programs.

With integrated planning and results-based management, all this information enables the Agency to learn continuously from its action and adjust its intervention so as to offer quality programs and services and intervene effectively in regional development in Quebec.

In 2007-2008, the Agency will work primarily on continually improving its performance measurement strategy to support its new PAA and new programs. It will seek to ensure, after a first year of implementation, that performance indicators, data collection methods and information sources generate information on results that is reliable, useful and timely. The Agency will make the appropriate adjustments, as necessary.

As in past years, the Agency will continue to improve the quality of the reports it produces for Parliament and Canadians.

## 5.3 Agency tools and programs

To promote the development and economic diversification of the regions of Quebec and achieve the outcomes from its six program activities as described in section 3, the Agency uses and makes available to its clientele an array of tools and programs which enable it to intervene with respect to regional development.

### 5.3.1 Agency intervention tools

With respect to programs and services, the Agency deploys to its clientele various intervention tools consisting primarily of guidance and advice, information and referrals, and financial support.

#### Guidance and advice

For the Agency, guidance and advice involve helping entrepreneurs and local and regional development agents design and develop directions, a strategy, a business plan, an action plan or a project, or helping them plan a financial package, identify funding sources, and so on. At the Agency, advice or guidance provided by a staff member are services delivered to an entrepreneur or local development agent on an individual basis, geared to his specific situation. Provision of advice takes place as needed. A guidance approach constitutes systematic, sustained, prolonged assistance, at various stages along the client's path toward design and implementation of his project.

#### Information and referrals

The Agency produces timely information so entrepreneurs and local and regional development agents may reach informed decisions, and it makes this information more easily accessible and usable. This also involves referring them to resources likely to provide a timely, appropriate response to their specific needs. In this regard, the Agency works with the Canada Business Service Centres operating in Quebec, namely, *Info entrepreneurs* in Montréal and *Ressources Entreprises* in Québec, for Eastern Quebec. These organizations deliver information, referral and reference material services to entrepreneurs and local and regional development agents throughout Quebec.

#### Financial support

The Agency has several programs and services whereby it makes both repayable and non-repayable contributions and, in exceptional cases, grants to its clientele, comprising SMEs, agencies which assist them, and communities. The Agency's programming breaks down into different categories, as shown in the following table.

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## 5.3.2 Agency programs

<b>CORE MANDATE</b>	<p><b>Regular programming</b></p> <ul style="list-style-type: none"> <li>■ CED-Community Diversification Program (new)</li> <li>■ CED-Business and Regional Growth Program (new)</li> <li>■ Regional Development Research Program (new)</li> <li>■ Community Futures Program (CFP)</li> </ul>
<b>SPECIAL MANDATES</b>	<p><b>Programming under mandates from the Government of Canada</b></p> <ul style="list-style-type: none"> <li>■ Infrastructure Canada Program – Canada-Quebec Agreement 2000</li> <li>■ Canadian Apparel and Textile Industries Program (CATIP) – CANtex component</li> </ul>

### Regular programming

#### New results-based Agency programs

In order to implement its intervention approach and strategic directions, the Agency has developed new programs that will come into effect on April 1, 2007. These new programs stem from its PAA and take into account the main conclusions drawn from evaluations of prior programming. They target the vitality of communities, competitiveness of SMEs and regions, and strategic research. These programs are:

- CED-Community Diversification Program
- CED-Business and Regional Growth Program
- Regional Development Research Program.

#### CED-Community Diversification Program

The CED-Community Diversification Program is in line with improving Canadians' quality of life. It enables Quebec communities to enhance their capacity to make socio-economic adjustment, support the emergence of new entrepreneurs and creation of small- and medium-sized enterprises, attract tourists, and attract and retain skilled individuals and international organizations.

This program has three goals:

- develop collective capital (plans and networks)
- support entrepreneurship and enterprises of local or regional scope
- increase the capability to attract tourists, skilled individuals and international organizations (tourism outreach and attractive assets).

### **CED-Business and Regional Growth Program**

The CED-Business and Regional Growth Program is in line with improving Canadians' standard of living. On the one hand, it enables enterprises to perform more effectively and be more competitive while, on the other hand, it enables regions to be more competitive. It builds on the development of strategic skills, networks, innovation, knowledge and the advent of investment so that the conditions favourable to sustainable growth and the competitiveness of regions and small- and medium-sized enterprises are reinforced.

This program has four goals:

for the competitiveness of SMEs, it targets:

- development of SMEs' strategic skills
- development of strategic enterprises.

for the regions' competitiveness, it targets:

- development and consolidation of regional and international poles
- international promotion of the regions.

### **Regional Development Research Program**

The Regional Development Research Program contributes to promoting the development and diversification of the economy of the regions of Quebec. The goal of this program is to generate and disseminate knowledge concerning economic and regional development that is helpful for development stakeholders. This knowledge reinforces their ability to act on development and participate in an ongoing dialogue concerning economic and regional development issues and problems.

### **Community Futures Program**

This Canada-wide program provides support for communities in all parts of the country to help them take charge of their own local development. In Quebec, the CFP financially supports 57 Community Futures Development Corporations, as well as 15 Community Economic Development Corporations and 10 Business Development Centres.

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## Programming under mandates from the Government of Canada

### Infrastructure Canada Program (ICP) – Canada-Quebec Agreement 2000

Within the framework of the pan-Canadian Infrastructure Program under Treasury Board Secretariat responsibility, a Canada-Quebec Agreement was signed in October 2000. The objective of this agreement was to upgrade urban and rural municipal infrastructure in the province and improve Quebecers' quality of life. The Agency acts on behalf of the Government of Canada as the federal department responsible for implementation in Quebec. This agreement was amended in July 2005 to postpone to March 31, 2009 the deadline for disbursements under the ICP. Since December 2005, under the terms of the Agreement, no more new projects may be approved under the program.



Information:

[www.dec-ced.gc.ca/asp/ProgrammesServices/TravauxInfrastructures.asp?LANG=EN](http://www.dec-ced.gc.ca/asp/ProgrammesServices/TravauxInfrastructures.asp?LANG=EN)

### Canadian Apparel and Textile Industries Program (CATIP) – CANtex component

The objective of this component is to encourage Canadian textile companies to:

- choose products with greater added value
- exploit new key sectors
- increase their productivity.

Textile firms in Quebec can thus benefit until March 31, 2010 from contributions in order to carry out projects aimed at enhancing their competitiveness on an ongoing basis.



Information:

[www.strategis.ic.gc.ca/epic/internet/inctp-ptc.nsf/en/Home](http://www.strategis.ic.gc.ca/epic/internet/inctp-ptc.nsf/en/Home)



# 6

## APPENDICES

### 6.1 Agency's strategic framework

#### AGENCY'S STRATEGIC DIRECTIONS

##### Mandate

To promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate.



##### Agency vision for regional development in Quebec

In the long term, Quebec's regions and communities will have increased their development capabilities, dynamism and prosperity in a significant, lasting manner for the benefit of their residents.



##### Development challenges

Economic	<ul style="list-style-type: none"> <li>■ knowledge intensity and globalization of trade</li> <li>■ proximity of the United States and importance of security</li> <li>■ sustainable development and structural adjustments</li> </ul>
Socio-cultural	<ul style="list-style-type: none"> <li>■ importance of demographic change</li> <li>■ social cohesion and healthy, safe environment</li> <li>■ cultural diversity and attractiveness of communities</li> </ul>
Governance	<ul style="list-style-type: none"> <li>■ demands of the public and transparency of government operations</li> <li>■ emergence of new players and complexity of issues</li> <li>■ anchoring to national priorities and results-based management.</li> </ul>



##### Integrated approach

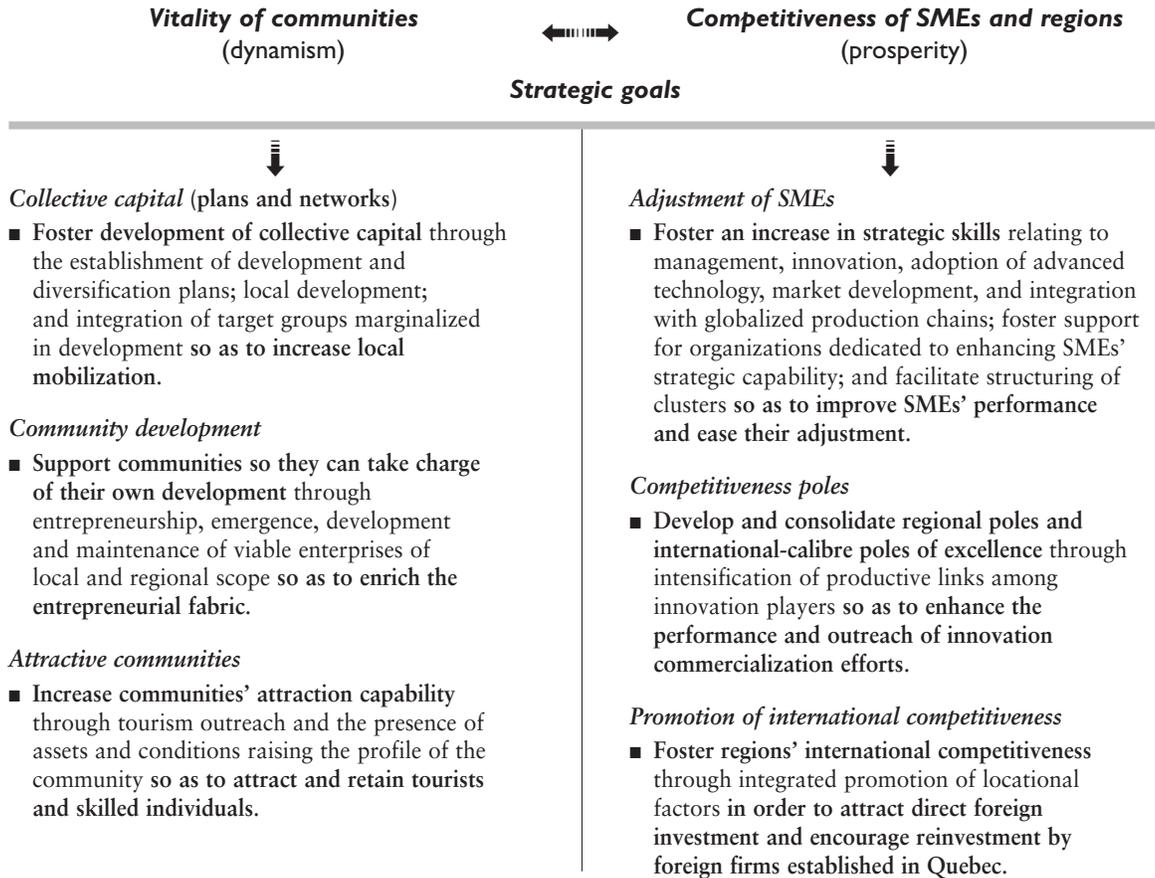
Global	take economic, social, environmental and cultural dimensions into account in planning and development of departmental and regional policies and strategies.
Horizontal	influence federal agenda, integrate expertise, capabilities and means of federal departments and other public and private partners in planning and implementation of policies, strategies and initiatives.
Territorial	develop differentiated, coherent strategies addressing the challenges and potential of the different types of areas: outlying areas, central areas, major urban centres, Metropolitan Montréal, and vulnerable communities.
Participatory	promote participation, take expectations into account and make use of the competencies and experience of the stakeholders concerned in order to inform the development and implementation of policies, strategies, initiatives, programs and services.



<i>Vitality of communities</i> (dynamism)	<i>Competitiveness of SMEs and regions</i> (prosperity)
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**Territorial goals**

<b>Vitality</b>		<b>Competitiveness</b>
Strengthen local development capability and entrepreneurial dynamism so as to foster development and implementation of growth-generating initiatives.	Outlying Areas	Facilitate consolidation, reconversion and diversification of the economic base and an increase in added value of production.
Facilitate reinforcement of development and entrepreneurship capability and enhancement of the areas' assets.	Central Areas	Increase competitiveness on international markets and competitiveness of enterprises in certain priority sectors; consolidate associated innovation systems; and establish groups of high-performance enterprises in those sectors.
Increase international outreach and enhance economic (tourism) spinoffs around Québec and Gatineau.	Major Urban Centres	Increase the private sector's share in major urban centre economies as regards priority sectors.
Increase the profile of attractions in Metropolitan Montréal.	Metropolitan Montréal	Accelerate development of the following priority industrial clusters: aerospace, life sciences, information and communications technology, and bio-food.
Support development of communities' adaptation and adjustment capability to meet situational and structural challenges.	Vulnerable Communities	Facilitate identification and enhancement of sustainable, viable new development opportunities.

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### Strategic outcomes



#### More dynamic and revitalized Quebec communities

Communities' vitality has improved through intervention with respect to resilience, development of entrepreneurial fabric and the ability to attract and retain skilled individuals.



#### More competitive Quebec SMEs and regions

Conditions are favourable to sustainable growth and the competitive positioning of regions and SME's through intervention with respect to capabilities, innovation and knowledge.

### Final outcomes



#### Quality of life (dynamism)

- economic participation
- social participation
- devitalization index.



#### Standard of living (prosperity)

- disposable income per capita
- gross domestic product by region
- regional innovation level.

## 6.2 Agency Program Activity Architecture

	Strategic outcomes	Program Activities	Program Subactivities	
AGENCY'S MANDATE	Vitality of communities	<i>Development of communities</i>	<ul style="list-style-type: none"> <li>■ Collective capital (plans and networks)</li> <li>■ Community development</li> <li>■ Attractive communities</li> </ul>	
		<i>Infrastructure</i>	<ul style="list-style-type: none"> <li>■ Water quality</li> <li>■ Roads and transportation</li> <li>■ Urban or regional projects</li> <li>■ Special dedicated programs</li> </ul>	
		<i>Special intervention measures</i>	<ul style="list-style-type: none"> <li>■ Socio-economic adjustment</li> <li>■ Adjustment to natural disasters</li> </ul>	
	Competitiveness of SMEs and regions	<i>Competitiveness of enterprises (SMEs)</i>	<ul style="list-style-type: none"> <li>■ Development of enterprises' skills</li> <li>■ Development of strategic enterprises</li> </ul>	
		<i>Competitive positioning of regions</i>	<ul style="list-style-type: none"> <li>■ Competitiveness poles</li> <li>■ International promotion</li> </ul>	
	Policy, representation and cooperation	<i>Policies, programs and initiatives</i>	<ul style="list-style-type: none"> <li>■ Research and strategic analysis</li> <li>■ Representation and influence</li> <li>■ Cooperation and collaboration</li> </ul>	
	<b>Departmental Branches</b>			
	<ul style="list-style-type: none"> <li>■ Minister's Office and Office of the President</li> <li>■ Parliamentary and Cabinet Affairs</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate Secretariat</li> <li>■ Communications</li> <li>■ Finance and Administration</li> <li>■ Human Resources</li> <li>■ Information Technology</li> </ul>	<ul style="list-style-type: none"> <li>■ Integrated Planning and Evaluation</li> <li>■ Regional Operations</li> <li>■ Internal Audit</li> <li>■ Legal Services</li> </ul>	

## 6.3 List of acronyms

BDC	Business Development Centre
CATIP	Canadian Apparel and Textile Industries Program
CFDC	Community Futures Development Corporation
CFP	Community Futures Program
FTE	Full-time equivalent
FY	Fiscal year
GDP	Gross domestic product
ICP	Infrastructure Canada Program
IDEA-SME	Innovation, development, entrepreneurship and access program for SMEs
MAF	<i>Management Accountability Framework</i>
MRIF	Municipal Rural Infrastructure Fund
MRRS	Management, Resources and Results Structure Policy
NPO	Non-profit organization
PA	Program Activity
PAA	Program Activity Architecture
RCM	Regional County Municipality
R&D	Research and development
RPP	<i>Report on Plans and Priorities</i>
RSI	Regional Strategic Initiatives
SDS	Sustainable Development Strategy
SME	Small- and medium-sized enterprises
SO	Strategic outcome
TBS	Treasury Board Secretariat

## 6.4 Agency business offices

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