

Estimates

For the period ending March 31, 2004



Performance report

Strategic outcome #1:
Enterprise development

Activities

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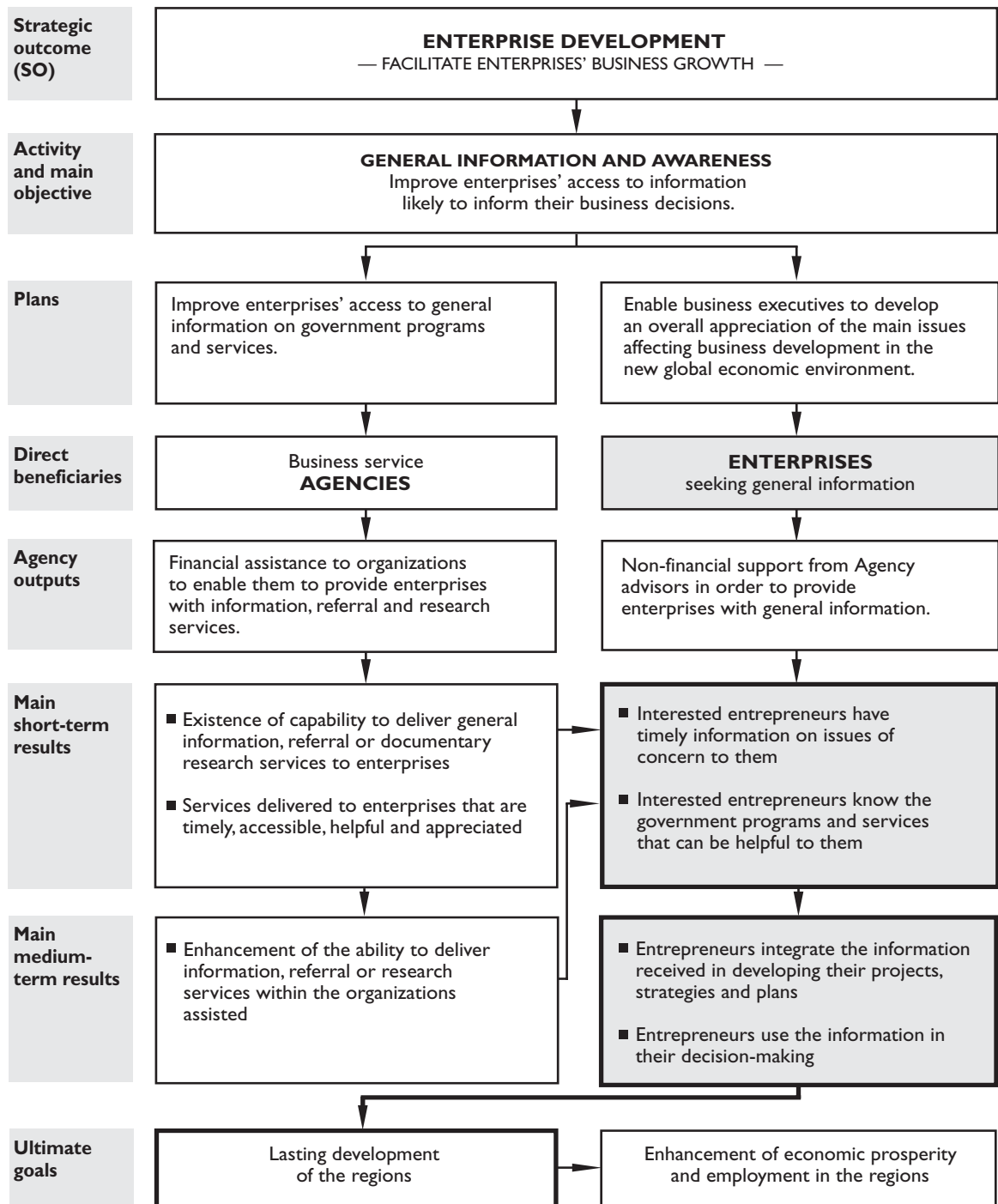
LIST OF ACRONYMS

BDC	Business Development Centre
CBSC	Canada Business Service Centres
CEDC	Community Economic Development Corporation
CFDC	Community Futures Development Corporation
CFP	Community Futures Program
CQF	Special Fund for the Economic Development and Adjustment of Quebec Fishing Communities (Coastal Quebec Fund)
IDEA-SME	Program of assistance for development of SMEs in Quebec
NBP	New business practices
PEMD	Program for Export Market Development
R&D	Research and development
RIS	Regional intervention strategy
RSI	Regional Strategic Initiatives
SME	Small and medium-sized enterprises

Activity:

GENERAL INFORMATION AND AWARENESS

Logic Model



One way for the Agency to contribute to enterprise development is to improve their executives' access to general economic information likely to inform their business decisions. In this area, the Agency's plan involves:

- enhancing enterprises' access to general information
- raising entrepreneurs' awareness concerning the main issues affecting development.

To implement this plan, the Agency contributes out of its operating budget to management and implementation of the Canada Business Service Centre (CBSC) initiative in Quebec. The Agency funds *Info entrepreneurs* in Montreal and *Ressources Entreprises* in Québec City, which provide entrepreneurs with integrated information on government programs and services free of charge. These centres also deliver relevant research services to business people. From its operating budget, to fund the CBSCs in Quebec, the Agency invested \$1.5 million in 2003-2004.

The Agency also provides financial assistance to organizations so they can disseminate documents to raise awareness, or so they can organize conferences, seminars or short workshops on general issues, in order to awaken interest in these issues and elicit reflection from business people which prompts them to act.

I. Agency's main outputs

During Fiscal Year 2003-2004, the Agency approved ten new contribution agreements for the *General information and awareness* activity. The financial assistance approved by the Agency for these agreements stood at more than \$875,000.

AGENCY OUTPUTS	
General information and awareness	2003-2004
■ Number of new contribution agreements	10
■ Financial assistance approved (in millions of \$)	0.876
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	1.463

2. Main results observed

2.1 BUSINESS SERVICE AGENCIES

GENERAL INFORMATION AND AWARENESS Main results observed as of March 31, 2004	
Number of business service agencies' projects in progress:	19
Agency's financial commitment with respect to projects in progress	
<ul style="list-style-type: none"> ■ Total value of financial assistance approved by the Agency 	<i>\$3.6 million</i>
Indicator of capability to deliver services to enterprises	
<ul style="list-style-type: none"> ■ Total value of projects in progress (irrespective of funding source) 	<i>\$7.2 million</i>
Indicator of services delivered to enterprises	
<ul style="list-style-type: none"> ■ General information requests processed 	620,380
Expenditures made by the Agency to generate the results shown above	
<ul style="list-style-type: none"> ■ Actual expenditures in 2003-2004 	<i>\$1.0 million</i>
<ul style="list-style-type: none"> ■ Total expenditures incurred for projects in progress (including spending from previous years) 	<i>\$3.1 million</i>

In 2003-2004, the CBSCs received some 620,380 information requests from across Quebec, notably through visits to their Web sites. The number of information requests is up 2.5% from the results achieved during FY 2002-2003 (605,020 information requests processed).

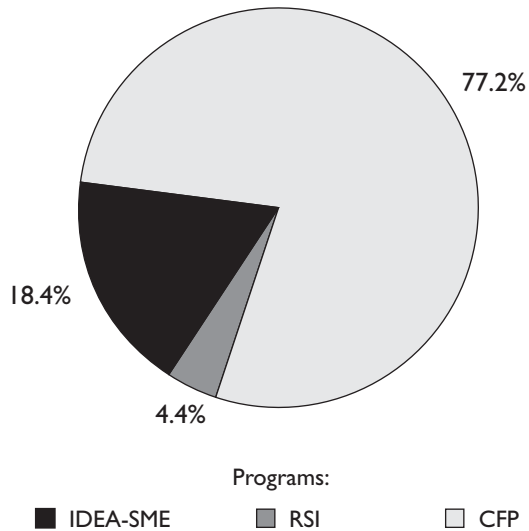
An evaluation of the CBSCs conducted during FY 2001-2002 revealed that clients' level of satisfaction with services received was more than 90%. Moreover, eight clients out of ten considered the information received to be helpful.

The following chart presents the breakdown of total expenditures incurred under Agency programming, and shows the contribution of these programs to the achievement of results under this activity.

GENERAL INFORMATION AND AWARENESS

Percentage of total expenditures incurred

— Business service agencies —

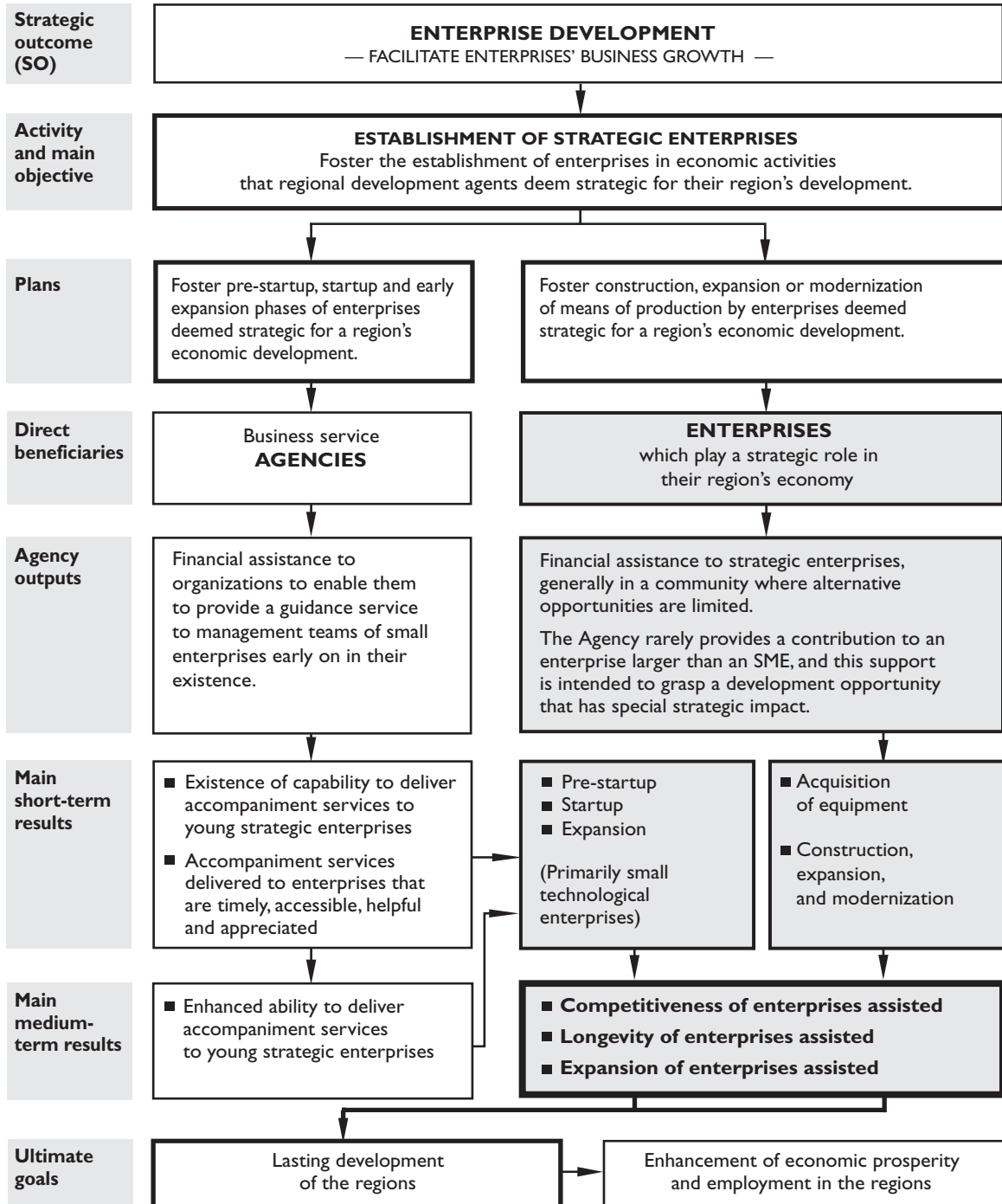


For the *General information and awareness* activity, in addition to using its operating budget, in its programming the Agency primarily called upon the IDEA-SME program, to the tune of 77.2%, to enhance entrepreneurs' access to general economic information likely to inform their business decisions.

Activity:

ESTABLISHMENT OF STRATEGIC ENTERPRISES

Logic model



Another way for the Agency to contribute to enterprise development is to support the establishment of enterprises in economic activities deemed strategic for their region's development. The establishment of strategic enterprises targets the development and consolidation of a **critical mass** of economic activities in the niches of excellence specific to each region. In seeking to create critical mass, the Agency wishes to develop sufficient business volume in the regions to generate ripple effects in a particularly promising area of economic activity for which the region has competitive advantages.

Reinforcement of regional niches of excellence is indeed one of the foundations of several Regional Intervention Strategies (RSIs). In each region of Quebec, the Agency's action is guided by an RSI developed in order to make the join between national economic priorities and those specific to each region, on the basis of their potential and their niches of excellence.

In each region, the niches of excellence on which the Agency intends to build have been carefully identified by local economic agents and development of enterprises in these sectors is the subject of special attention from the Agency. Reinforcement of niches of excellence also involves the enhancement of their development environment, notably through reinforcement of knowledge-based competitive advantages.

The previous diagram shows that the Agency provides financial assistance to organizations and enterprises to foster the establishment of enterprises in economic activities that the regional milieu deems strategic for its development.

The Agency's plan is to assist organizations so that they can offer guidance services to strategic startup enterprises (primarily technological enterprises). The guidance services offered by these organizations represent particularly sustained support for the management teams of young enterprises, generally in the pre-startup or startup phase. In concrete terms, these guidance services are often provided by organizations devoted to business incubation. The Agency's plan also consists in helping newly established enterprises start up in commercial operation.

The Agency also supports medium-sized enterprises playing a strategic role in their region's development, so they can carry out projects to construct, expand or modernize their facilities. The Agency rarely grants contributions to enterprises larger than an SME, and this support is intended to grasp a particularly strategic development opportunity, generally in a community where opportunities are few.

I. Agency's main outputs

During FY 2003-2004, the Agency approved 68 new contribution agreements for the *Establishment of strategic enterprises* activity. Financial assistance approved by the Agency for these agreements stood at \$21.4 million.

Agency outputs Establishment of strategic enterprises	2003-2004
■ Number of new contribution agreements	68
■ Financial assistance approved (in millions of \$)	21.4
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	126.7

Total financial assistance approved under this activity held steady in 2003-2004, and is now comparable to the total financial assistance approved in 2000-2001 and 2001-2002. In 2002-2003, exceptionally, the Agency signed an \$80-million contribution agreement with *Papiers Gaspésia inc*, and this substantially increased the total financial assistance approved for this activity, raising it considerably higher than in past years.

2. Main results observed

2.1 BUSINESS SERVICE AGENCIES

ESTABLISHMENT OF STRATEGIC ENTERPRISES Main results observed as of March 31, 2004	
Number of business service agencies' projects in progress:	39
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	\$28.9 million
Indicator of capability to deliver services to enterprises	
■ Total value of projects in progress (irrespective of funding source)	\$75.5 million
Indicators of results vis-à-vis enterprises served	
■ Enterprises in pre-startup phase	334
■ Enterprise startups	146
■ Jobs created	685
■ Jobs maintained	349
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	\$6.3 million
■ Total expenditures incurred for projects in progress (including spending from previous years)	\$22.7 million

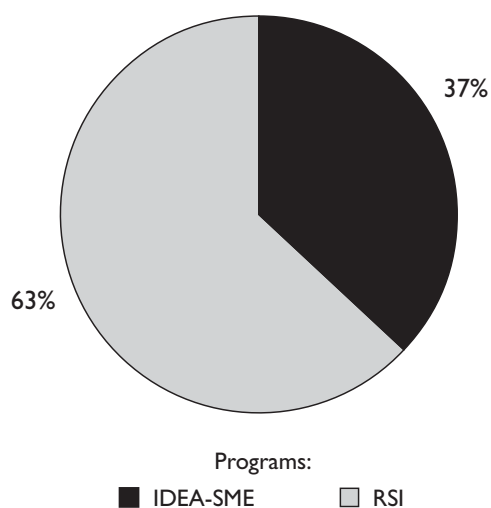
The Agency contributed to creating or maintaining more than 1,000 jobs among the clientele served by funded business service agencies. These agencies led to the pre-startup and startup of 480 new enterprises in areas of activity deemed strategic for development of the regions.

The following chart presents the breakdown of total expenditures incurred by program for business service agencies' projects under the *Establishment of strategic enterprises* activity. For that activity, the Agency mainly used the RSI program (63%) to fund business service agencies.

ESTABLISHMENT OF STRATEGIC ENTERPRISES

Percentage of total expenditures incurred

— Business service agencies —



2.2 ENTERPRISES

ESTABLISHMENT OF STRATEGIC ENTERPRISES	
Main results observed as of March 31, 2004	
Number of enterprises' projects in progress:	79
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	<i>\$99.0 million</i>
Indicator of enterprise development	
■ Total value of projects in progress (irrespective of funding source)	<i>\$608.9 million</i>
Indicators of enterprises' competitiveness	
■ Enterprises stating a sales increase	45%
■ Total sales increase (n = 14)	<i>\$4.4 million</i>
■ Average sales increase ¹	<i>290,556</i>
Employment-related indicators	
■ Jobs created	131
■ Jobs maintained	134
■ Jobs transformed	32
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	<i>\$35.3 million</i>
■ Total expenditures incurred for projects in progress (including spending from previous years)	<i>\$63.3 million</i>
Note:	
1 Calculation of the average sales increase excludes extreme values.	

The Agency spent more than \$35 million in 2003-2004 on 79 corporate projects deemed strategic for development of enterprises' regions with a view to fostering their establishment and expansion.

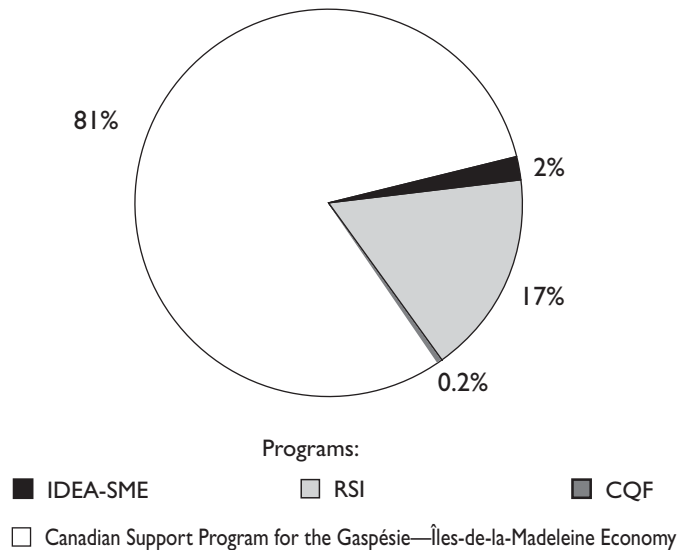
In response to the Agency's annual survey of these enterprises, 45% said they had increased their sales. The average sales increase among the enterprises contacted (n = 14) was \$290,556. It must be pointed out that under the *Establishment of strategic enterprises* activity, a large number of projects in progress have not yet started commercial operations, and in the short term this limits results with respect to increased sales and employment.

The following chart presents the breakdown of total expenditures incurred by program for corporate projects under the *Establishment of strategic enterprises* activity. The Agency mainly used the Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy (81%) to fund enterprises under this activity. Note that the relative share of that program in this chart is inflated by the *Papiers Gaspésia inc* project.

ESTABLISHMENT OF STRATEGIC ENTERPRISES

Percentage of total expenditures incurred

— Enterprises —

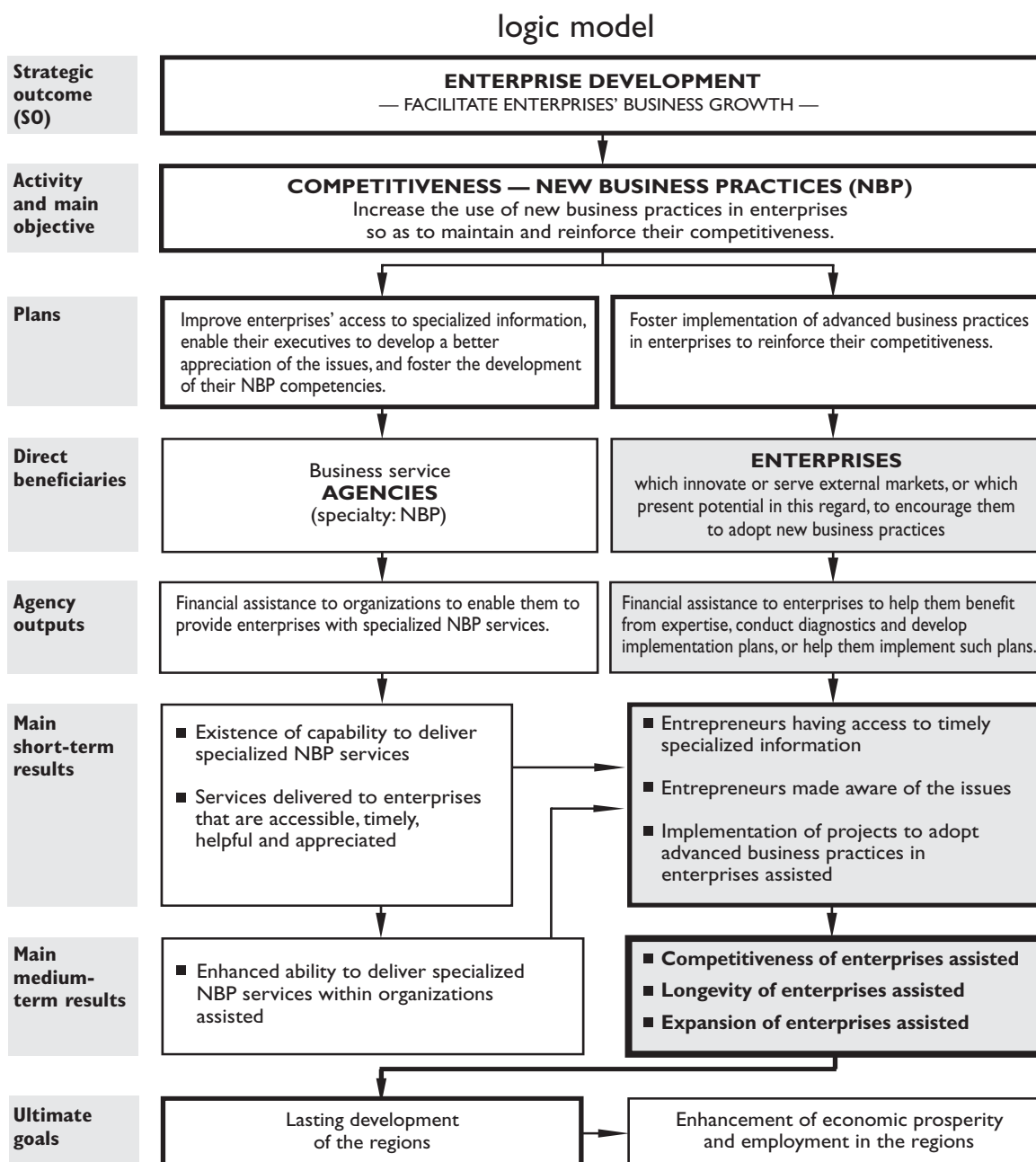


Activity:

ENTERPRISES' COMPETITIVENESS

To strengthen SMEs' competitive position, the Agency's activities focus on modernization of enterprises' business practices, development of their innovation capability and reinforcement of their commercialization capability with a view in particular to penetration of foreign markets.

I. Competitiveness—New business practices



New business practices (NBPs) involve a comprehensive process of renewal of an enterprise's strategic positioning and way of doing business. NBPs can lead to:

- introduction of planning processes
- strategies for enhancement and development of the enterprise's key competitive advantages
- new industrial organization modes (linkage, subcontracting, alliances with foreign enterprises, etc.)
- electronic business practices
- management practices geared to sustainable development
- quality management practices
- benchmarking practices.

In the context of globalization of the economy, one way for enterprises to reinforce their competitiveness is to update their business practices. In some economic sectors, particularly those whose organizational model is based on close relations between large firms acting as prime contractors and subcontracting SMEs, the bell for electronic business practices and quality management practices rang several years back. Successful adoption of such practices is no simple matter, though; owing to their complexity, these projects involve some risks and major challenges.

The Agency financially supports business service agencies offering services to enterprises at every step on the way to adoption of new business practices. The Agency also acts directly vis-à-vis enterprises to help them:

- benefit from expertise
- carry out diagnostics and develop implementation plans
- implement those plans.

I.1 Agency's main outputs

During FY 2003-2004, the Agency approved 95 new contribution agreements for the *Competitiveness—New business practices* activity. Financial assistance approved by the Agency for these agreements stood at \$7.2 million.

AGENCY OUTPUTS	
Competitiveness—New business practices	2003-2004
■ Number of new contribution agreements	95
■ Financial assistance approved (in millions of \$)	7.2
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	19.7

I.2 Main results observed

I.2.1 BUSINESS SERVICE AGENCIES

COMPETITIVENESS—NEW BUSINESS PRACTICES	
Main results observed as of March 31, 2004	
Number of business service agencies' projects in progress:	36
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	\$12.8 million
Indicator of capability to deliver services to enterprises	
■ Total value of projects in progress (irrespective of funding source)	\$33.1 million
Indicator of results vis-à-vis enterprises served	
■ Enterprises having adopted or integrated an NBP	260
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	\$4.5 million
■ Total expenditures incurred for projects in progress (including spending from previous years)	\$8.8 million

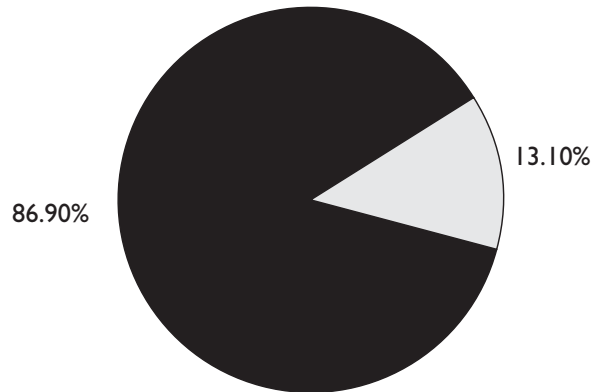
Agency financial support enabled 260 enterprises to adopt or integrate a new business practice within their enterprise.

The following chart presents the breakdown of total expenditures incurred by program for business service agencies' projects for the *Competitiveness—New business practices* activity. The Agency mainly used the IDEA-SME program (86.9%) to fund business service agencies for this activity.

COMPETITIVENESS—NEW BUSINESS PRACTICES

Percentage of total expenditures incurred

— Business service agencies —



Programs:

■ IDEA-SME □ RSI

I.2.2 ENTERPRISES

COMPETITIVENESS – NEW BUSINESS PRACTICES Main results observed as of March 31, 2004	
Number of enterprises' projects in progress:	69
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	<i>\$4.6 million</i>
Indicator of enterprise development	
■ Total value of projects in progress (irrespective of funding source)	<i>\$15.9 million</i>
Indicators of enterprises' competitiveness	
■ Enterprises stating a sales increase	34%
■ Total sales increase (n = 11)	<i>\$17.5 million</i>
■ Average sales increase ¹	<i>\$1.2 million</i>
Employment-related indicators	
■ Jobs created	36
■ Jobs maintained	284
■ Jobs transformed	353
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	<i>\$2.9 million</i>
■ Total expenditures incurred for projects in progress (including spending from previous years)	<i>\$3.2 million</i>
Note: 1 Calculation of the average sales increase excludes extreme values.	

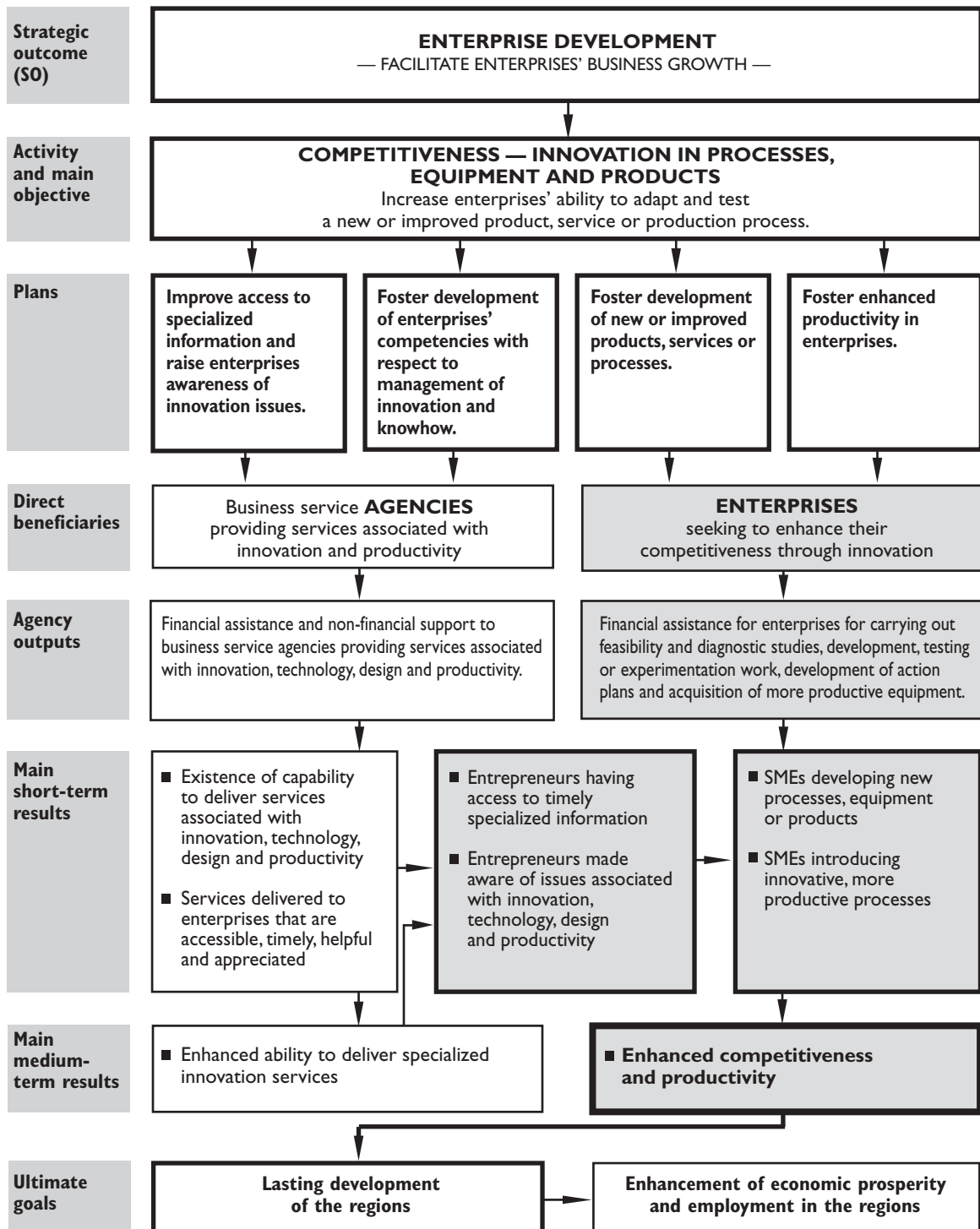
The projects in progress will lead in particular to implementation of quality management systems, introduction of new computerized management systems and establishment of virtual business centres.

Agency financial support has enabled enterprises carrying out projects concerning implementation of advanced business practices to create, maintain or transform 673 jobs. Of those enterprises which responded to the yearly telephone survey, 34% stated that they had increased their sales, for an average of \$1.2 million per enterprise.

The Agency predominantly used the IDEA-SME program (99%) to fund enterprises for this activity.

2. Competitiveness—Innovation in processes, equipment and products

Logic model



Enterprises can increase their competitiveness by reinforcing their ability to innovate. A product differentiated by its technical characteristics or special design gives the enterprise a competitive advantage. Technologically advanced processes also help bring down production costs and offer products at competitive prices. Upgrading of level of knowledge and scientific and technical competencies in the enterprise can enhance its ability to innovate.

To remain in the race alongside dynamic competitors who are themselves seeking to pull ahead, Quebec enterprises have to be able to identify and process strategic information on new trends in technology and design, and innovate rapidly and constantly, in line with ever-shorter development cycles. To develop these new competencies, enterprises have to be able to count on specialized professional human resources.

The Agency co-ordinates its support for innovation with, among others, the National Research Council of Canada, which helps enterprises through its Industrial Research Assistance Program and the Canadian Technology Network, in particular. It also co-ordinates with the Canada Revenue Agency to inform enterprises about the application of tax credits to research and development expenditures. In conjunction with Agriculture and Agri-food Canada and the Canadian Forest Service, the Agency supports projects involving innovation, testing and experimentation to enhance natural resources.

To support the development of enterprises and ensure their competitiveness, the Agency's plan with respect to innovation in processes, equipment and products aims to enhance their capability to adapt or test a new or improved product, service or production process by fostering:

- access to specialized information and enterprises' awareness of the issues of innovation
- development of competencies
- development of products
- enhancement of productivity through innovation in processes and procedures.

To that end, the Agency provides financial contributions or non-financial support to business service agencies offering services associated with innovation and productivity. It also provides support to enterprises for conducting feasibility and diagnostic studies, development, testing or experimentation work, drawing up of action plans and acquisition of equipment leading to a significant increase in their productivity.

2.1 Agency's main outputs

During FY 2003-2004, the Agency approved 270 new contribution agreements for the *Competitiveness—Innovation in processes, equipment and products* activity. Financial assistance approved by the Agency for these agreements stood at \$41.7 million.

AGENCY OUTPUTS Competitiveness—Innovation in processes, equipment and products	2003-2004
■ Number of new contribution agreements	270
■ Financial assistance approved (in millions of \$)	41.7
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	206.8

2.2 Main results observed

2.2.1 BUSINESS SERVICE AGENCIES

COMPETITIVENESS—INNOVATION IN PROCESSES, EQUIPMENT AND PRODUCTS Principaux résultats observés au 31 mars 2004	
Number of business service agencies' projects in progress:	61
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	\$26.7 million
Indicator of capability to deliver services to enterprises	
■ Total value of projects in progress (irrespective of funding source)	\$107.6 million
Indicators of results vis-à-vis enterprises served	
■ Enterprises having developed an innovation action plan	246
■ Jobs created	220
■ Jobs maintained	179
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	\$7.5 million
■ Total expenditures incurred for projects in progress (including spending from previous years)	\$14.2 million

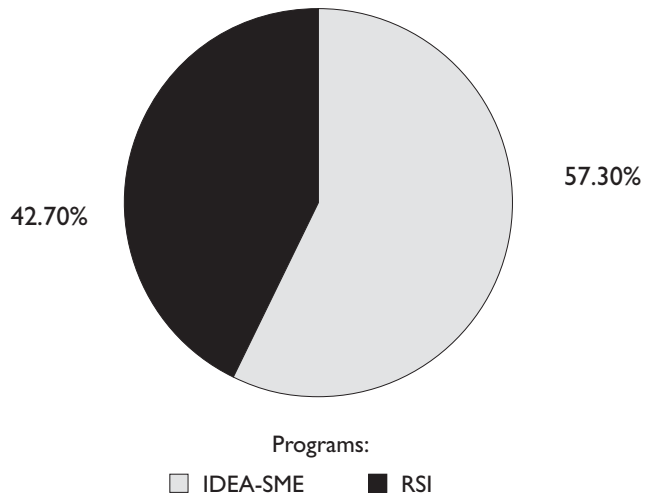
Agency financial support to business service agencies for this activity enabled 246 enterprises to develop an innovation action plan. In addition, 399 jobs were created or maintained through this support.

The following chart presents the breakdown of total expenditures incurred for business service agencies' projects under the *Competitiveness—Innovation in processes, equipment and products* activity. The Agency most often used the IDEA-SME program (57.3%) to fund business service agencies.

COMPETITIVENESS – INNOVATION IN PROCESSES,
EQUIPMENT AND PRODUCTS

Percentage of total expenditures incurred

— Business service agencies —



2.2.2 ENTERPRISES

COMPETITIVENESS—INNOVATION IN PROCESSES, EQUIPMENT AND PRODUCTS	
Main results observed as of March 31, 2004	
Number of enterprises' projects in progress:	319
Agency's financial commitment with respect to projects in progress	
<ul style="list-style-type: none"> ■ Total value of financial assistance approved by the Agency 	<i>\$54.6 million</i>
Indicator of enterprises' development	
<ul style="list-style-type: none"> ■ Total value of projects in progress (irrespective of funding source) 	<i>\$233.5 million</i>
Indicators of enterprises' competitiveness	
<ul style="list-style-type: none"> ■ Enterprises stating a sales increase ■ Total sales increase (n = 105) ■ Average sales increase¹ 	<p style="text-align: right;">64%</p> <p style="text-align: right;"><i>\$94.6 million</i></p> <p style="text-align: right;">655,079</p>
Employment-related indicators	
<ul style="list-style-type: none"> ■ Jobs created ■ Jobs maintained ■ Jobs transformed 	<p style="text-align: right;">615</p> <p style="text-align: right;">1,205</p> <p style="text-align: right;">736</p>
Expenditures made by the Agency to generate the results shown above	
<ul style="list-style-type: none"> ■ Actual expenditures in 2003-2004 ■ Total expenditures incurred for projects in progress (including spending from previous years) 	<p style="text-align: right;"><i>\$23.6 million</i></p> <p style="text-align: right;"><i>\$35.3 million</i></p>
Note: 1 Calculation of the average sales increase excludes extreme values.	

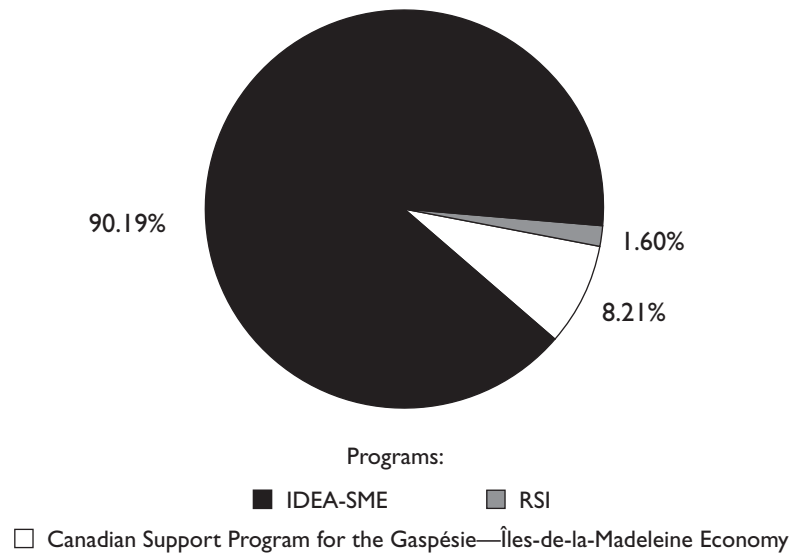
The total value of corporate projects for this activity exceeds \$233 million. This money will be invested in the different regions of Quebec over the next few years as the enterprises' projects are carried out.

In the Agency's annual survey, 64% of respondent enterprises said they had increased their sales. The average sales increase was \$655,079 (n = 105). In addition, Agency support led to the creation, maintenance or transformation of 2,556 jobs.

The following chart presents the breakdown of total expenditures incurred by program for corporate projects under the *Competitiveness—Innovation in processes, equipment and products* activity. The Agency predominantly used the IDEA-SME program (90.2%) to fund these projects.

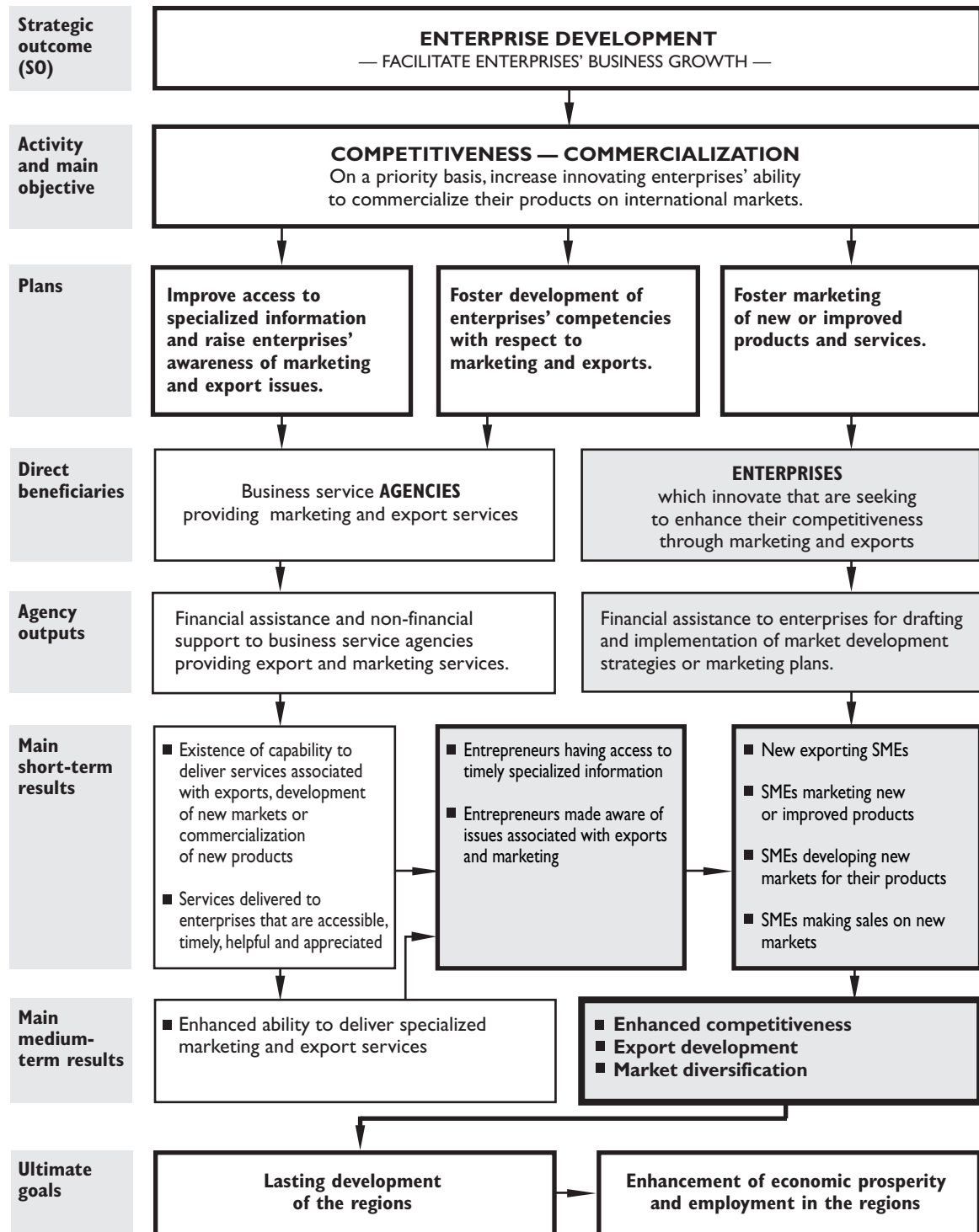
COMPETITIVENESS—INNOVATION IN PROCESSES, EQUIPMENT AND PRODUCTS

Percentage of total expenditures incurred
— Enterprises —



3. Competitiveness—Commercialization

Logic model



In a context of globalization of the economy, enterprises' ability to commercialize and export their products and services effectively is crucially important for their survival and growth. Implementation of commercialization strategies involves significant costs and a degree of risk for enterprises, especially where new product launches or penetration of a new market in a foreign country are concerned. Commercialization is a sophisticated operation; carrying it through successfully requires access to accurate market information, and the availability of marketing professionals in the enterprise. New information and communications technologies have opened new doors in the way of marketing products and services; with the advent of e-commerce, it has become more common to carry out transactions on the Web.

The Agency aims to reinforce the marketing and export capabilities of enterprises, especially those which innovate and commercialize their new products on international markets. The Agency's plan has several facets:

- access to specialized information on markets and raising awareness of commercialization issues
- development of marketing competencies
- marketing of innovative products.

Implementation of this plan is carried out primarily through Agency-specific programming. The Agency provides enterprises with financial contributions for the design and implementation of marketing plans. The Agency also ensures delivery of the Program for Export Market Development (PEMD) under an agreement with the Department of International Trade Canada, which is responsible for the PEMD budget. The Agency is an integral part of the Team Canada Inc. business network, which links Canadian businesses to the federal and provincial networks as well as other partners to help them succeed on international markets.

The Agency financially supports business service agencies offering services relating to commercialization and exports. These services may take the form of:

- information
- advice for development and implementation of marketing plans
- conferences
- seminars
- training sessions
- trade missions.

3.1 Agency's main outputs

During FY 2003-2004, the Agency approved 170 new contribution agreements for the *Competitiveness – Commercialization* activity. Financial assistance approved by the Agency for these agreements amounted to \$20.1 million.

AGENCY OUTPUTS	
Competitiveness—Commercialization	2003-2004
■ Number of new contribution agreements	170
■ Financial assistance approved (in millions of \$)	20.1
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	87.2

3.2 Main results observed

3.2.1 BUSINESS SERVICE AGENCIES

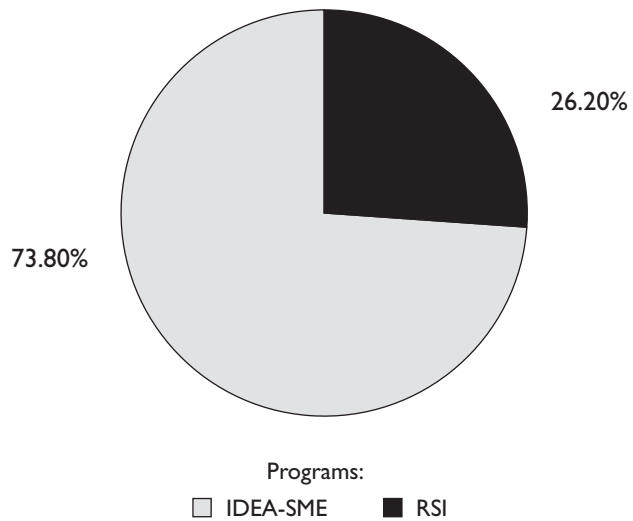
COMPETITIVENESS – COMMERCIALIZATION	
Main results observed as of March 31, 2004	
Number of business service agencies' projects in progress:	90
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	\$32.0 million
Indicator of capability to deliver services to enterprises	
■ Total value of projects in progress (irrespective of funding source)	\$74.8 million
Indicators of results vis-à-vis enterprises served	
■ New exporters	392
■ Enterprises having commercialized a new or improved product	51
■ Enterprises having made sales on new markets	237
■ Jobs created	791
■ Jobs maintained	15
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	\$9.9 million
■ Total expenditures incurred for projects in progress (including spending from previous years)	\$21.0 million

Through Agency financial support for business service agencies, 51 enterprises commercialized a new or improved product, and 237 entrepreneurs made sales on new markets. In addition, 392 enterprises supported by Agency-funded organizations had access to export markets for the first time.

The following chart presents the breakdown of total expenditures incurred for business service agencies' projects under the *Competitiveness—Commercialization* activity. For this activity, the Agency primarily used the IDEA-SME program (73.8%) to fund business service agencies.

COMPETITIVENESS—COMMERCIALIZATION

Percentage of total expenditures incurred
— Business service agencies —



3.2.2 ENTERPRISES

COMPETITIVENESS—COMMERCIALIZATION Main results observed as of March 31, 2004	
Number of enterprises' projects in progress:	283
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	\$35.9 million
Indicator of enterprise development	
■ Total value of projects in progress (irrespective of funding source)	\$158.4 million
Indicators of enterprises' competitiveness	
■ Enterprises stating a sales increase	55%
■ Total sales increase (n = 90)	\$103.2 million
■ Average sales increase ¹	\$801,840
■ New exporters	39
■ Enterprises having made sales on new markets	71
Job-related indicators	
■ Jobs created	399
■ Jobs maintained	556
■ Jobs transformed	125
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	\$11.8 million
■ Total expenditures incurred for projects in progress (including spending from previous years)	\$24.5 million
Note: 1 Calculation of the average sales increase excludes extreme values.	

Agency financial support for corporate projects enabled 39 entrepreneurs to sell their products on export markets for the first time. In addition, 71 enterprises made sales on new markets. Agency financial assistance to enterprises for their marketing and export projects helped create, maintain or transform some 1,080 jobs in the regions of Quebec.

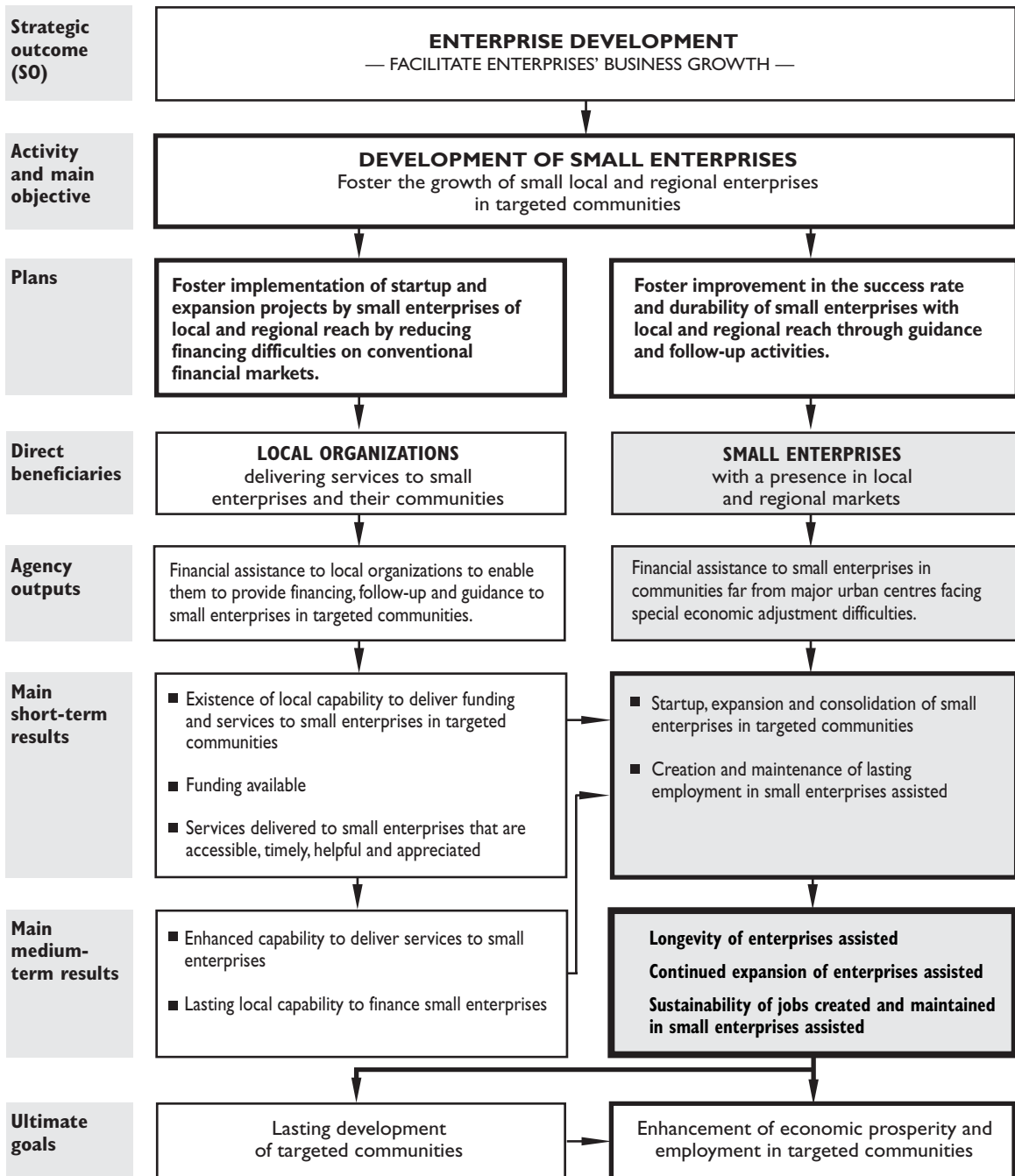
In the annual survey, for this activity, 55% of the enterprises contacted that had received financial assistance from the Agency said they had increased their sales. The average sales increase was more than \$800,000.

The Agency predominantly used the IDEA-SME program (98.6%) to fund enterprises for this activity.

Activity:

DEVELOPMENT OF SMALL ENTERPRISES

Logic model



Establishment and development of small enterprises of local and regional reach contribute to maintaining and creating jobs, as well as having an impact on the restructuring of local economies. For the most part, small enterprises start out serving markets in their immediate regions, but some of them will succeed in making a name for themselves on the national and international economic stage. Regardless of how they evolve in future, small enterprises are an essential element in maintaining communities' economic vitality.

Owing to their size, however, small enterprises have greater difficulty putting together the financing they need for their startup and expansion, as a result of the special type of risk they represent for lending institutions owing to their short-lived experience and low level of capitalization. This challenge arises especially for groups which, in the past, have been less involved in the business world, such as young people, women and Aboriginal people. The case of young entrepreneurs elicits particular interest, since they represent a hope for the future for their regions' economic development.

The Agency's plan for development of small enterprises of local and regional reach aims at their startup and expansion, and an improvement in their level of success and their durability. This plan applies primarily in rural regions and certain urban districts that are undergoing restructuring. The main way in which the Agency implements this plan is to grant financial assistance to organizations providing guidance and counselling services to small enterprises in their local communities, and which at the same time provide financing to enable them to carry out their projects.

Three types of organizations work with the Agency on development of small enterprises. These are, first, the Community Futures Development Corporations (CFDCs), of which there are 57. There are CFDCs in all of Quebec's remote regions and rural communities, and they play a role in facilitation of regional development, too. The Agency also supports Business Development Centres (BDCs), of which there are nine, whose role focusses solely on assistance to enterprises. In urban areas, the Agency supports, in association with the provincial government and the municipalities concerned, 14 Community Economic Development Corporations (CEDCs) too, to enable them to stimulate the pre-startup and startup of small enterprises and provide information and supervision services as well as technical services to business.

The Agency helps these organizations cover their operating costs; this assistance is provided under the Community Futures Program (CFP). For instance, the Agency helped the CFDCs set up a special investment fund for funding young entrepreneurs' projects. The CFDCs, BDCs and CEDCs extend the scope of the Agency's regional development action beyond what could be accomplished if the Agency intervened on its own vis-à-vis the thousands of small enterprises across Quebec.

As the previous diagram shows, the other way for the Agency to implement its plan is to provide financial assistance directly to small enterprises of local and regional scope, more specifically in regions posting slow growth and inadequate employment or struggling with economic problems of a situational and structural nature, including the Gaspésie—Îles-de-la-Madeleine region. In this regard, in addition to its main programs, the Agency has the Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy.

I. Agency's main outputs

During FY 2003-2004, the Agency approved 80 new contribution agreements for the *Development of small enterprises* activity. The financial assistance approved by the Agency for these agreements amounted to \$8.4 million.

AGENCY OUTPUTS Development of small enterprises	2003-2004
■ Number of new contribution agreements	80
■ Financial assistance approved (in millions of \$)	8.4
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	19.8

2. Main results observed

2.1 BUSINESS SERVICE AGENCIES

DEVELOPMENT OF SMALL ENTERPRISES Main results observed as of March 31, 2004	
Number of business service agencies' projects in progress:	250
Agency's financial commitment with respect to projects in progress	
<ul style="list-style-type: none"> ■ Total value of financial assistance approved by the Agency 	<i>\$119.8 million</i>
Indicator of capability to deliver services to enterprises	
<ul style="list-style-type: none"> ■ Total value of projects in progress (irrespective of funding source) 	<i>\$143.1 million</i>
Indicators of results vis-à-vis enterprises served	
<ul style="list-style-type: none"> ■ Enterprises in pre-startup phase ■ Enterprises startups ■ Enterprises in expansion ■ Jobs created ■ Jobs maintained 	222 1,024 899 1,520 1,528
Expenditures made by the Agency to generate the results shown above	
<ul style="list-style-type: none"> ■ Actual expenditures in 2003-2004 ■ Total expenditures incurred for projects in progress (including spending from previous years) 	<i>\$30.3 million</i> <i>\$77.2 million</i>

Through Agency financial support, business service agencies contributed to the pre-startup, startup and expansion of 2,145 small enterprises in the regions of Quebec.

Furthermore, in addition to the results documented in the previous table, the CFDCs and BDCs reported that they had created or maintained more than 14,000 jobs in Quebec communities. The definition used by the CFDCs and BDCs for jobs created or maintained is as follows: jobs created or maintained from the opening of a file until the end of the fiscal year covered. The following table presents the results associated with job creation and maintenance, as declared by the CFDCs and BDCs. These do not include figures from the Community Economic Development Corporations.

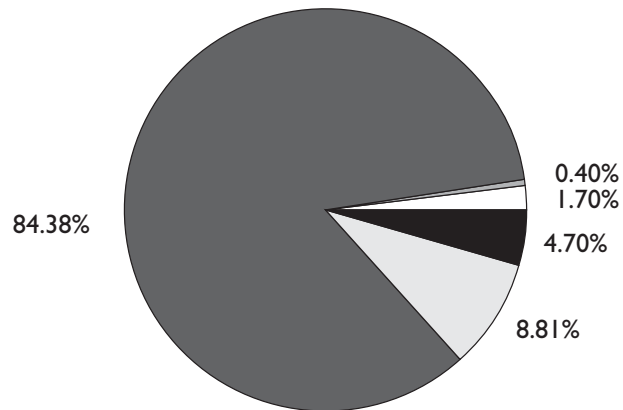
Agencies	Jobs created and maintained
Community Futures Development Corporations	11,451
Business Development Centres	2,685
Total	14,136

The following chart shows the breakdown of total expenditures incurred by program for business service agencies' projects under the *Development of small enterprises* activity. The Agency mainly used the CFP program (84.4%) to fund them.

DEVELOPMENT OF SMALL ENTERPRISES

Percentage of total expenditures incurred

— Business service agencies —



Programs:

■ IDEA-SME □ RSI ■ CFP ■ CQP

□ Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy

2.2 ENTERPRISES

DEVELOPMENT OF SMALL ENTERPRISES Main results observed as of March 31, 2004	
Number of enterprises' projects in progress:	48
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	<i>\$2.7 million</i>
Indicator of enterprise development	
■ Total value of projects in progress (irrespective of funding source)	<i>\$20.0 million</i>
Indicators of enterprises' competitiveness	
■ Enterprises stating increased sales	89%
■ Total sales increase (n = 16)	<i>\$5.9 million</i>
■ Average sales increase ¹	<i>\$299,625</i>
Employment-related indicators	
■ Jobs created	83
■ Jobs maintained	151
■ Jobs transformed	97
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	<i>\$1.7 million</i>
■ Total expenditures incurred for projects in progress (including spending from previous years)	<i>\$2.3 million</i>
Note: 1 Calculation of the average sales increase excludes extreme values.	

Agency support for small enterprises' projects led to the creation, maintenance or transformation of 331 jobs in Quebec communities.

In addition, 89% of the enterprises contacted in the Agency's annual survey whose projects were completed said they had increased their sales. The total increase in sales was \$5.9 million (n = 16), while the average increase was more than \$295,000 per enterprise.

The following chart presents the breakdown of total expenditures incurred by program for enterprises' projects under the *Development of small enterprises* activity. The Agency used the RSI program (44.7%) more than any other to fund enterprises.

