

Estimates

For the period ending March 31, 2004



Performance report

Strategic outcome #2:
Improvement of the environment for
economic development of the regions

Activities

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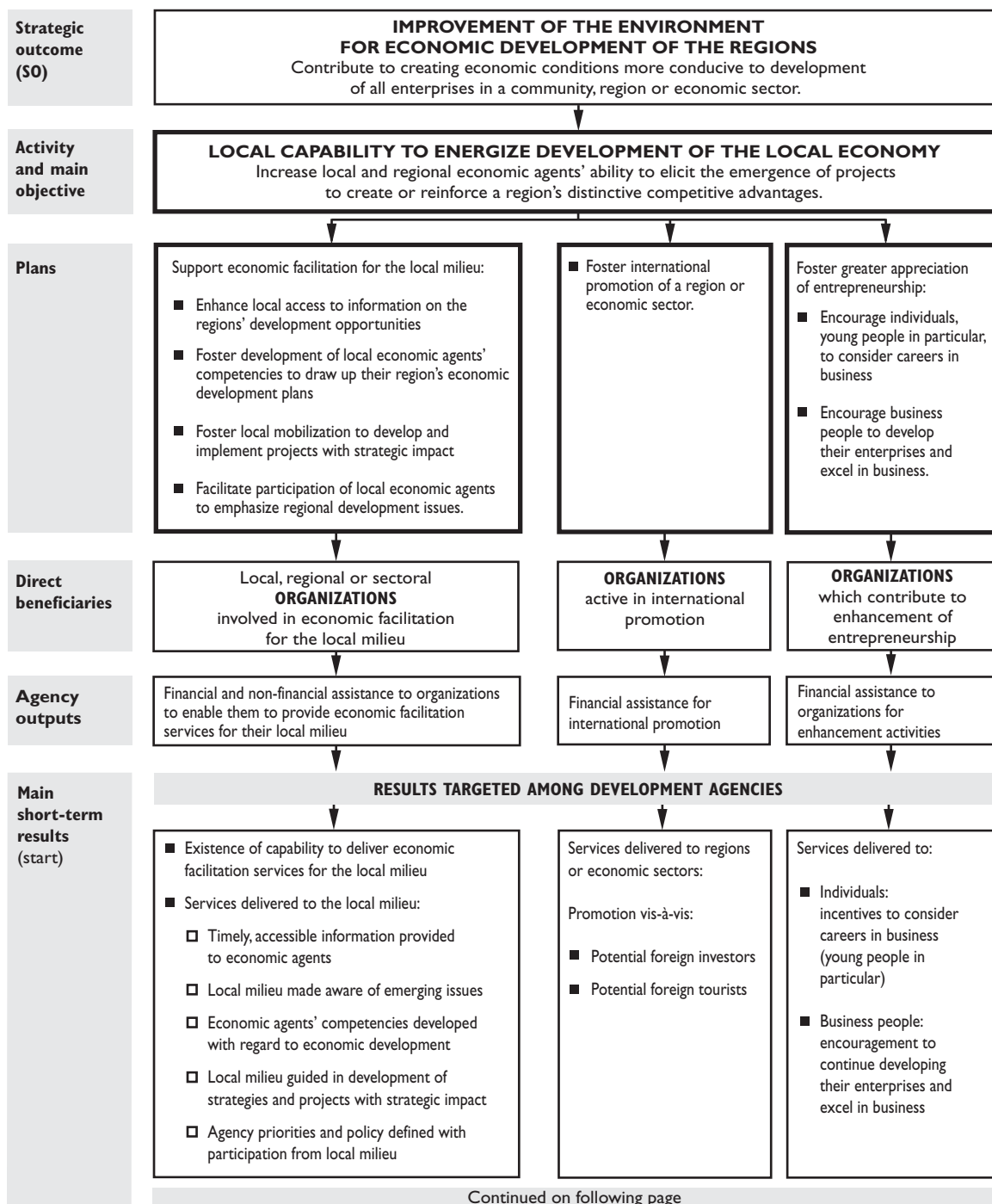
LIST OF ACRONYMS

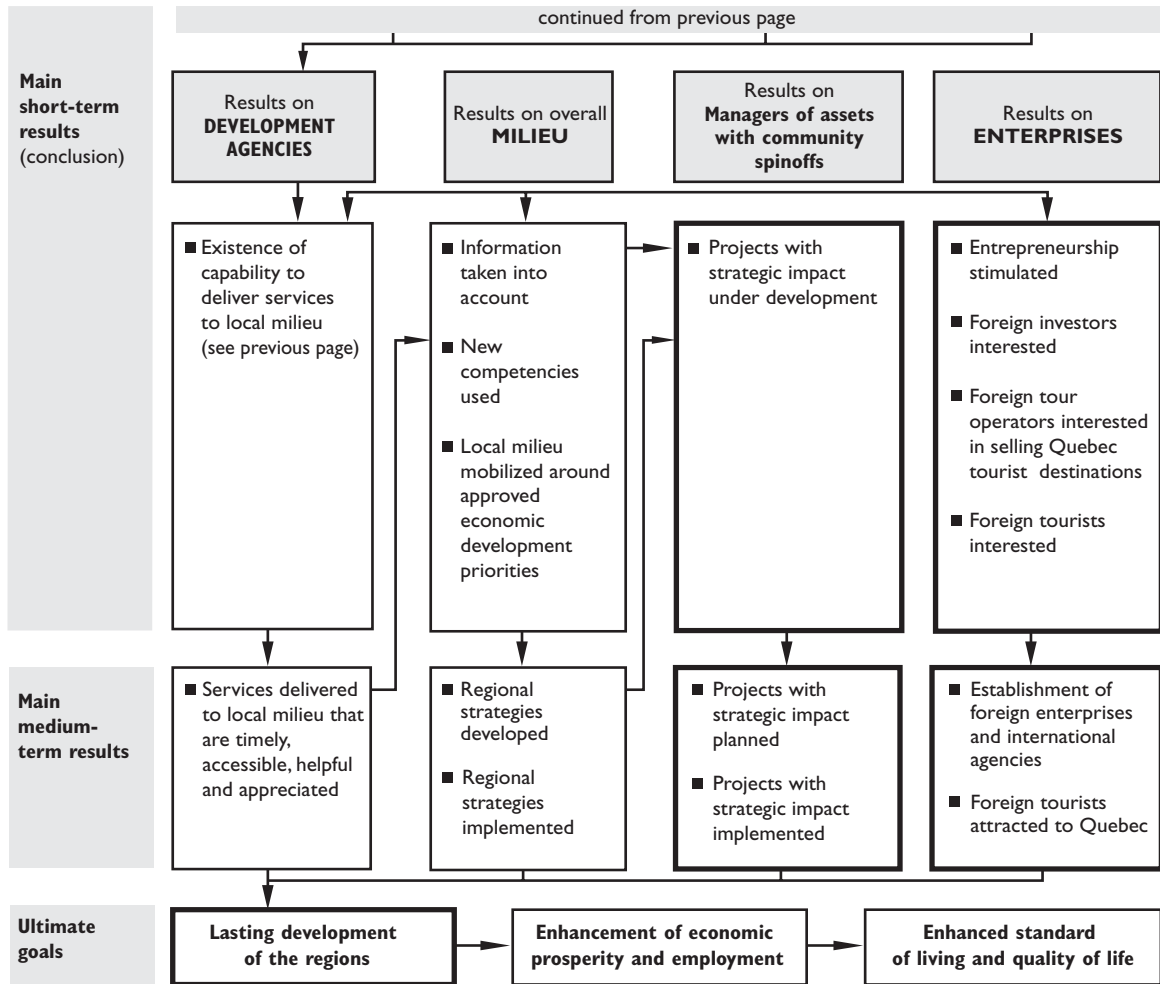
BDC	Business Development Centre
CBSC	Canada Business Service Centres
CEDC	Community Economic Development Corporation
CFDC	Community Futures Development Corporation
CFP	Community Futures Program
CQF	Special Fund for the Economic Development and Adjustment of Quebec Fishing Communities (Coastal Quebec 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:

LOCAL CAPABILITY TO ENERGIZE DEVELOPMENT OF THE LOCAL ECONOMY

Logic model





Regional development cannot succeed without the local economic milieu playing a very active role in it and taking it in hand; this is a lesson learnt from decades of efforts by North American and European governments in local and regional development. It is from this observation that the Agency's interest in *Local capability to energize development of the local economy* stems, its first activity with respect to improving the environment for economic development of the regions. Co-operation and convergence of the efforts of a region's development agents are essential conditions for enhancing its economic prosperity and standard of living. To bring together local players and achieve consensus on strategies and priorities that are promising for economic development, the regions have to be able to count on the vitality of local and regional development agencies.

As the previous diagram shows, the Agency's objective is to enhance local and regional agents' ability to elicit the emergence of projects likely to create and reinforce a region's distinctive competitive advantages. To this end, the Agency's plan involves supporting development agencies which offer various types of specialized services to their local or regional milieu. Thus, the Agency supports organizations which work on economic facilitation of their milieu, agencies active in international promotion of their regions, and organizations which contribute to the enhancement of entrepreneurship.

With respect to economic facilitation of the local milieu, the Agency provides financial support and guidance for local and regional organizations in the production and dissemination of information on the development opportunities specific to each region, for instance, dissemination of awareness documents and organization and staging of conferences, seminars and workshops designed to elicit reflection on regional development issues in the new global economic context. The Agency also provides financial assistance and guidance for the establishment and facilitation of networks for sharing, learning and exchanging ideas on new trends and best practices in local and regional development and for the development of tools for local mobilization and facilitation. The Community Futures Development Corporations mentioned earlier (see the *Development of small enterprises* activity) are among the organizations supported by the Agency for their contribution to mobilizing the local milieu.

The Agency also provides financial support to organizations for the design and implementation of plans for international promotion of the regions of Quebec vis-à-vis investors, tour operators and foreign visitors.

The Agency also makes financial contributions to organizations which contribute to promoting entrepreneurship to enable them to provide awareness-raising and guidance services, notably to potential student entrepreneurs. Similarly, the Agency supports the organization and staging of events emphasizing excellence in business.

I. Agency's main outputs

During Fiscal Year 2003-2004, the Agency approved 201 new contribution agreements for the *Local capability to energize development of the local economy* activity. Financial assistance approved by the Agency for these agreements stood at more than \$28 million.

AGENCY OUTPUTS	
Local capability to energize development of the local economy	2003-2004
■ Number of new contribution agreements	201
■ Financial assistance approved (in millions of \$)	28.7
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	102.8

2. Main results observed

2.1 DEVELOPMENT AGENCIES

LOCAL CAPABILITY TO ENERGIZE DEVELOPMENT OF THE LOCAL ECONOMY	
Main results observed as of March 31, 2004	
Number of development agencies' projects in progress:	316
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	\$103.4 million
Indicator of capability to deliver services to enterprises	
■ Total value of projects in progress (irrespective of funding source)	\$309.9 million
Indicators of results on the development environment	
■ Foreign tourists and visitors attracted ¹	3,206,787
■ Average length of stay by foreign tourists and visitors	3.77 days
■ Jobs created	390
■ Jobs maintained	2,370
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	\$31.0 million
■ Total expenditures incurred for projects in progress (including spending from previous years)	\$60.1 million
Note: 1 The number of foreign tourists and visitors reported in 2003-2004 includes information from a major project. This information was not available on March 31, 2003. Compared with 2002-2003, the addition of this information in 2003-2004 substantially increased the number of foreign tourists and visitors attracted.	

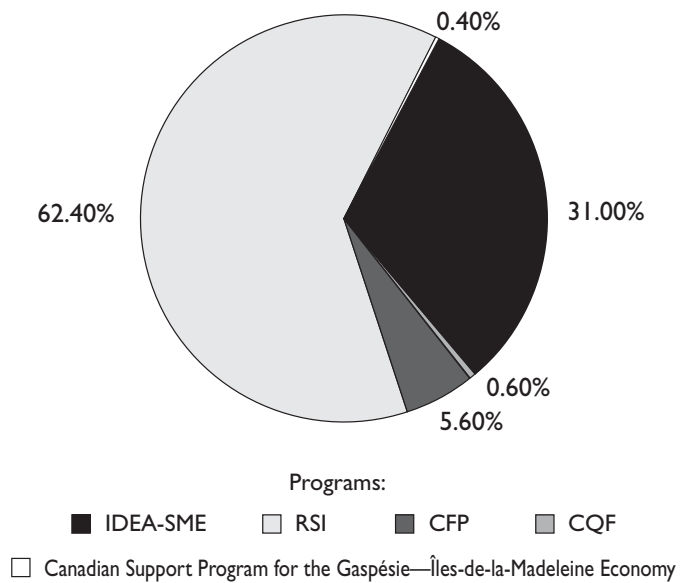
In 2003-2004, the 316 projects in progress supported by the Agency contributed to development of local capability to energize development of the local economy. Through its financial support, the Agency also contributed to creating or maintaining more than 2,700 jobs among development agencies' clientele.

The following chart presents the breakdown of total expenditures incurred by program under the *Local capability to energize development of the local economy* activity. The Agency used five different programs to fund projects for this activity. The programs most solicited for funding this type of project were RSI (62.4%) and IDEA-SME (31%).

LOCAL CAPABILITY TO ENERGIZE DEVELOPMENT OF THE LOCAL ECONOMY

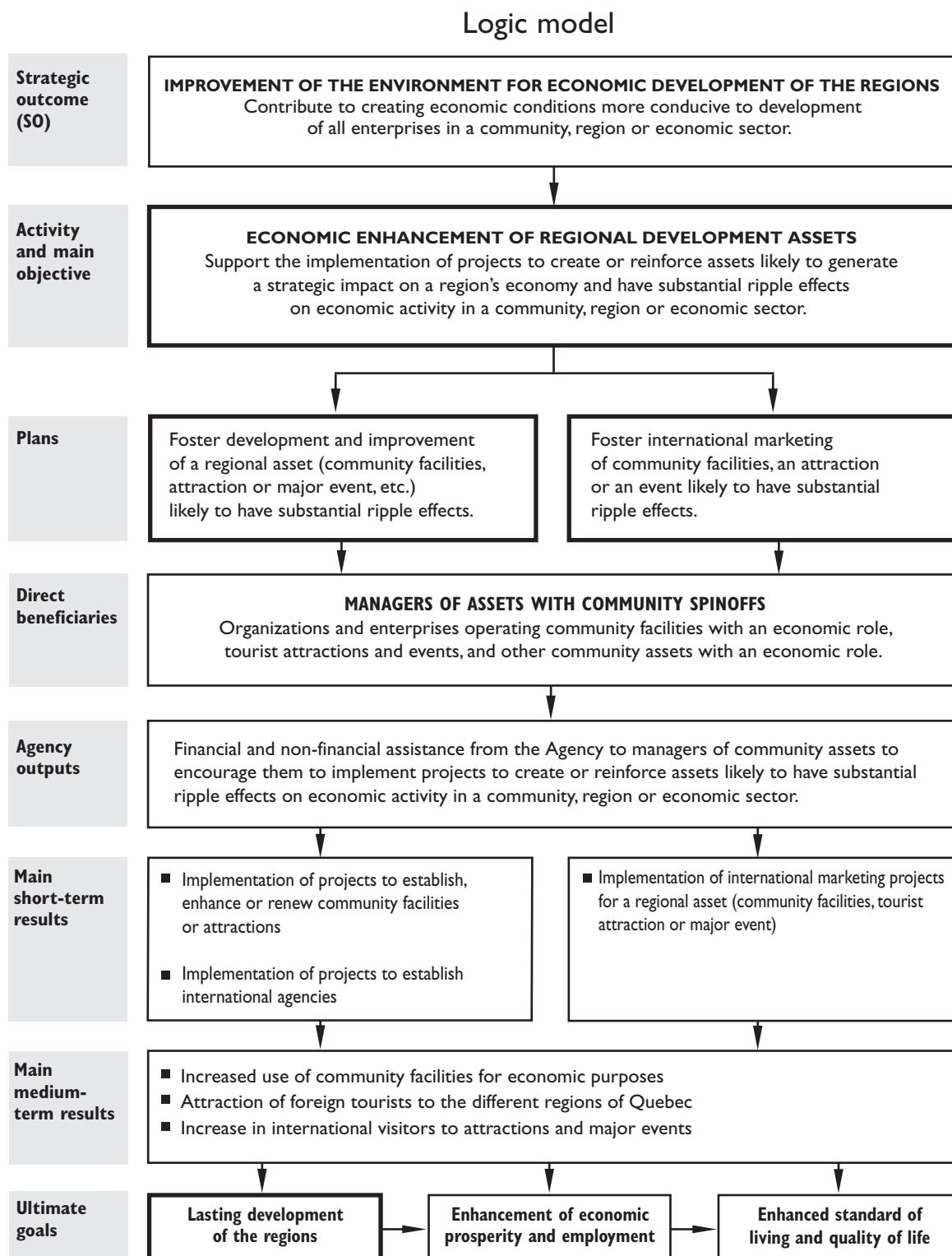
Percentage of total expenditures incurred

— Development agencies —



Activity:

ECONOMIC ENHANCEMENT OF REGIONAL DEVELOPMENT ASSETS



Also with a view to creating an environment conducive to development of the regions, the Agency seeks to foster implementation of projects of public interest likely to generate, in the long term, a strategic impact on the regional economy and have significant ripple effects on a region's economic activities, or to preserve activities that make up the economic base of a region experiencing substantial economic adjustment difficulties. To that end, the Agency contributes to enhancement of certain regional development assets, typically consisting of community facilities with an economic role, tourist attractions and major events.

Construction, upgrading or renovation of certain community facilities with an economic role proves, in some regions, to be an appropriate strategy for maintaining their economic base and a premise for their future development. In some cases, a region's development potential cannot be enhanced without the government playing a role in the establishment and preservation of such community facilities.

The Agency's plan for economic enhancement of regional development assets is twofold:

- development or enhancement of an asset (generally capital projects)
- marketing of these assets abroad.

The Agency provides financial contributions for operators, be they non-profit organizations or enterprises, for feasibility studies and enhancement of certain regional assets. For instance, the Agency provides financial support for the renewal and enhancement of attractions and the staging of tourist events in several Quebec regions.

The Agency also provides financial support to local and regional promoters to enhance tourist attractions which reinforce a region's distinctive positioning on the international market. The Agency thus aims to develop a competitive tourism offering in terms of quality and differentiation, so as to increase the number of visitors, extend their stay, increase the economic spinoffs from their visit, and ensure that on their return to their home country they recommend a visit to the regions of Quebec to other travellers. In this context, the Agency also provides financial contributions to organizations to enable them to design and implement international marketing plans for tourist attractions and major events, since marketing them abroad helps attract international tourists to Quebec and develop the economy of the regions.

I. Agency's main outputs

During FY 2003-2004, the Agency approved 81 new contribution agreements for the *Economic enhancement of regional development assets* activity. Financial assistance approved by the Agency for these agreements amounted to more than \$42 million.

AGENCY OUTPUTS	
Economic enhancement of regional development assets	2003-2004
■ Number of new contribution agreements	81
■ Financial assistance approved (in millions of \$)	42.7
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	208.8

2. Main results observed

2.1 MANAGERS OF ASSETS WITH COMMUNITY SPINOFFS

ECONOMIC ENHANCEMENT OF REGIONAL DEVELOPMENT ASSETS	
Main results observed as of March 31, 2004	
Number of projects in progress of managers of assets with community spinoffs:	169
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	\$151.2 million
Indicators of improvement in the environment for economic development of the regions	
■ Total value of projects in progress (irrespective of funding source)	\$1.077 billion
■ Foreign visitors attracted by the events supported	460,372
■ Average length of stay of foreign visitors	4.18 days
■ Initiatives from the local economic milieu	24
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	\$42.1 million
■ Total expenditures incurred for projects in progress (including spending from previous years)	\$122.6 million

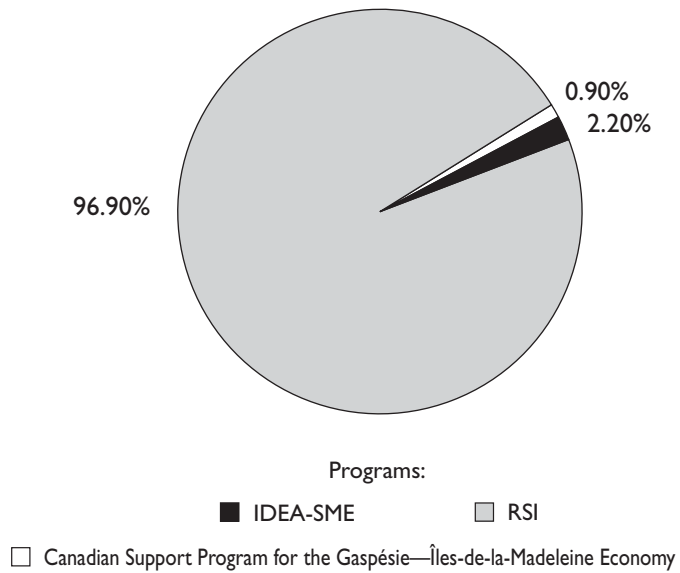
The 148 projects in progress during FY 2003-2004 contributed to attracting more than 450,000 foreign tourists and visitors to the different regions of Quebec. The average length of stay of these tourists and visitors was more than four days.

The following chart shows the breakdown of total expenditures incurred by program under the *Economic enhancement of regional development assets* activity. The Agency predominantly used the RSI program (97%) to enhance regional development assets which, in the long term, will generate strategic impact on regional economies in Quebec.

ECONOMIC ENHANCEMENT OF REGIONAL ASSETS

Percentage of total expenditures incurred

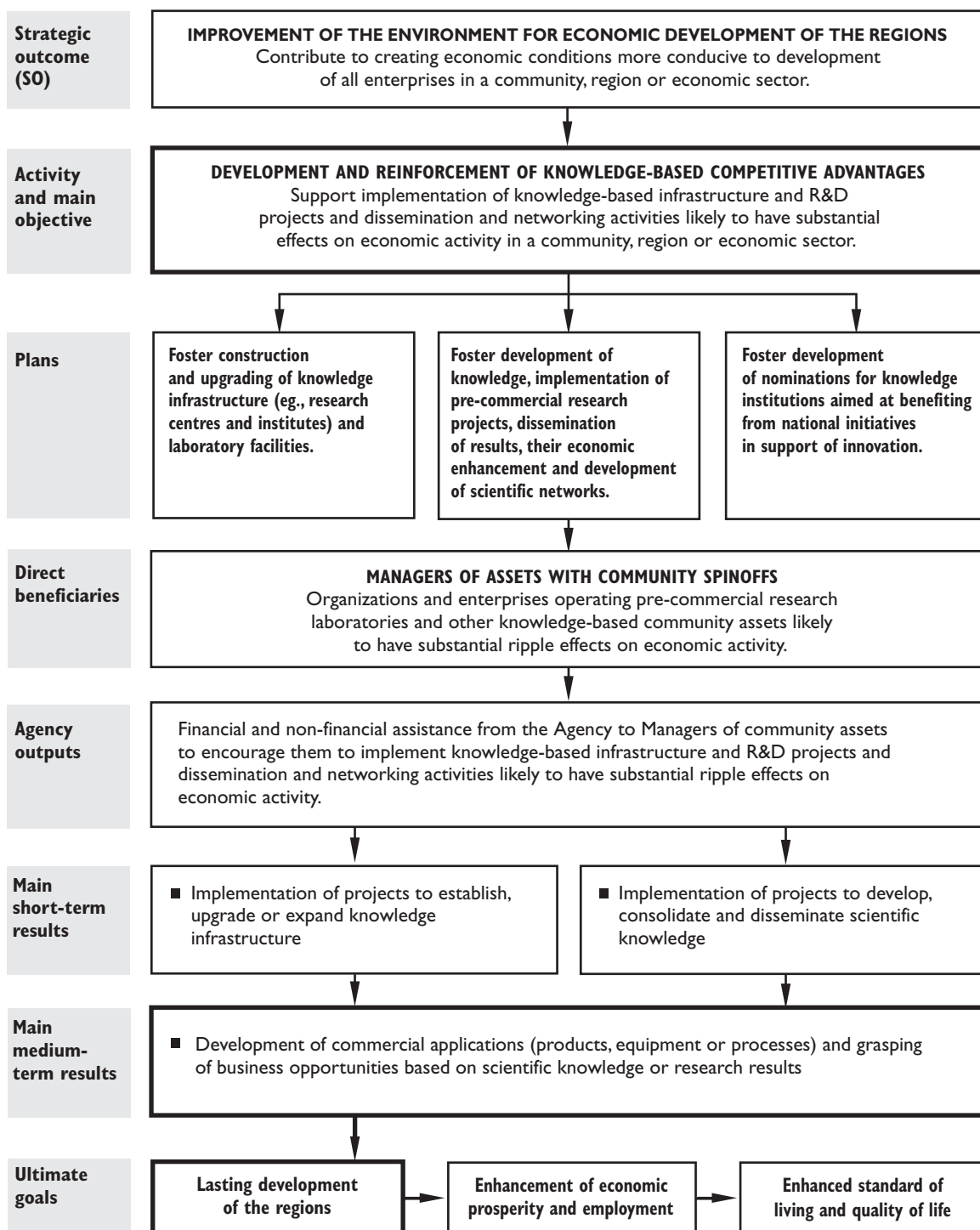
— Managers of assets with community spinoffs —



Activity:

DEVELOPMENT AND REINFORCEMENT OF KNOWLEDGE-BASED COMPETITIVE ADVANTAGES

Logic model



To meet the competitiveness challenge, enterprises have to innovate constantly, and for that they require a high-performance economic environment as far as command and dissemination of knowledge are concerned. In fact, knowledge is increasingly staking out its position as a determining basis for regional development. Some projects aimed at improving access to knowledge and its development are likely to generate, in the medium and long term, substantial ripple effects on the economic activity of a community, region or economic sector and can thus reinforce their competitive advantages, and even develop new ones. Knowledge is largely **public property**, and modern government plays an important role in advancing scientific and technical knowledge before it reaches the stage of development and fine-tuning of commercial applications.

With a view to enhancing the environment for regional development, one of the Agency's activities is to contribute to the development and reinforcement of regional competitive advantages built on innovation and knowledge. Among the niches of excellence supported are aerospace, aluminum processing, marine sciences, plant biology, agri-food, biotechnology, health sciences, multimedia, pulp and paper, and the boreal forest.

In order to contribute to the development and enhancement of knowledge-based competitive advantages, the Agency supports projects aimed at carrying out studies or staging events. It also contributes to the startup and funding of organizations operating in the development of the knowledge economy, and to the establishment of research centres.

In order to reinforce regional competitive advantages, the Agency fosters implementation of knowledge infrastructure projects and pre-commercial R&D projects that are likely to have a significant ripple effect on economic activity in the regions of Quebec.

I. Agency's main outputs

During FY 2003-2004, the Agency approved 38 new contribution agreements for the *Development of knowledge-based competitive advantages* activity. Financial assistance approved by the Agency for these agreements exceeds \$30 million.

AGENCY OUTPUTS	
Development and reinforcement of knowledge-based competitive advantages	2003-2004
■ Number of new contribution agreements	38
■ Financial assistance approved (in millions of \$)	30.9
■ Total value of projects subject to a new contribution agreement (in millions of \$) (irrespective of funding source)	103.0

2. Main results observed

2.1 MANAGERS OF ASSETS WITH COMMUNITY SPINOFFS

DEVELOPMENT AND REINFORCEMENT OF KNOWLEDGE-BASED COMPETITIVE ADVANTAGES Main results observed as of March 31, 2004	
Number of projects in progress of managers of assets with collective spinoffs:	79
Agency's financial commitment with respect to projects in progress	
■ Total value of financial assistance approved by the Agency	\$127.5 million
Indicators of improvement in the environment for economic development of the regions	
■ Total value of projects in progress (irrespective of funding source)	\$425.1 million
■ Initiatives from the local economic milieu	83
Employment-related indicator	
■ Jobs created and maintained arising from activities carried out by managers of assets with community spinoffs	279
Expenditures made by the Agency to generate the results shown above	
■ Actual expenditures in 2003-2004	\$26.8 million
■ Total expenditures incurred for projects in progress (including spending from previous years)	\$58.2 million

The 79 projects in progress for this activity contributed to creating and maintaining 279 jobs. They also contributed to the emergence of 83 initiatives, that is, local development strategies and growth-generating projects, from the development milieu.

Many large-scale projects are funded under this activity. The impact of implementation of these projects will be seen over the years as the funded research centres become established in their local milieu and disseminate the product of their research.

Under the *Development and reinforcement of knowledge-based competitive advantages* activity, the Agency predominantly called on the RSI program, to the tune of more than 96%.