



## REPORT ON PLANS AND PRIORITIES 2006-2007

Estimates

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

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Jean-Pierre Blackburn

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

Canada and Quebec are evolving in an economic system in ferment. Globalization has led to free markets and generated new business opportunities. It has also heightened competition, redeployed economic forces and produced new dynamics, and consequently placed new economic concerns on the agenda. Global market forces present sizeable challenges for our economy, regions and communities. They also have an impact on how government intervention will be carried out.

The Agency makes it its duty to meet effectively the expectations of Canadians, communities, enterprises and all its partners. For that reason, it carefully monitors economic trends and proposes strategic approaches and directions with regard to these new issues. The challenges of regional economic development fit into a broad context combining economic, social, cultural and environmental concerns. Two strategic outcomes with respect to regional development are targeted: vitality of communities, and enterprises' competitiveness. In the field, our activities to achieve our objectives 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 areas. The Agency cannot take the place of the regions' entrepreneurial dynamism. But, in close cooperation with local economic agents, it offers them its assistance in finding solutions to their areas' development issues.

We recognize today that innovation and increased productivity help to improve our enterprises' competitive position and our economy's competitiveness. Enterprises — and this is especially true for remote regions—have to develop value-added products and services to remain competitive. To achieve these goals, the Agency places advisors and a whole range of tools at their disposal. Our programs have to adapt to the needs of SMEs and communities. Particular attention is paid to the regions of Quebec struggling with difficulties, whose economies depend either on the harvesting of natural resources or on a single sector of activity that is slow adjusting to the new realities of world trade.

Recently, I enthusiastically embarked on this new mandate as Minister of the Economic Development Agency of Canada for the Regions of Quebec. My interest in regional development is well known. It is also one of the priorities of our government, which wishes to encourage the economic development of every region of Canada and to offer opportunities for employment to all Canadians.

I therefore invite you to read this, the *2006-2007 Report on Plans and Priorities* of the Economic Development Agency of Canada for the Regions of Quebec, in which you will find all the Agency's commitments for making Quebec's regions both dynamic and prosperous.



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**Jean-Pierre Blackburn**

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 *2006-2007 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 2006-2007 Estimates*.

- It adheres to the specific reporting requirements contained in the TBS guidance.
- It is based on the department's approved Program Activity Architecture structure as reflected in its MRRS.
- It presents consistent, comprehensive, balanced and accurate 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 numbers for planned spending from the Treasury Board of Canada Secretariat.



Michelle d'Auray  
President

**AUG 3 1 2006**

Date: \_\_\_\_\_

## 1.3 Summary

### Rational

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 where 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.

Benefits for Canadians

Well-being and standard of living improved for Canadians through investment in regional development meeting the needs of the regions, communities and enterprises and helping them adjust to the challenges of the global economy.

### To contribute to Canada's performance

By fostering strong economic growth.

### Two long-term strategic outcomes

**Dynamic, revitalized Quebec communities enjoying a better socio-economic outlook:** Canadians' quality of life is improved by revitalizing Quebec communities through intervention supporting mobilization with local milieus, emergence of new entrepreneurs, creation of small enterprises, attraction of tourists and retention of skilled workers.

**Competitive Quebec SMEs and regions owing to the presence of conditions conducive to sustainable growth:** Canadians' standard of living is improved through lasting strategic investment in the capability of regions, networks, knowledge institutions and SMEs to compete on the Canada-wide and global stage.

### Through an integrated regional development approach

**Global:** take economic, social, cultural and environmental dimensions into account in the design of policy, 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**

- guidance and referral services
- financial assistance
- analyses of issues, prospective studies, opinions and information

so as to

- empower and develop the capabilities, competencies, knowhow and business networks of entrepreneurs and local and regional economic agents
- facilitate the participation of regional economic agents in the design and implementation of a vision, a plan and growth-generating projects for the development of a region.

**With several beneficiaries**

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

backed by its 14 business offices and a network of some 300 development organizations deployed across Quebec including

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

**By generating meaningful results**

as of March 31, 2009, the Agency will have contributed to:

- reinforcing mobilization of the local milieu
- developing the local entrepreneurial fabric
- attracting and retaining skilled workers and tourists
- enhancing SMEs' performance
- stimulating commercialization of innovation
- upgrading community infrastructure.

**Agency resources**

	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
Total planned spending (\$ thousands)	381,329	277,599	258,295
Human resources (Full-time equivalents)	408	408	408

## Agency priorities by strategic outcome

Planned spending<sup>1</sup>  
(\$ thousands)

2006-2007

2007-2008

2008-2009

Program priority for the first strategic outcome: *Vitality of communities*

Program activity: *Improvement of the economic environment of regions*

Priority #1:	Type:	2006-2007	2007-2008	2008-2009
Help regions and communities in transition	Already established	63,450	64,050	66,150

Program priority for the second strategic outcome – *Enterprises' competitiveness*

Program activity: *Enterprise development*

Priority #2:	Type:	2006-2007	2007-2008	2008-2009
Reinforce the performance of innovative SMEs in key sectors	New	33,000	35,300	48,100

Departmental management priorities in line with the *Management Accountability Framework*

Priority #3: Reinforce the Agency's capacity to develop policy and design programs

Priority #4: Equip the Agency with processes and systems required to ensure increased results-based management capability.

Note:

1 Planned grants and contributions expenditures.

## 1.4 Plans and priorities

The purpose of this section is to present the four priorities and associated plans for 2006-2009 (the Agency's overall intervention is explained in Section 2, which presents total planned spending by program activity). The Agency intends to devote about half of its grants and contributions budget to its priorities. Of the four priorities selected, three are new. Fiscal Year (FY) 2006-2007 also marks the beginning of implementation of the Agency's strategic directions for 2006-2011. Thus, in many respects, 2006-2007 will be a key year for the Agency. In clearly identifying its priorities and having specific plans for them, the Agency intends to progress systematically toward attainment of the defined strategic outcomes.

The four priorities chosen are of two types: two program priorities, and two management priorities. The Agency's program priorities aim to intensify its intervention in regions and communities in transition and reinforce the performance of innovative SMEs in key sectors. Management priorities aim to reinforce the departmental capacity to develop policy and design programs and equip the Agency with processes and systems required to ensure increased results-based management capability.

### 1.4.1 Program priorities

The following table presents the two program priorities in terms of the Agency's strategic outcomes.

#### Program priorities

Strategic outcome #1: <i>Vitality of communities</i>	Strategic outcome #2: <i>Enterprises' competitiveness</i>
<b>Priority #1:</b> Help regions and communities in transition	<b>Priority #2:</b> Reinforce the performance of innovative SMEs in key sectors

#### Priority #1: Help regions and communities in transition

**Vitality:** manifestation of remarkable health or activity. A society's ability to manage the tensions and constraints of modern life caused by social dislocations and divides.

**Quality of life:** balance between an individual's needs and the means he has to meet them. Concept incorporating all the elements to make an individual's physical, intellectual, moral and spiritual environment satisfying.

As its first priority, the Agency wishes to help certain regions and communities in their socio-economic transition. The planned budget is approximately \$195 million over three years. This priority comes under the *Improvement of the economic environment of regions* program activity. The Agency intends to support and foster the completion of projects likely to respond to these communities' specific issues so as 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. Thus, these communities will be in a position to open up to new economic sectors with high added value and attractive growth potential in order to envisage the creation of sustainable employment.



Jacques Larivée and Nathalie Brunelle © Le Québec en images, CCDMD

In order to achieve this priority, the Agency intends to pursue implementation of four initiatives:

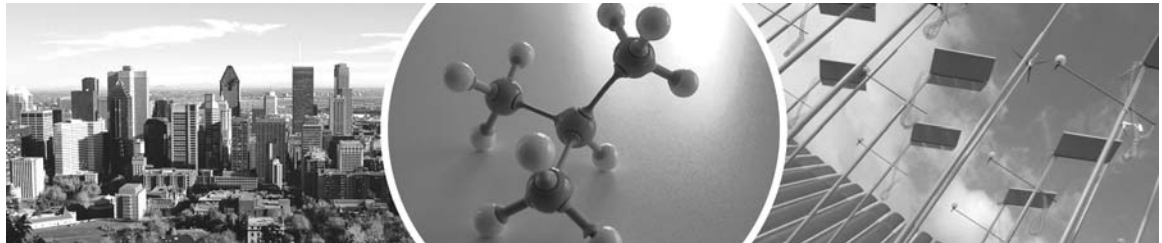
- Fishing Community Economic Diversification Initiative
- Community Economic Diversification Initiative - Coulombe Report
- Capacity-building
- Patient Capital Fund.

These initiatives essentially target the communities' economic diversification as well as development and reinforcement of the social economy in Quebec. The main results targeted are:

- increased awareness and empowerment of players with respect to issues
- enhanced entrepreneurship
- reduced dependence on natural resources
- greater access to knowledge for enterprises and communities
- reinforcement of social cohesion and communities' capability
- improved commercialization
- social economy enterprises' growth with respect to startup and expansion, translating into creation and maintenance of employment
- increased access to capitalization for social economy enterprises.

If need be, other initiatives will be designed and implemented during the year in order to meet proactively the specific issues of communities in transition.

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



This priority, which is in line with the *Enterprise development* program activity, ties in with the Agency's desire to develop SMEs in key sectors from the different parts of Quebec. Equipped with a \$116-million envelope over three years, this second priority involves implementing two special initiatives.

A primary Agency target is the enhanced international competitiveness of SMEs in key sectors in Greater Montréal. The key sectors focussed on by the Agency are aerospace, life sciences, nanotechnology, bio-food and environmental technology. To that end, the Agency intends to invest in strategic capabilities, networking and attracting strategic human and financial resources.

**Competitiveness:** capability of a price, product, enterprise or national economy to meet competition, and ability to sustain it. Capability of an enterprise or national economy to maintain or increase its market share, on the domestic market (domestic competitiveness) and outside markets (external competitiveness).

**Standard of living:** conditions of individuals' or populations' existence as measured by the goods and services to which they have access on the basis of their income.

Second, the Agency is aiming for the broadening and diversification of SMEs' subcontracting networks so as to enhance their competitiveness and their ability to integrate with globalized production chains and to meet the requirements of major manufacturers in Canada and abroad.

The main results targeted by the two initiatives are:

- reinforcement of enterprises' strategic capacity to develop and commercialize their innovations
- reinforcement of links and discourse among enterprises, universities, research centres and other sectoral players in Montréal clusters
- increased investment and employment
- increased outreach and relative importance on the international front
- increased private investment in the Montréal area in high value-added industrial sectors
- increased number and value of SMEs' subcontracting contracts with prime contractors
- SMEs' decreased dependence on specific prime contractors.

Under this priority, the Agency does not intend to limit its action to these two initiatives, since others could be developed and implemented to support innovative SMEs in key sectors from other areas of Quebec. For instance, among the key sectors focussed on in the major urban centres are optics-photonics, health and nutrition, medical equipment and computer technology. Among those in the central areas are biotechnology, metallurgy and agri-food. Finally, among those in outlying areas are aluminum, marine science and technology, and forestry.

## 1.4.2 Management priorities



To reinforce the obligation to perform management reporting, the Government of Canada has set up the *Management Accountability Framework* (MAF), which provides a comprehensive, integrated model for management and management improvement. The MAF aims to reinforce managers' accountability with regard to ten main elements that summarize the Government of Canada's expectations. The Agency is gradually implementing all the elements of the MAF, but intends to give priority to intensifying its efforts with respect to two of them.



The *Management Accountability Framework* is available at:  
[http://www.tbs-sct.gc.ca/maf-crg/index\\_e.asp](http://www.tbs-sct.gc.ca/maf-crg/index_e.asp)

### Management priorities in line with the *Management Accountability Framework*

MAF: Policy and Programs	MAF: Governance and Strategic Directions
<p><b>Priority #3:</b>            Reinforce the Agency's capacity to develop policy and design programs</p>	<p><b>Priority #4:</b>            Equip the Agency with the processes and systems required to ensure increased results-based management capability</p>

### Priority #3: Reinforce the Agency's capacity to develop policy and design programs

This priority involves reinforcing the departmental capacity to develop policy and design programs at a time when the Agency's main programs (Regional Strategic Initiatives [RSIs] and Innovation, development of entrepreneurship and exports [IDEA-SME]) are expiring in March 2007. It is linked to the *MAF Policy and Programs* element. The Agency intends to consolidate its political and analytical capabilities so as to be able to generate the knowledge required concerning implementation of the strategic directions for 2006-2011 and lead to development of high-quality options with respect to policy, program design and advice for ministers. Reinforcing these capabilities also involves investing in human resources. To that end, the Agency will build, among other things, on training and on more innovative means, such as participation in in-house and external communities of practice, thus facilitating access to information and the sharing of good practices. This capability will enable it to anticipate the issues more accurately and plan an appropriate strategic response with respect both to policy and to programs.

### Priority #4: Equip the Agency with processes and systems required to ensure increased results-based management capability

This priority is linked to the *Governance and strategic directions* element of the MAF. The Agency wants to bring together essential conditions (internal consistency, organizational discipline and harmonization on the basis of results) to ensure effective governance of and follow-up on anticipated results so as to support the Minister. Tangibly, the Agency will continue to implement its new results-based integrated planning mechanism, which incorporates the strategic and operational dimensions and points all resources (human, financial, relational, informational and technological) in the same direction, toward the attainment of results. In addition, the Agency will update its Management, Resources and Results Structure (MRRS) by incorporating its new, recently approved Program Activity Architecture (PAA), which will come into effect in April 2007. Its MRRS will enable it to link resources to results and identify responsibilities explicitly. Moreover, results-based management presupposes the availability of balanced information which requires access to the systems and processes generating that information. To that end, the Agency will put information management in place and update its systems and processes





## 1.5 Links with Government of Canada results and performance

Regional development represents for the Government of Canada a lever for reinforcing equal opportunity, a fundamental Canadian value enshrined in the *Constitution*. More specifically, this lever helps the regions achieve their full potential with respect to productivity, innovation, economic growth and quality of life.

The Government of Canada has drawn up a government-wide framework to monitor the contribution of all federal departments and agencies to Canada's performance. This framework comprises the following three key policy areas:

- economic affairs
- social affairs
- international affairs.

Through its program activities and its priorities, the Agency contributes to economic affairs, as the following table illustrates.

### Links with *Canada's Performance*

Strategic Area	Government of Canada's planned result	Agency's strategic outcomes (SOs), program activities (PAs) and priorities
<b>Economic affairs</b>	Strong economic growth	<ul style="list-style-type: none"> <li>■ SO #1: <i>Vitality of communities</i></li> <li>■ PA #1: <i>Improvement of the economic environment of regions</i> <ul style="list-style-type: none"> <li>▶ Priority #1: <i>Help regions and communities in transition</i></li> </ul> </li> <li>■ PA #2: <i>Improvement of community infrastructure</i></li> <li>■ PA #3: <i>Provision of special adjustment measures</i></li> </ul> <ul style="list-style-type: none"> <li>■ SO #2: <i>Enterprises' competitiveness</i></li> <li>■ PA #4: <i>Enterprise development</i> <ul style="list-style-type: none"> <li>▶ Priority #2: <i>Reinforce the performance of innovative SMEs in key sectors</i></li> </ul> </li> </ul>



Canada's Performance is available at :  
[http://www.tbs-sct.gc.ca/report/govrev/05/cp-rc\\_e.asp](http://www.tbs-sct.gc.ca/report/govrev/05/cp-rc_e.asp)



## 1.6 Context

The Agency's priorities, as well as its overall intervention in regional development, are intended to be a response to the context of socio-economic development of Quebec and its regions, and to internal management challenges. This section presents this development context and identifies the issues, risks and opportunities in whose context the Agency operates.

### 1.6.1 Strategic directions 2006-2011

This Report on Plans and Priorities marks the beginning of implementation of the Agency's strategic directions for 2006-2011. These directions constitute the Government of Canada's long-term strategy for meeting the challenges of regional development in Quebec. These challenges stem primarily from complex international phenomena: globalization of trade, increased competition from emerging economies, more rapid changes on the technology and knowledge front, territorial recomposition through increased urbanization, and so on. The impact of these phenomena in Canada and Quebec is multi-faceted and worrisome: greater pressure to increase productivity, develop and commercialize innovations and bring knowledge to the world; devitalization of certain areas associated with relocation or closing of enterprises, etc. Through focussing its intervention and investment on the vitality of communities, SMEs' competitiveness and regions' competitive positioning, the Agency intends to energize Quebec's regions and thus contribute to their prosperity and a lasting improvement in their residents' quality of life and standard of living.

#### **Vision for development**

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.

The new strategic directions are built primarily on implementation of an integrated development approach based on four interrelated dimensions:

- **global:** takes the economic, social, environmental and cultural dimensions into account in the planning and drafting of departmental and regional strategies
- **horizontal:** incorporates federal partners' expertise, capabilities and means, thus fostering cooperation and collaboration in order to meet the regions' needs more closely

- **territorial:** is based on differentiated, consistent strategies reflecting four types of areas while paying special attention to vulnerable communities located in those areas
  - Metropolitan Montréal
  - the major urban centres of Québec and Gatineau
  - central areas
  - outlying areas
- **participatory:** elicits participation, takes expectations into account and draws on the competencies and experience of the economic agents concerned in order to inform the development and implementation of policy, strategies, initiatives, programs and services.

The Agency will take advantage of the expiration in 2007 of its two main programs, IDEA-SME and RSI, to update its program framework from this year so as to ensure effective implementation of the strategic directions.



G rard Duval and Martin Gu rin   Le Qu bec en images, CCDMD

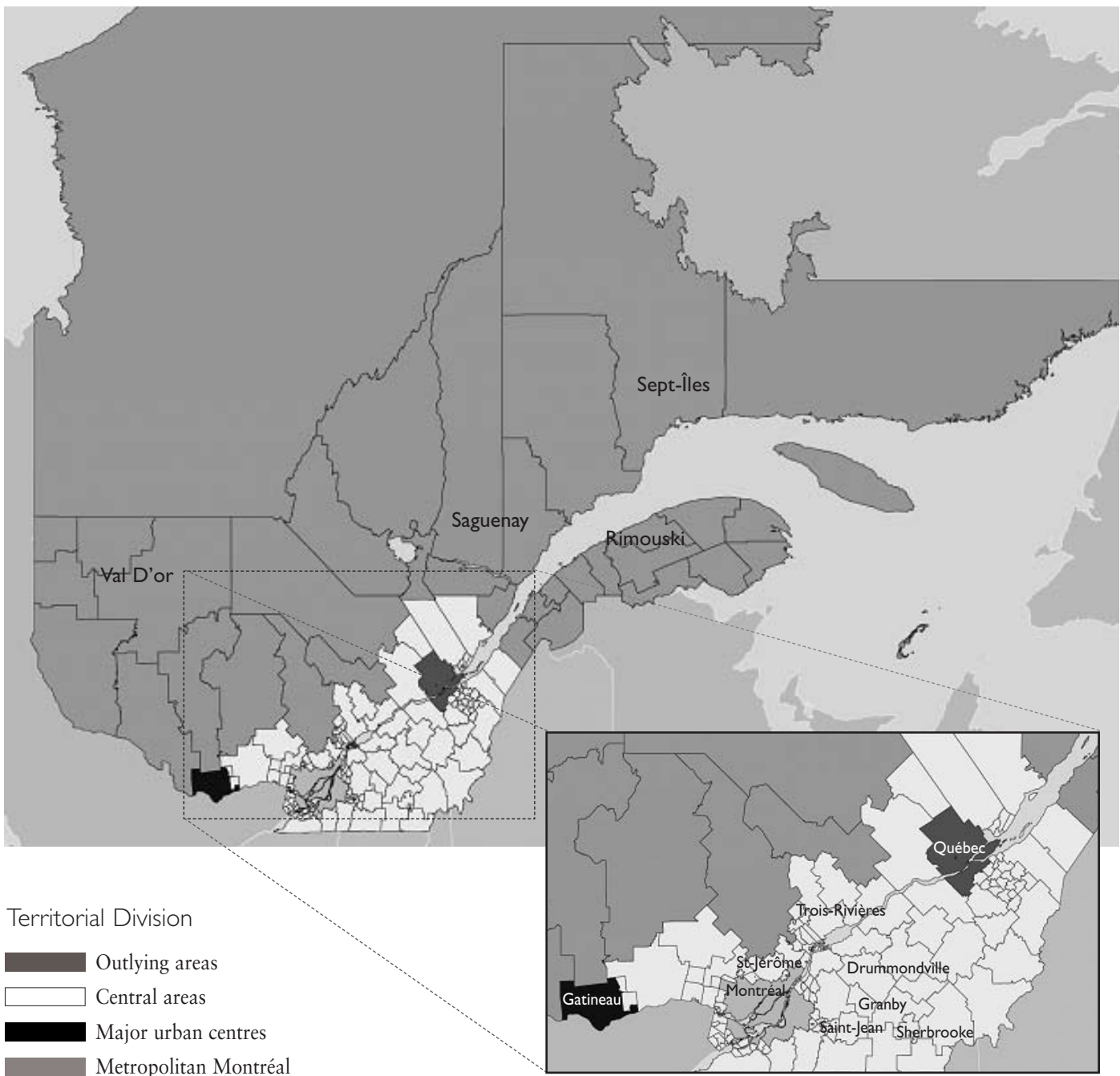
## 1.6.2 External factors

Overall, the Quebec economy is maintaining its growth rate despite a context of intensified global competition, particularly from emerging markets, such as China and India. Owing to Quebec's industrial structure, the province nonetheless has in some respects fallen behind the Canadian average: lower employment levels, backwardness in terms of productivity and technological intensity for enterprises, SMEs more numerous in traditional sectors, regions struggling with adjustment difficulties, caused particularly by socio-economic shocks (enterprises closing and relocating, moratorium on groundfish, lumber crisis, and so on). By investing in the vitality of communities, the Agency seeks to reinforce communities' capacity to take their own development in hand, meet their challenges and energize themselves.

Market globalization, while affording new business opportunities, entails adjustment issues for Quebec's SMEs and regions. Doing business on a global scale is complex and risky. On the one hand, to maintain and increase Quebec's competitiveness, enterprises must meet the challenge of constantly developing their strategic capability in management, innovation and market development, and their capacity to develop and get the most from their networks. On the other hand, the regions' competitive position involves development and consolidation of links among knowledge institutions, enterprises and capital providers, as well as their ability to attract investment.

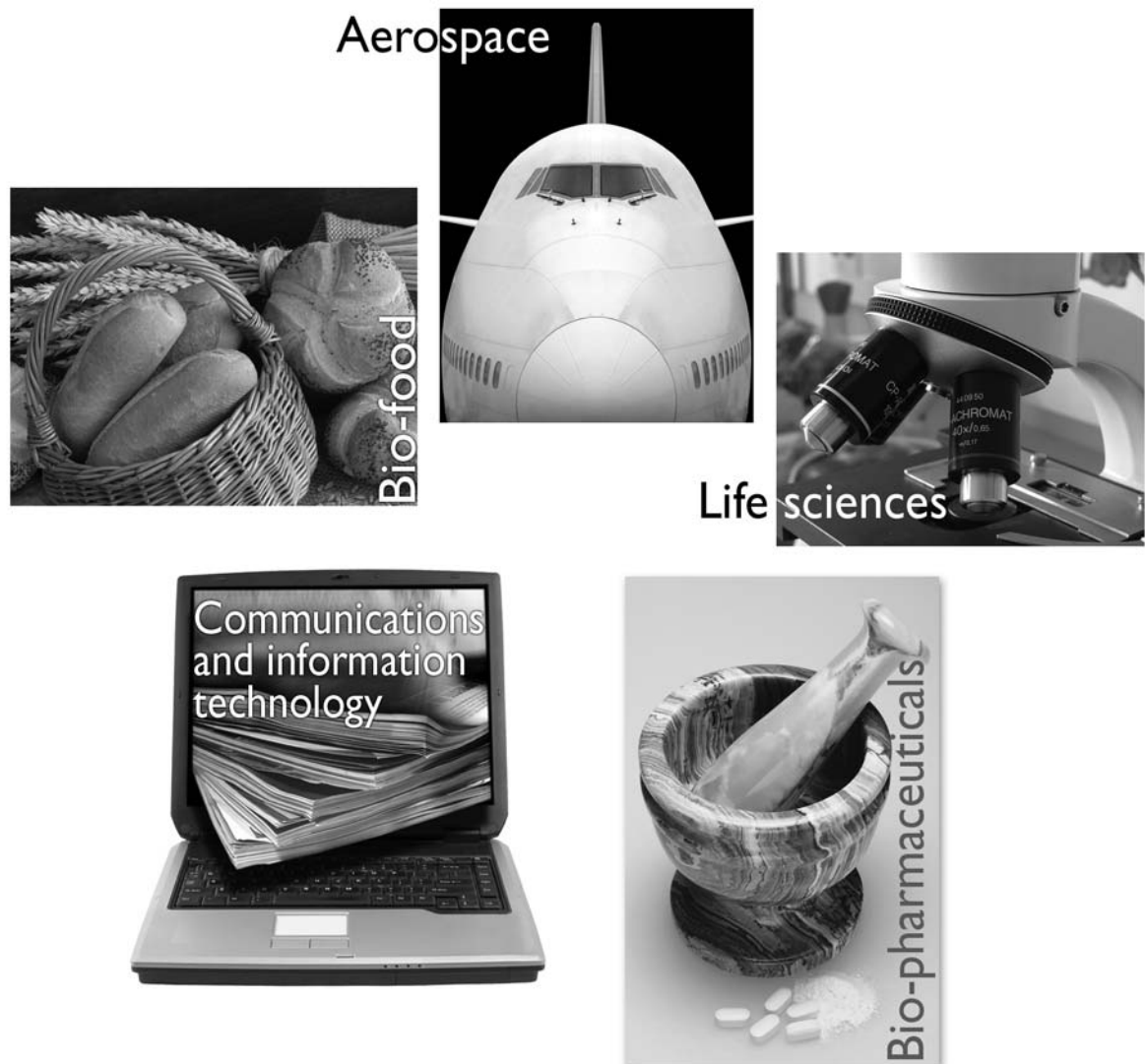
The following section presents the risks and challenges of and opportunities for development, which indeed vary considerably from one part of Quebec to another. The map below shows how Quebec breaks down geographically in terms of similar socio-economic issues.

## Quebec areas and socio-economic issues



### *Metropolitan Montréal*

The Montréal census metropolitan area (CMA) accounts for approximately half of Quebec's population and enterprises. It rivals major cities worldwide. Maintaining and developing its vitality and competitiveness in a lasting way are continual issues for Metropolitan Montréal. Successfully attracting and retaining the best talent (qualified workers, as well as immigrants and enterprises) represents a constant challenge of concern to the partners in its development. The Montréal CMA, like many other metropolitan areas, is also faced with specific risks and issues associated with the environment (highway congestion and smog), safety and renewal of its public infrastructure. The CMA's vitality involves injecting economic and social dynamism into disadvantaged neighbourhoods so as to reduce spatial polarization, and also reinforcing attraction and outreach capabilities internationally.



Through its universities, numerous research centres and 2,000 or so research and development (R&D) institutions, Greater Montréal has become a hot-spot R&D centre in Canada. Its huge port, extensive highway network, far-reaching rail links and easy access to other markets enable Montréal to benefit from globalization. Its competitive edge lies in its ability to adjust quickly to innovations, find and bring together skilled human resources and put in place networks combining knowhow and technology. The Agency intends to support the intensification of productive links among innovation players with a view to enhancing commercialization of innovation, and also intends to showcase the quality of research so as to attract direct foreign investment.

**Cluster:** group of enterprises and institutions sharing the same area of competency, geographically close, linked among themselves and complementary. This grouping enables enterprises to benefit from competitive advantages.

The CMA is one of the most diversified manufacturing centres in North America, with the presence of industrial and sectoral clusters in highly competitive markets. How Montréal's competitiveness evolves is linked with the development of clusters of innovative enterprises in such sectors as aerospace, communications and information technology, biotechnology, bio-food and bio-pharmaceuticals. As mentioned in the previous section, the Agency intends to invest on a priority basis in the reinforcement of specific Montréal industrial clusters so as to promote their international positioning.

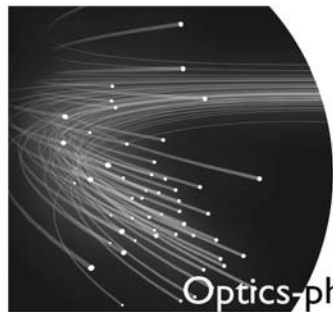
**Major urban centres: Québec and Gatineau CMAs**

The Québec and Gatineau CMAs play an important role in Quebec's dynamism and prosperity, and afford their residents a remarkable quality of life. The development of these CMAs is built on the presence of provincial and federal seats of government, universities, research centres, emerging enterprises in technological sectors, a highly educated population and international-calibre tourism infrastructure.

Health and nutrition



Computer technology



Optics-photonics



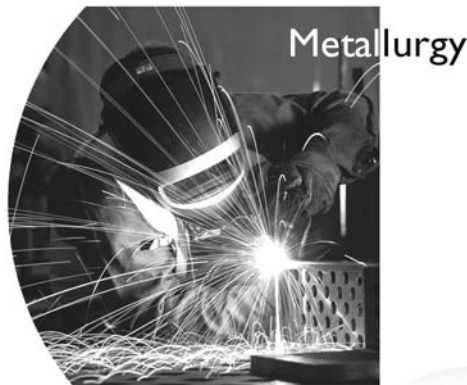
Medical Equipment



Their manufacturing sector, however, comprises mostly medium- and low-technology enterprises having difficulty contending with their competitors on an international scale. Diversification of their economic structure and consolidation of their entrepreneurial dynamism in technological sectors are the issues recognized by these CMAs' development players. The Agency intends to pursue integration of the tourism offering in these CMAs in order to enhance international marketing of attractions. The Agency also intends to focus its efforts on development of highly innovative sectors and build on networking and valorization of research, notably with knowledge institutions, in order to increase enterprises' strategic capabilities and enable them to take greater advantage of business opportunities.

### Central areas

The central areas consist of urban and rural communities located between an hour and an hour and a half by road from the Montréal or Québec metropolitan areas. They include urban centres of more than 100,000 inhabitants, such as Sherbrooke and Trois-Rivières, and important smaller urban centres, such as St-Jean-sur-Richelieu, Drummondville, Granby, Saint-Hyacinthe and Sorel-Tracy. The manufacturing sector of these areas is diversified, accounting for a major share of the economic structure, but posts a heavy concentration of low- or medium-technology industries.



Improving manufacturing SMEs' productivity is a key issue for maintaining the central areas' economic strength. Adoption of new technology is a determining challenge for enterprises to be able to face international competition. Manufacturing SMEs located near major urban centres are likely to enjoy an advantage insofar as they can benefit from specialized business services, which are often concentrated in major centres.

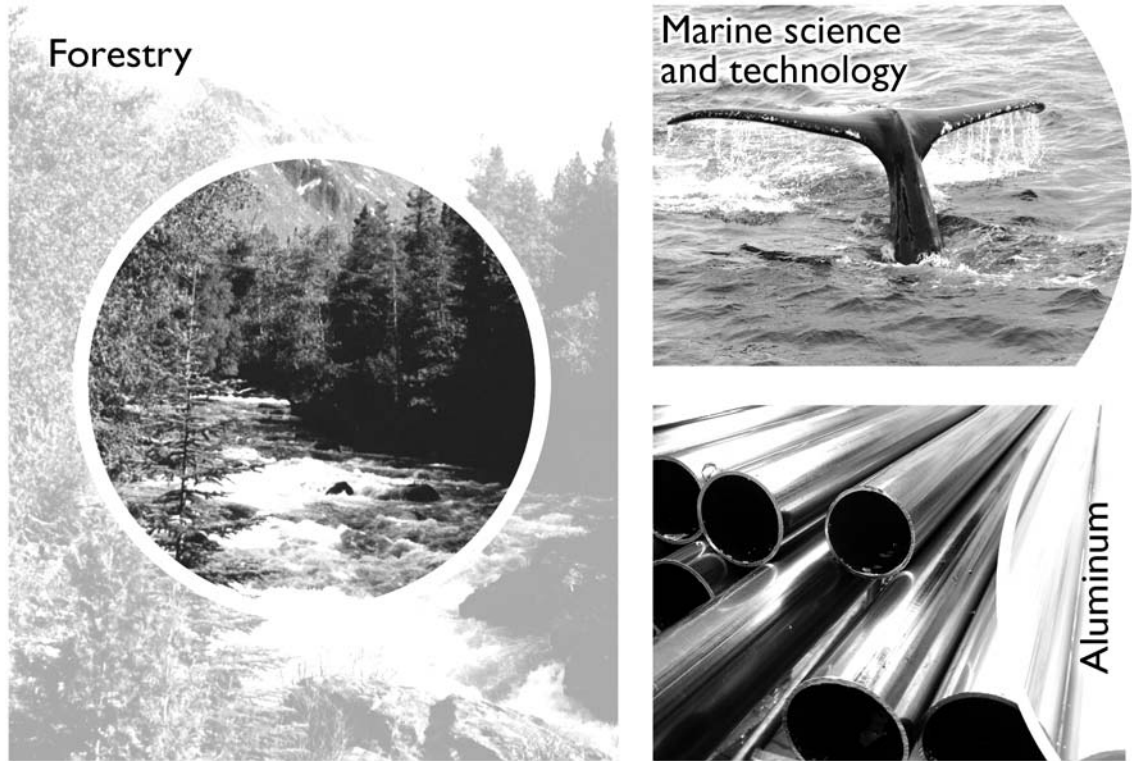
To develop, the central areas can build on emerging centres, some of which present the potential to become competitive Canada-wide. Consolidation and reinforcement of industrial production involves in particular the intensification of contact between knowledge producers and enterprises. Sherbrooke and Trois-Rivières are also building on the presence of universities and on research and technology transfer centres to support their economic development. The Agency intends to energize communities in these areas by reinforcing development capabilities and entrepreneurship and enhancing their specific assets. It also wishes to reinforce these areas' competitiveness by facilitating the adjustment and consolidation of their economic base, notably by enhancing SMEs' performance and placing greater emphasis on the importance of knowledge.

### Outlying areas

**Local development:**  
communities take charge of their own development by valuing entrepreneurship and fostering the emergence, development or maintenance of viable enterprises of local or regional scope and social economy enterprises.

Outlying areas cover a vast surface area, present low population density and are far from major urban centres and markets. They are less diversified and thus more at-risk from the vagaries of the economic situation. The natural resources sector also plays a predominant role. But new resource management policy is generating ever more stringent requirements with respect to environmental protection, and this represents an additional adjustment challenge for communities in these areas. The natural resources sector uses *capital-intensive* technology and creates a limited number of jobs. The challenge is accentuated by the actual or anticipated exhaustion of natural resources in many communities. In such a context, development agents agree that the appropriate strategy is to develop new key sectors so as to diversify these areas' economic base and thus mitigate the situation. To reinforce these areas' competitiveness, the Agency intends to facilitate the consolidation, reconversion and diversification of the economic base as well as the transition toward higher value-added transformation and production activities.

Some regions involve their universities in the regions' own development: Saguenay (Chicoutimi, UQAC), Abitibi-Témiscamingue (Rouyn-Noranda, UQAT) and Bas-Saint-Laurent (Rimouski, UQAR). The university towns in outlying areas are closely linked with economic activities based on use of their region's natural resources, and play a central role in those areas' innovation systems. These towns also constitute economic, financial and commercial centres for neighbouring communities and regions.



Raymond Lévesque © Le Québec en images, CCDMD

Many communities in the outlying areas are experiencing a population decrease. Attracting and retaining skilled labour is a demanding challenge. A strong feeling of belonging can be conducive to mobilizing certain communities. This mobilization is an essential condition for the development which the Agency intends to enhance. To help these communities meet these challenges and grasp these opportunities, the Agency wishes also to reinforce local leadership and development capabilities.

### *Vulnerable communities*

Within the four areas mentioned above, some communities are also faced with special challenges and risks. Communities deemed vulnerable are characterized by the presence or anticipation of economic crises. These communities are subdivided into three categories, on the basis of specific characteristics: **single-industry**, **isolated rural**, and **devitalized urban**.



In Quebec there are several dozen single-sector or **single-industry communities** that are therefore potentially vulnerable to significant economic reversals should the principal employer close down or the dominant economic activity contract. Many of these communities depend on natural resources — forestry, mining or fishing — and are vulnerable to the rapid erosion of or reduction in those resources. The closing of the main company or decline of the dominant economic sector in small, remote communities is likely to have a major impact on local firms, individuals and the community. Minimizing the risks associated with this dependence is the challenge facing these communities.

**Isolated rural communities** are generally small in terms of population, market and labour pool, are quite isolated from major urban centres and exhibit little diversification. They also afford limited job opportunities and are not a major draw for investors and immigrants. Sources of capital to support local entrepreneurship are limited, and production and investment decisions are often made by non-residents. Specialized business services and infrastructure are lacking, and this adds to the difficulty of producing locally. The challenge for these communities is to build and maintain productive relations with nearby regions.

**Devalitized urban communities** are characterized by higher-than-average unemployment, despite the availability of jobs. This situation stems from the local population's low level of schooling and limited occupational mobility, whereas these communities often rely on the presence of enterprises operating in sectors with healthy development prospects. The economic fabric suffers the after-effects of the decline in traditional manufacturing industries that has affected a large number of workers established in those communities. The main issue associated with the development of devalitized urban communities is ensuring that their populations can benefit from economic growth and diversification.

In sum, for all these vulnerable communities, the Agency intends to boost their vitality by supporting development of socio-economic adaptation and adjustment capabilities so as to overcome their specific situational and structural challenges. It also wishes to intensify their diversification by facilitating the identification and enhancement of viable, sustainable new development opportunities.

### 1.6.3 Internal factors

On a quite different front, implementing the 2006-2011 strategic directions while pursuing application of the federal government's modern management program and the *Management Accountability Framework* represents a demanding in-house challenge that requires a change in corporate culture with respect to planning, procedures and management within the Agency. Taking into consideration the social, cultural and environmental dimensions in order thus to move beyond the economic outlook is also a sizeable challenge. Becoming more proactive so as to anticipate development issues and act on them highlights the need to develop new strategic capabilities on the human, relational, procedural and systemic fronts.

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With respect to human resources, implementing the *Public Service Modernization Act* entails a major change in how things are planned, and thus represents a challenge in itself within the Agency. To meet this challenge, the Agency intends to determine key risks, issues and measures on a regular basis in order to ensure that it has the capability to achieve its plans and priorities. Moreover, in line with the new needs stemming from the 2006-2011 strategic directions, the workforce analysis highlighted human resources issues, in particular the reinforcement of certain key competencies, such as the ability to draw up policies, design programs, work in networks, be multiskilled, be adaptable and be a lifelong learner.

In view of this challenge, a number of existing measures, such as personalized learning and training plans, will be enhanced through in-house and external secondments or assignments, joint development and practice and learning communities. Also, to develop its management succession, the Agency intends to encourage further training opportunities by facilitating mobility, coaching and training. Finally, periodic exercises to forecast job openings (new needs and retirements) will help improve proactivity with respect to staffing

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# 2

## ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Like all other federal organizations, the Agency presents this section of the RPP on the basis of its Program Activity Architecture. The new strategic directions will thus be reflected and explained within the framework of the PAA that is currently in effect. A new PAA was, however, recently approved by the Treasury Board Secretariat, but will come into effect only in April 2007. This will be reflected in the 2007-2008 RPP.

### Program Activity Architecture

<b>Organization</b>	ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC	
<b>Strategic outcomes</b>	<b><i>Vitality of communities</i></b>	<b><i>Enterprises' competitiveness</i></b>
<b>Program activities</b>	<ul style="list-style-type: none"> <li>■ <i>Improvement of the economic environment of regions</i></li> <li>■ <i>Improvement of community infrastructure</i></li> <li>■ <i>Provision of special adjustment measures</i></li> </ul>	<ul style="list-style-type: none"> <li>■ <i>Enterprise development</i></li> </ul>

### 2.1 First strategic outcome: *Vitality of communities*

#### 2.1.1 Program activity: *Improvement of the economic environment of regions*

Through its actions, the Agency aims for Quebec's different communities to be dynamic and to be revitalized by enjoying better socio-economic prospects. It intends to invest some \$360 million over three years in this program activity.

To increase community vitality, closely tied to improving Canadians' quality of life, the Agency intends to focus on three particular strategic objectives:

- foster the development of social capital through
  - establishment of visions and plans for development and diversification
  - local development
  - integration of target groups so as to increase local mobilization
- support communities so they can take charge of their own development through
  - emergence of new entrepreneurs
  - development and maintenance of viable enterprises of local or regional scope in order to enrich the entrepreneurial fabric
- increase communities' attraction and retention capability through
  - tourism outreach
  - the presence of assets and conditions raising the profile of the local area so as to attract and retain skilled individuals.



Guy Gauthier © Le Québec en images, CCDMD

For instance, with the 400<sup>th</sup> anniversary of Québec in 2008, this region will see major celebrations with a high potential for international visibility and economic spinoffs. The Agency will act as manager of the funds allocated to the St. Lawrence River waterfront development work. This project, which will constitute the Government of Canada's principal real property bequest in commemoration of this significant anniversary, will help increase access to the St. Lawrence, and that will improve Metropolitan Québec's tourism offering and the quality of the local environment for many years to come.

Moreover, in connection with community vitality (integration of target groups) and under section 41 of Part VII of the *Official Languages Act*, the Agency also aims to foster the economic development of official language minority communities in the regions of Quebec. It thus wishes to encourage increased participation by the English-speaking clientele in their communities' economic development. It intends to pursue implementation of its *2004-2005 to 2007-2008 Action Plan* and develop a new action plan in line with its new strategic directions.

### **Improvement of the economic environment of regions**

#### **Resources**

Planned spending (\$ thousands)

	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
Grants and contributions	106,538	105,940	91,718
Operations <sup>1</sup>	18,879	18,751	18,851
<b>Total</b>	<b>125,417</b>	<b>124,691</b>	<b>110,569</b>

*Note:*

1 Including salaries, fringe benefits, and apportioned corporate services.

### **Improvement of the economic environment of regions**

#### **Main planned results<sup>1</sup>**

<b>SOCIAL CAPITAL</b>	<b>LOCAL DEVELOPMENT</b>	<b>ATTRACTIVE MILIEUS</b>
<p>Development initiatives and projects generate economic and social spinoffs within communities.</p> <p>Community members pursue a development vision and plan and implement the initiatives stemming from them.</p> <p>Groups marginalized in development participate in regional development initiatives and structures.</p>	<p>Communities benefit from new enterprises that generate employment and wealth, contributing to diversification of the economic base.</p> <p>Entrepreneurs carry out their corporate projects.</p>	<p>Communities are attractive, they attract, and lead to longer stays by, tourists, skilled individuals (skilled labour or individuals from the creative class) and international organizations. This helps generate economic and social spinoffs within the communities.</p> <p>Communities are recognized for their distinctive character, brand image or outreach.</p>

*Note:*

1 Complete results chains will be specified over the coming year.

**Social capital:** social capital refers to the networks of social relations that may provide individuals and groups with access to resources and supports.

**Attractive milieus:** communities with relatively high vitality and openness to the world which can thus increase their attraction capability through outreach and the quality of the tourism offering, and through the presence of assets which raise their profile so as to attract and retain tourists and skilled individuals

## 2.1.2 Program activity: *Improvement of community 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 MRIF is jointly administered by the Agency with the Quebec *ministère des Affaires municipales et des Régions*, which is the fund's prime contractor. The MRIF's priority is to target small municipalities (fewer than 250,000 inhabitants) for water supply and wastewater infrastructure projects. The federal budget envelope for 2005-2008 is \$192 million, and breaks down as follows:

- \$140 million for green municipal infrastructure (drinking water and wastewater)
  - \$2 million for knowledge development
  - \$50 million for local or regional development support infrastructure.
-

The ICP targets the renovation, replacement or construction of infrastructure. Its goal is thus to enhance Quebecers' quality of life, through investment that secures environmental quality, supports long-term economic growth, upgrades community infrastructure and contributes to putting in place 21st-century community infrastructure through the adoption both of better technology and practices and of new approaches. The program has three components, corresponding to three of the Agency's program sub-activities:

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



Under this program, the Agency, in conjunction with the Government of Quebec, provides financial assistance to municipalities, inter-municipal boards, non-profit organizations, and enterprises. Under the terms and conditions of the ICP, as amended in July 2005, disbursement may be spread over the period until March 31, 2009. The nature and scope of infrastructure projects supported will continue to generate long-term results. As presented in the following table, the grant and contribution expenditures the Agency plans to make in support of the development of community infrastructure will reach some \$89 million in 2006-2007. Sums not spent in a given year are automatically transferred to subsequent years. As to the MRIF, since the Agency is simply acting as the delivery agent, only the operating budgets are allocated to it, and these are accounted for in the table below.

### **Improvement of community infrastructure**

#### **Resources**

Planned spending (\$ thousands)

	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
Grants and contributions	86,662	—	—
Operations <sup>1</sup>	2,589	2,785	2,548
<b>Total</b>	<b>89,251</b>	<b>2,785</b>	<b>2,548</b>

*Note:*

<sup>1</sup> Including salaries, fringe benefits, and apportioned corporate services.

<b>Improvement of community infrastructure</b>		
<b>Main planned results</b>		
<b>COMPONENT 1: Drinking water and wastewater infrastructure</b>	<b>COMPONENT 2: Local transportation infrastructure</b>	<b>COMPONENT 3: Projects with economic, urban or regional impact</b>
Municipalities have quality drinking water.	Cities and municipalities benefit from safe transportation infrastructure and contribute to reducing congestion and pollution.	Maintenance and renewal of assets enhance the base of communities' economic activity.

### 2.1.3 Program activity:

#### *Provision of special adjustment 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 a balance or economic 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. At the start, CANtex aimed to support activities fostering increased productivity, such as production process re-engineering activities. Following the December 14, 2004, announcement of additional measures to encourage the textile and apparel industries further, a new component was added to CANtex, in order to foster the transition from traditional textile production to innovative or value-added textiles. This new CANtex II or transformative component enables enterprises to acquire equipment and perform commercial promotion activities in order to convert part of their traditional production into advanced production. Since the new component was launched only in Fall 2005, part of the funding received was deferred to 2006-2007.



**Provision of special adjustment measures****Resources**  
Planned spending (\$ thousands)

	2006-2007	2007-2008	2008-2009
Grants and contributions	20,110	10,112	2,703
Operations <sup>1</sup>	1,023	1,048	603
<b>Total</b>	<b>21,133</b>	<b>11,160</b>	<b>3,306</b>

Note:

1 Including salaries, fringe benefits, and apportioned corporate services.

**Provision of special adjustment measures****Main planned results**

The communities assisted mitigate economic shocks.

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

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

## 2.2 Second strategic outcome: Enterprises' competitiveness

### 2.2.1 Program activity: *Enterprise development*

The Agency's second strategic outcome reads as follows: *Quebec SMEs and regions are more competitive*. Canadians' standard of living is thus raised through lasting strategic investment in the capability of regions, networks, knowledge institutions, and SMEs to compete Canada-wide and globally.

A single program activity, *Enterprise development*, is associated with this strategic outcome, in line with the PAA currently in effect. This outcome is intimately linked to Canadians' and communities' standard of living. The Agency intends to act primarily on three specific strategic objectives:

#### SMEs

- foster an increase in strategic capability with respect to management, innovation, adoption of advanced technology, market development, and integration with globalized production chains
- foster support for organizations dedicated to enhancing SMEs' strategic capability
- facilitate the structuring of clusters to improve SMEs' performance and make easier their adjustment to the new environment.

#### Competitiveness poles

- develop and consolidate regional poles and international-calibre poles of excellence through intensification of productive links among innovation players in order to improve the performance and outreach of innovation commercialization efforts.

#### International promotion of the regions

- foster regions' international competitiveness through concerted, integrated promotion of identified location factors in order to attract direct foreign investment.

Through this program activity, the Agency aims to make Quebec's regions and SMEs increasingly prosperous.

### ***Enterprise development***

#### **Resources**

Planned spending (\$ thousands)

	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
Grants and contributions	117,855	112,703	115,478
Operations <sup>1</sup>	27,939	26,236	26,370
<b>Total</b>	<b>145,794</b>	<b>138,939</b>	<b>141,848</b>

*Note:*

1 Including salaries, fringe benefits, and apportioned corporate services.

**Competitiveness poles:**

combination, in a given geographical area, of enterprises, training centres and public or private research units engaged in a partnership approach so as to derive synergy from innovative projects.

**Regional poles:**

subsets of competitiveness poles whose success is measured in terms of links between enterprises and research institutions enabling enterprises to incorporate innovations into their processes and products.

**Poles of excellence:**

subsets of competitiveness poles whose achievement of excellence is built on international and national research and development outreach and successes with respect to commercialization of innovation.

<b>Enterprise development Main planned results</b>		
SMEs	COMPETITIVENESS POLES	INTERNATIONAL COMPETITIVENESS OF THE REGIONS
SMEs are high-performance and competitive, and this contributes to generating conditions conducive to sustainable growth.	Technological and commercial alliances exist among knowledge players. Innovation commercialization processes generate economic and social spinoffs in the medium and long term.	Competitive regions contribute to raising Canada's profile. Competitive regions attract foreign investment, particularly in key high value-added sectors.

*Note:*

1 Complete results chains will be specified over the coming year.

## 2.3 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. Also, since its main programs are certified ISO 9001: 2000, in a spirit of continuous improvement the Agency is also conducting quality audits, confirming the application, on the one hand, of *Departmental Quality Management Policy* and, on the other hand, of the procedures adopted.

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 2006-2007, in the first year of implementation of its new strategic directions, the Agency will work primarily to adjust its performance measurement strategy so as to include new performance indicators in it as well as new data collection methods and sources. Also, having completed most of the evaluations scheduled in its five-year review plan, the Agency will develop a new multi-year review plan while working to establish benchmarks for measuring and monitoring results over time.

As to internal audit activities, the Agency conducted an initial identification of its main risks in 2001, which it updated in 2002. It will conduct a new exercise in 2006-2007. This risk definition exercise will make it possible, among other things, for the Agency to develop and update its risk-based audit frameworks for its programs, as well as its departmental evaluation plan. In addition, the Agency will carry out several audits, including an exercise concerning the Social Economy Initiative in Quebec and the Infrastructure Canada Program.

As in past years, the Agency will continue to improve the quality of the reports it produces for Parliament and Canadians. In that regard, for the first time since its constituent act came into force in October 2005, it will be tabling a comprehensive evaluation report in Parliament in December 2006.

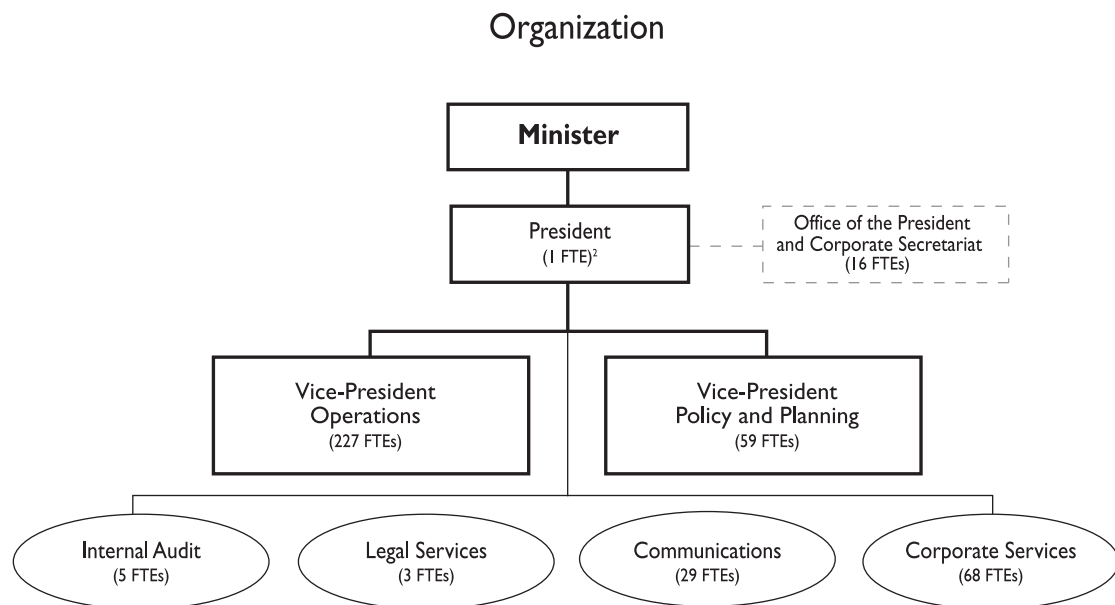
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# 3

## ADDITIONAL INFORMATION

### 3.1 Information on the organization

#### Economic Development Agency of Canada for the Regions of Quebec<sup>1</sup>



*Notes:*

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

In 2006-2007, the Agency will have the equivalent of 408 full-time employees in its business offices across Quebec, its office in Gatineau ensuring liaison with the federal government, and its Head Office in Montréal.

## 3.2 Financial tables

### 3.2.1 Departmental planned spending and full-time equivalents

<i>(\$ thousands)</i>	Forecast spending 2005-2006	<b>Planned spending 2006-2007</b>	Planned spending 2007-2008	Planned spending 2008-2009
Enterprise development	118,569	<b>145,794</b>	138,939	141,848
Improvement of the economic environment of regions	84,688	<b>125,417</b>	124,691	110,569
Improvement of community infrastructure	229,631	<b>89,251</b>	2,785	2,548
Provision of special adjustment measures	11,202	<b>21,133</b>	11,160	3,306
<b>Total Main Estimates<sup>1</sup></b>	<b>444,090</b>	<b>381,595</b>	277,575	258,271
<b>Adjustments</b>				
Governor General's warrants <sup>2</sup>	8,677	—	—	—
TB Vote 5 - Contingencies <sup>3</sup>	3,833	—	—	—
Procurement savings	—	(290)	—	—
Collective agreements	43	24	24	24
<b>Total adjustments</b>	<b>12,553</b>	<b>(266)</b>	<b>24</b>	<b>24</b>
<b>Net Planned Spending</b>	<b>456,643</b>	<b>381,329</b>	277,599	258,295
Less: Non-respendable revenue <sup>4</sup>	(42,500)	(36,000)	(42,000)	(47,000)
Plus: Cost of services received without charge	4,874	5,515	5,534	5,529
<b>Net Cost for the Agency</b>	<b>419,017</b>	<b>350,844</b>	241,133	216,824
<b>Full-time Equivalents</b>	<b>385</b>	<b>408</b>	408	408

*Notes:*

- 1 The smaller budget in 2007-2008 is attributable to the different mode of operation of the next infrastructure program. The Municipal Rural Infrastructure Fund contribution budgets will remain under the authority of the Department of Transport, Infrastructure and Communities, and funds will be advanced to the Agency at the appropriate time. The even smaller budget in 2008-2009 is attributable to a reduction in the grant to the Québec Port Authority in the context of the 400th anniversary of Québec.
- 2 A Governor General's warrant is the official instrument used to obtain appropriations when Parliament has been dissolved pending a general election.
- 3 The contingencies vote serves to supplement other appropriations so as to provide the Government with sufficient flexibility to meet urgent or unforeseen expenditures.
- 4 Details concerning non-respendable revenue are presented in table 3.2.5.

### 3.2.2 Program by activity

Spending - Program Activities  (\$ thousands)	2006-2007				
	Budgetary			Adjustments	Total Planned Spending
	Operating <sup>1</sup>	Grants and contributions	Gross Spending		
Enterprise development	27,939	117,855	145,794	(141)	145,653
Improvement of the economic environment of regions	18,879	106,538	125,417	(111)	125,306
Improvement of community infrastructure	2,589	86,662	89,251	(11)	89,240
Provision of special adjustment measures	1,023	20,110	21,133	(3)	21,130
<b>Total</b>	<b>50,430</b>	<b>331,165</b>	<b>381,595</b>	<b>(266)</b>	<b>381,329</b>

Note:

1 Including contribution to employee benefit plans.

### 3.2.3 Voted and statutory items listed in Main Estimates

Vote or statutory item	Vote or statutory wording (\$ thousands)	Current Main Estimates <sup>1</sup>	Previous Main Estimates
1	Operating expenditures <sup>2</sup>	44,693	34,128
5	Grants and contributions	331,165	405,814
(S)	Minister of the Economic Development Agency of Canada for the Regions of Quebec – Salary and car allowance	—	70
(S)	Contribution to employee benefit plans	5,737	4,078
<b>Total for the Agency</b>		<b>381,595</b>	<b>444,090</b>

Notes:

1 The 2006-2007 Main Estimates of \$381.6 million are \$62.5 million down compared with 2005-2006. This discrepancy is primarily attributable to: (1) a \$140.4 million decrease under the Infrastructure Canada Program; (2) a budget increase, as follows: \$43.6 million following the permanent increase in the budget for promotion of innovation and the knowledge economy, \$17 million to support organization of the commemoration of the 400th anniversary of Québec in 2008, and \$9.9 million for strategic investment in order to increase enterprises' competitiveness and the vitality of communities in the regions of Quebec.

2 Operating budgets have been increased to permit delivery of these new initiatives.

### 3.2.4 Services received without charge

<i>(\$ thousands)</i>	2006-2007
Accommodation provided by Public Works and Government Services Canada	3,070
Employer's contribution to employees' insurance premiums and expenditures paid by the Treasury Board Secretariat	2,415
Salary and associated expenditures for legal services provided by Justice Canada	30
<b>Total services received without charge</b>	<b>5,515</b>

### 3.2.5 Sources of non-respensible revenue by program activity

<b>Non-respensible revenue</b> <i>(\$ thousands)</i>	Forecast revenue 2005-2006 <sup>1</sup>	<b>Planned revenue 2006-2007</b>	Planned revenue 2007-2008	Planned revenue 2008-2009
<b>Promotion of the economic development of the regions of Quebec</b>				
Enterprise development	41,000	35,000	41,000	45,000
Improvement of the economic environment of regions	1,500	1,000	1,000	2,000
Improvement of community infrastructure	—	—	—	—
Provision of special adjustment measures	—	—	—	—
<b>Total non-respensible revenue<sup>2</sup></b>	<b>42,500</b>	<b>36,000</b>	<b>42,000</b>	<b>47,000</b>

*Notes:*

- 1 The exceptional amount of \$42.5 million is primarily attributable to the sums billed during the year to applicants who were in contractual default and whose contribution from the Agency must be repaid immediately.
- 2 This refers to reimbursements of repayable contributions to be billed over the next few years. The Agency's contribution budgets increased from 2002-2003 following the transfer of Canada Jobs Fund credits from Human Resources Development Canada. Consequently, since repayable contributions will begin to come due in 2006-2007, revenue in the next few years will increase accordingly.



### 3.2.6 Details on transfer payments programs

<b>Programs</b> <i>(\$ thousands)</i>	Forecast spending 2005-2006	<b>Planned spending 2006-2007</b>	Planned spending 2007-2008	Planned spending 2008-2009
<b>Grants</b>				
Innovation, development of entrepreneurship and access program for SMEs (IDEA-SME)	300	300	300	300
Grant to Québec Port Authority	—	16,770	21,755	4,700
<b>Total grants</b>	300	17,070	22,055	5,000
<b>Contributions</b>				
Innovation, development of entrepreneurship and access program for SMEs (IDEA-SME)	82,035	86,306	76,888	80,068
Regional Strategic Initiative (RSI) program	94,654	93,703	93,345	95,320
Community Futures Program (CFP)	18,500	25,994	26,355	26,808
Canadian Apparel and Textile Industries Program (CATIP) – CANTex component	2,757	20,110	10,112	2,703
Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy	2,438	1,320	—	—
Infrastructure Canada Program Canada–Quebec Agreement 2000	218,082	86,662	—	—
<b>Total Contributions</b>	418,466	314,095	206,700	204,899
<b>Total</b>	418,766	331,165	228,755	209,899

### 3.3 Sustainable Development Strategy

In 2006-2007, the Agency will pursue the commitments it made in the *Sustainable Development Strategy 2003-2006*, as described in the action plan on the following page. The Agency will foster the development and integration of innovation strategies, both within enterprises and in terms of production of green products and technology. More specifically, the Agency intends to develop SMEs' environmental innovation capability and encourage the adoption of green technology with a view to enhancing their productivity and eco-efficiency. As to the in-house component, the Agency will focus its efforts on greening by reducing its paper use in particular. Results will be measured by the level of paper use and the level of recycling through a diagnosis the Agency will perform during the year.

In December 2006, the Agency will table its fourth *Sustainable Development Strategy* (SDS), for 2006-2009. This strategy will present to Canadians the commitments made by the Agency for the next three years to support its sustainable development objectives.



Gaétan Beaulieu © Le Québec en images, CCDMD

The Agency aims, in drawing up this fourth SDS, to align its sustainable development objectives with the strategic directions for 2006-2011. These directions adopt an integrated development approach, that is, an approach which takes the economic, social, cultural and environmental dimensions into consideration from the program and policy design stage. These directions and this integrated approach are described in Section 1.

The strategic goals anticipated for this fourth SDS concern both the Agency's external and its in-house activities. With respect to its external activities, it intends to help Quebec's SMEs, regions and communities position themselves favourably in the 21st-century green economy and enhance the quality of life of their respective milieus. With regard to its in-house activities, the Agency intends to apply the principles of sustainable development in its decision-making processes and to be a highly dynamic and responsible organization in terms of taking environmental best practices on board.

**SUSTAINABLE DEVELOPMENT STRATEGY**  
*Action Plan 2003-2006*

**1. INTERNAL COMPONENT****Goal**

To make the Sustainable Development Strategy a tool for change within the organization to further integrate sustainable development concerns in day-to-day operations.

**Objectives**

- empower staff
- promote sustainable development
- continue greening
- ensure better environmental reporting.

**2. EXTERNAL COMPONENT****Goal**

To play a strategic role in advancing understanding and taking ownership of the principles of cost-effective sustainable development within SMEs and the regions of Quebec, and with the Agency's different partners, both private and public, in a perspective of financial, economic and social viability.

**Objectives**

- encourage and help SMEs to adopt sustainable development practices in their operations
- foster development and commercialization of innovations in sustainable development
- foster development, dissemination and sharing of knowledge with respect to sustainable development to contribute to development and reinforcement of knowledge-based competitive advantages.

**3. IMPLEMENTATION OF THE SDS — PARTNERSHIPS****Objective**

To reinforce existing partnerships and better coordinate Agency efforts with the different partners in Quebec.



The *Sustainable Development Strategy – Action Plan 2003-2006* may be consulted at:  
[http://www.dec-ced.gc.ca/Complements/Publications/Strategie-EN/SDD\\_2003-2006\\_en.pdf?action=click&pid=PDF&uid=SiteWeb](http://www.dec-ced.gc.ca/Complements/Publications/Strategie-EN/SDD_2003-2006_en.pdf?action=click&pid=PDF&uid=SiteWeb)

## 3.4 Internal audit and evaluation

In 2005-2006, the Agency completed by far the majority of the internal audit and evaluation exercises in its five-year (2001-2006) review plan. During FY 2006-2007, backed by the results of a new exercise to determine the main departmental risks, it will draw up a new multi-year plan for internal audits and evaluations that will meet the information requirements of corporate managers and government management and reporting requirements, as expressed, for instance, in the Treasury Board Secretariat *Management Accountability Framework*.

This new plan, in its first year of implementation, will include work to benchmark planned results in several areas of intervention. Among other things, this work will enable the Agency to:

- target its planned results more closely
- set implementation benchmarks
- gauge the effectiveness of its intervention over time
- make adjustments accordingly
- more accurately determine its impact on regional development in Quebec.

The following table presents some reviews that should be completed in 2006-2007. As soon as the Agency has adopted its new multi-year plan, other reviews will be added to this list.

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## INTERNAL AUDIT EXERCISES

### Audit of the Social Economy Initiative in Quebec

- In its 2004 budget, the Government of Canada announced the launch of the Social Economy Initiative. The announcement included funding for the implementation of measures to:
  - reinforce community economic development capabilities
  - increase loans to social economy enterprises
  - give those enterprises access to existing development programs.

In the context of implementation of this initiative in Quebec, the Agency has undertaken to conduct an audit in 2006-2007 to examine the controls associated with management of the contribution program put in place to reinforce social economy capabilities.

### Audit of the Infrastructure Canada Program

- This program is funded by three levels of government (federal, provincial and municipal). Each year, to ensure that each level of government is meeting its commitments, a joint audit is conducted by the Governments of Canada and Quebec, covering the departments involved in delivering the program.

### Audit of the Canada Business Service Centres initiative

- The Agency provides financial support for two bodies which provide business intelligence to Quebec enterprises. As stipulated when this initiative began, the Agency's internal audit team will audit these bodies and the departmental branch responsible for the initiative in order to ensure that all the parties are complying with the clauses of the funding agreement.

### Audit of application of the *Official Languages Act* within the framework of the Community Futures Program

- In May 2005, the Office of the Commissioner of Official Languages released an audit report concerning the services offered by organizations supported by the Community Futures Program (CFP) located in designated bilingual regions of Canada. In the wake of this report, the Agency undertook to put measures in place to upgrade the services offered to Quebec's English-speaking communities. One of these measures involves ensuring, through an expert audit, rigorous monitoring of the level and quality of services offered in English in designated bilingual Quebec regions.

## EVALUATION EXERCISE

### National formative evaluation of the capacity-building component of the Social Economy Initiative

- The *Horizontal Results-based Management and Accountability Framework* of the Social Economy Initiative (capacity-building and funding), approved by Treasury Board on November 28, 2005, provides for the tabling of a national formative evaluation of the capacity-building component during winter 2007.



# 4

## APPENDICES

### 4.1 Agency tools and programs

To promote the development and economic diversification of the regions of Quebec and achieve the outcomes from its four program activities as described in Section 2, the Agency uses and makes available to its clientele a vast array of tools and programs which enable it to intervene with respect to regional development. This range of intervention tools consists of guidance and advice, information and referrals, and financial support.

These tools, used alone or together by the Agency, contribute in particular to:

- empowering entrepreneurs and local and regional development agents; in other words, the Agency provides the latter with means and opportunities (studies, workshops and seminars) for:
  - becoming aware of the scope of the issues affecting them (awareness process)
  - acquiring skills and knowhow in various specialized fields (skills development)
  - reinforcing and broadening their business partnership networks (development of networks and business partners)
- initiating growth-generating projects, that is, identifying development potential and initiating processes aimed at local mobilization and joint action to design and implement a plan, strategy or growth-generating project for a region's development
- facilitating local participation in defining the regional development priorities and policy of the Agency and the Government of Canada
- helping the local milieu gather information and put forward regional issues to government decision-makers.



### **Guidance and advice**

For the Agency, guidance and advice involve helping entrepreneurs and local and regional development agents design and develop policy, 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 is done 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 entreprises* 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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**Economic Development Agency of Canada for the Regions of Quebec  
Programming**

<b>CORE CORPORATE MANDATE</b>	<b>Regular programming</b>
	<ul style="list-style-type: none"> <li>■ Innovation, development of entrepreneurship and access program for SMEs (IDEA-SME)</li> <li>■ Regional Strategic Initiative (RSI) program</li> <li>■ Community Futures Program (CFP)</li> </ul>
	<b>Dedicated programming</b>
	<ul style="list-style-type: none"> <li>■ Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy (payments only)</li> </ul>
<b>SPECIAL MANDATES</b>	<b>Programming under mandates from the Government of Canada</b>
	<ul style="list-style-type: none"> <li>■ Infrastructure Canada Program – Canada-Quebec Agreement 2000</li> <li>■ Canadian Apparel and Textile Industries Program (CATIP)               <ul style="list-style-type: none"> <li>– CANtex component</li> </ul> </li> </ul>

## Regular programming associated with the Agency's core mandate

The Agency's main regular programs of financial assistance are IDEA-SME, RSI and CFP. The expiration date for IDEA-SME and RSI is March 31, 2007. Completing the programming inherent in the Agency's core mandate is the Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy, which has a dedicated budget envelope. But this program is no longer active for applications received after August 23, 2005. Eligible expenditures under this program may be made until August 22, 2008.

### **Innovation, development of entrepreneurship and access program for SMEs**

The IDEA-SME program primarily targets enterprise development. Its goal is to foster the growth of business generated by enterprises in all Quebec regions by facilitating, among other things, access to relevant information, awareness of enterprises' development issues, establishment of strategic enterprises, and consolidation of their competitiveness through new business practices, innovation and commercialization. In that way, this program fosters realization of the regions' economic development potential, leading in the long term to enhanced prosperity and sustainable employment. The IDEA-SME program now has a new social economy component whereby it can fund social economy enterprises, make regional patient capital funds available to them and foster development of their competencies and capabilities.

As to planned results, the program should lead to:

- an increase in awareness of innovation, commercialization and entrepreneurship
- an increase in identification and integration of new technology
- an increase in commercialization of products arising out of innovation
- an increase in enterprises' productivity with a view to making them more competitive on the international scene
- support for testing and experimentation activities in the natural resources sector in regions whose economy is heavily resource-based
- an increase in SMEs' activities on international markets and consolidation of exporting SMEs' position
- stimulation of the emergence of initiatives aimed at enterprise startups and improvement in the business climate
- reinforcement of the competencies and capabilities of social economy enterprises.



For information:

[http://www.dec-ced.gc.ca/asp/ProgrammesServices/prg\\_idee\\_pme.asp?LANG=EN](http://www.dec-ced.gc.ca/asp/ProgrammesServices/prg_idee_pme.asp?LANG=EN)

### **Regional Strategic Initiatives Program**

This program involves developing and implementing strategies and action plans fostering the creation of a socio-economic environment conducive to reinforcing the assets and competitive advantages of Quebec regions, with a view to enabling them to realize their economic development potential, leading in the long term to lasting improvement in prosperity and employment. The program supports major initiatives likely to have a growth-generating impact on the regional economy, in response to major regional issues identified through a process of local consultation, dialogue and mobilization. The projects and activities stemming from it permit great flexibility and can take various forms, in line with the needs of a single region or a given group of regions.

The program first aims to increase the regions' technological capability so as to encourage the use of the most appropriate technologies and their adaptation by SMEs. The program helps develop the regions' tourist attraction potential, too, as well as increasing the attraction capability of international activities. It is also used to support the regions in their efforts to adjust to the new global economic environment, especially in rural areas.

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Planned results from the program include:

- an increase in the use of new technology by SMEs
- an increase in the number of foreign tourists in the regions
- an increase in the number of foreign visitors at different international events
- an increase in the number of projects concerning the regions' adjustment to the new global economic environment, notably in rural areas.

### **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 14 Community Economic Development Corporations and nine Business Development Centres.

## **Dedicated programming under the Agency's core mandate**

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

This program came to an end in August 2005. The purpose of this special measure, funded from the Agency's basic budget, was to support economic activity in the Gaspésie—Îles-de-la-Madeleine region. The program was in addition to the Agency's regular activities and gave priority to the following elements:

- enhancement of federal infrastructure
  - development of medium-sized enterprises
  - young people
  - local empowerment
  - emerging initiatives.
-

## Programming under mandates from the Government of Canada

### Infrastructure Canada Program – 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 municipal, urban and rural 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.



For information:  
<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 from contributions in order to carry out projects aimed at enhancing their competitiveness on an ongoing basis.



For information:  
<http://strategis.ic.gc.ca/epic/internet/inctp-ptc.nsf/en/Home>

## 4.2 List of acronyms

CATIP	Canadian Apparel and Textile Industries Program
CFP	Community Futures Program
CMA	Census Metropolitan Area
FTE	Full-time equivalent
FY	Fiscal year
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
NPO	Non-profit organization
PAA	Program Activity Architecture
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
TBS	Treasury Board Secretariat

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## 4.3 Agency business offices

### Abitibi-Témiscamingue

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Val-d'Or, Quebec J9P 1B9  
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2 Saint-Germain Street East, Suite 310  
Rimouski, Quebec G5L 8T7  
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Fax: 418-722-3285

### Centre-du-Québec

*Place du Centre*  
150 Marchand Street, Suite 502  
Drummondville, Quebec J2C 4N1  
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Sept-Îles, Quebec G4R 4K9  
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## Definition sources

<b>Vitality</b>	7	Economic Development Agency of Canada for the Regions of Quebec
<b>Cluster</b>	17	
<b>Local development</b>	19	
<b>Attractive milieus</b>	25	
<b>Competitiveness poles</b>	31	
<b>Regional poles</b>	31	
<b>Poles of excellence</b>	31	
<b>Quality of life</b>	7	<i>Grand dictionnaire terminologique</i> (definition translated from the French)
<b>Competitiveness</b>	9	<i>Grand dictionnaire terminologique, Dictionnaire des mots nouveaux</i> (Pierre Gilbert) and Economic Development Agency of Canada for the Regions of Quebec (definition translated from the French)
<b>Standard of living</b>	9	<i>Dictionnaire de l'Académie française</i> (definition translated from the French)
<b>Social capital</b>	25	<i>Social Capital as a Public Policy Tool - Project Report, 2005</i> (Policy Research Initiative)