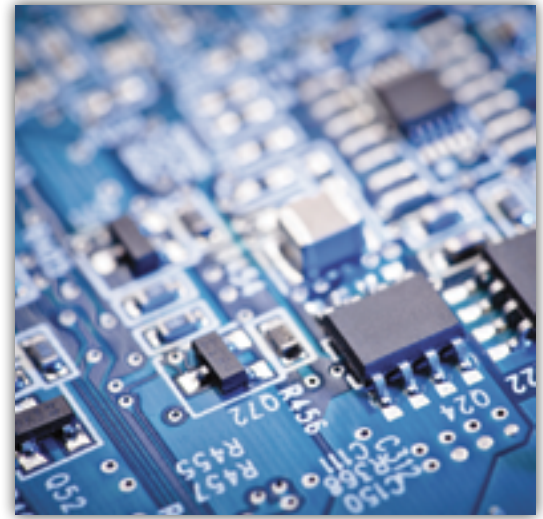




OVERVIEW

for the period ending March 31, 2011



The *Departmental Performance Report for the period ending March 31, 2011* (DPR) gives an account of the results achieved by the Economic Development Agency of Canada for the Regions of Quebec against the performance commitments set out in the *Report on Plans and Priorities 2010-2011* (RPP). The DPR reports on costs and results attained as they relate to the Agency's priorities and the strategic outcome sought during this period.

In the long term, the Agency aims to achieve the following strategic outcome: *A competitive and diversified economy for the regions of Quebec.* To attain this result, the Agency established seven priorities in 2010-2011.

- Facilitate communities' adjustment to economic shocks
- Support the economy of tomorrow by strengthening SMEs' productivity and performance
- Support communities' development
- Support regional economic development stakeholders' decision-making processes
- Increase analysis and sharing of performance information
- Continue integrating risk management into decision-making
- Renew the Agency's policy directions



Agency's RAISON D'ÊTRE

The mission of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those regions where slow economic growth is prevalent or opportunities for productive employment are inadequate. In carrying out its mission, the Agency will take measures to promote cooperation and complementarity with Quebec and the communities of Quebec.

In line with its mission, the Agency aims for all Quebec communities and small and medium-sized enterprises (SMEs) to participate to their full potential in the economy of tomorrow, building on their own assets. In the long term, they will be more competitive and innovative.



The Agency IN ACTION

The Agency aims to increase communities' vitality and reinforce the competitiveness of Quebec enterprises and regions. Through its 14 business offices and its advisors, it covers all areas of Quebec, where it acts primarily in relation to small and medium-sized enterprises (SMEs) and non-profit organizations (NPOs). The Agency offers financial assistance directly to SMEs and NPOs, as well as information and accompaniment services, while referring clientele to other federal departments and agencies, as required.

In order to promote the economic development and diversification of the regions of Quebec, and to achieve its targeted strategic outcome, the Agency had at its disposal several programs and initiatives, among others, in 2010-2011.

Programs

- *Community Diversification*
- *Business and Regional Growth*
- *Regional Development Research*

Canada-wide program implemented in Quebec by the Agency

- *Community Futures Program*

Infrastructure programs

- *Building Canada Fund*
- *Municipal Rural Infrastructure Fund*
- *Canada Strategic Infrastructure Fund*
- *Infrastructure Canada Program*

Ad hoc initiatives

- *Temporary Initiative for the Strengthening of Quebec's Forest Economies*
- *Linguistic Duality Economic Development Initiative*

Canada's Economic Action Plan (CEAP) initiatives*

- *Community Adjustment Fund*
- *Recreational Infrastructure Canada Program*

*These are the two main CEAP initiatives implemented by the Agency. Under CEAP, the Agency has also implemented the following initiatives: the *Contribution program to supply the Municipality of Shannon with drinking water*, the *Business Canada Network* and *Université Laval's Pavillon de l'éducation physique et des sports* (sports and physical education facility).



Canada's ECONOMIC ACTION PLAN

Under CEAP, the Agency obtained additional funding for Fiscal Years 2009-2010 and 2010-2011. Used as an economic stimulus, this funding is intended to create employment opportunities and implement adjustment measures in communities affected by the economic downturn. In particular, CEAP includes the *Recreational Infrastructure (RIInC)* program and the *Community Adjustment Fund (CAF)*, which was delivered through the *Community Diversification* and *Business and Regional Growth* programs.

For 2010-2011, the Agency had the following financial and human resources at its disposal:

Financial resources (in thousands of dollars)			Human resources (full-time equivalents)		
Planned spending	Total authorities	Actual expenditure	Planned resources	Actual resources	Variation
463,350	537,329	480,006	417	442	25

The Agency's performance with respect to its PRIORITIES

Priority # 1

Facilitate communities' adjustment to economic shocks

Achievements met all expectations.

- Between 2009 and 2011, the Agency supported 231 projects through the CAF for which contribution expenditures amounted to \$81 million. Seven Canada-Quebec Agreements – *Job Creation Initiatives*, toward which the Agency provided \$119 million, were also implemented under the CAF.
- Since RInC began, the Agency has supported 209 projects for which contributions of some \$62 million were made.

Priority # 2

Support the economy of tomorrow by strengthening SMEs' productivity and performance

Achievements met all expectations.

- In 2010-2011, the Agency contributed to strengthening SMEs' productivity and performance by concluding 169 new contribution agreements, for \$160.6 million in authorized financial assistance. These new projects build on strengthening the commercialization of innovation and creating innovative enterprises.

Priority # 3

Support communities' development

Achievements met all expectations.

- In 2010-2011, the Agency concluded 144 new contribution agreements, for \$73.7 million in authorized financial assistance. These represent new projects aimed at supporting the creation of viable SMEs of local or regional scope, and projects contributing to increasing communities' attraction capability through the development of a distinctive tourism offering and the presence of community facilities.

Priority # 4

Support regional economic development stakeholders' decision-making processes

Achievements somewhat met expectations.

- In 2010-2011, the Agency concluded five contribution agreements in support of regional economic study projects, representing \$315,000 in authorized financial assistance.
- The dissemination of knowledge on the challenges, issues and best practices in regional development will be carried out once the study projects are completed.

Priority # 5

Increase analysis and sharing of performance information

Achievements mostly met expectations.

- The Agency continued to implement its performance measurement strategy. It provided reliable performance data, contributing to policy design, drafting of the summative evaluation of the *Community Diversification* and *Business and Regional Growth* programs, and completion of the 2010 strategic review.
- The performance data provided and the subsequent analysis conducted also influenced the renewal of the Agency's *Strategic Framework* and Program Activity Architecture. Over the next few years, the Agency will be placing greater emphasis on broader internal circulation of program performance data.

Priority # 6

Continue integrating risk management into decision-making

Achievements met all expectations.

- In line with the requirements of the *Management Accountability Framework*, the Departmental risk profile was updated and integrated with the RPP and DPR 2010-2011 and with the Agency's integrated planning process and *Governance Framework*.
- A pilot project was completed to deploy a new risk-based claims processing procedure aimed at contributing to reducing the administrative burden on promoters. The statistical model and the technological solution adopted in the short term were tested.

Priority # 7

Renew the Agency's policy directions

Achievements met all expectations.

- A dedicated team, supported by a directors' committee, has drawn up a new strategic framework for the Agency, as well as a draft Program Activity Architecture, both of which will come into effect in 2012. Agency employees were consulted within the framework of this work.

The Agency's performance with respect to its STRATEGIC OUTCOME

Strategic outcome: *A competitive and diversified economy for the regions of Quebec*

Performance indicators	Five-year target (2007-2008 to 2011-2012)	Performance 2010-2011 ¹
Impact of dollars invested by the Agency on GDP and employment	The competitiveness and economic diversification of the regions of Quebec are maintained or increased.	<p>Leverage effect²</p> <p>The amount of multiyear financial assistance approved by the Agency for supporting Quebec communities and SMEs stood at \$685.7 million and generated \$1.86 billion in investment by promoters and other funding sources. Therefore, for every dollar invested by the Agency, \$2.72 were invested by the promoter and other funding sources.</p>
Survival rate and sales of SMEs supported by the Agency		<p>Incentive aspect of assistance</p> <p>The evaluation of the <i>Community Diversification and Business and Regional Growth</i> programs indicates that without the assistance received from the Agency, it would have been impossible to carry out most of the projects.</p> <p>Survival rate³</p> <p>Enterprises receiving Agency assistance posted a higher survival rate than comparable enterprises. Thus, close to three quarters of enterprises assisted in 2002 were still in operation seven years later (2009), compared with 68.5% for enterprises in the control group.</p> <p>Sales</p> <p>During the period 2002-2009, enterprises which received financial support from the Agency posted stronger sales growth performance than a control group consisting of comparable enterprises which did not receive Agency support.</p> <p>Thus, the sales of Agency-supported enterprises rose by 72% between 2002 and 2009, whereas those receiving no Agency support saw their sales increase by an average of 47%.</p>

¹ This is based on performance information available in 2010-2011. Thus, the leverage effect is calculated on the basis of projects in progress in 2010-2011, that is, projects for which an expenditure was made during the year. As to data on SMEs' survival rate and sales, since these are results observable after projects are completed, they are calculated on the basis of projects supported by the Agency between 2002 and 2008, under the old IDEA program and the *Business and Regional Growth* program.

² The leverage effect presented in this document, as calculated by the Agency, compares financial assistance approved by the Agency with funding from the promoter and other funding sources. The leverage effect excludes funding associated with CEAP and the *Infrastructure* program activity.

³ The data presented on enterprises' survival rate and sales come from the study: *Agence de développement économique du Canada pour les régions du Québec, Étude d'impact économique (Economic impact study) 2002-2008*, Statistics Canada, May 2011.