

Report

IMPLEMENTATION EVALUATION OF THE SUPPORT INITIATIVE
FOR INTERNATIONAL CRUISE DEVELOPMENT
ON THE ST LAWRENCE AND SAGUENAY RIVERS

Approved by the Departmental Evaluation Committee
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1 Executive Summary

Introduction

In December 2008, the Economic Development Agency of Canada for the Regions of Quebec (the Agency) implemented the *Support Initiative for International Cruise Development on the St Lawrence and Saguenay Rivers*, for a five-year period. The Initiative has a total budget of \$60 million, spread out from 2008-2009 to 2012-2013. It is intended to support projects promoting international cruise line stopovers in six priority ports—Saguenay, Baie Comeau, Havre St Pierre, the Gaspé (Percé-Gaspé and Chandler), Sept îles and Cap aux Meules¹.

The Initiative takes a global approach to the development of the international cruise sector, and consists of three components, intended to:

1. improve or construct port infrastructure, works and services related to international ports of call (component 1);
2. revitalize, develop or improve tourist attractions and services near ports of call of interest to international cruise lines (component 2);
3. promote and market destinations and other related activities (component 3).

The temporary Initiative is part of the Agency's *Community Diversification* program, to which it contributes under the *Tourism and Community Facilities* sub-activity, intended to implement projects to develop and market the tourism supply, thus increasing the number of tourists from outside Quebec.

Evaluation approach

The Agency conducted an implementation evaluation in 2010². The evaluation focussed mainly on ensuring that the Initiative was being implemented in a way that allowed for the attainment of the expected results. The reference period on which data collection was based ran from December 2008 to March 2010. The findings and conclusions of the evaluation were based on the triangulation of several sources of data. The review and analysis of internal and external documentation on the Initiative and the cruise ship industry were used, together with interviews, to document the analysis component of the Initiative implementation. The data on preliminary results were drawn essentially from the Agency's information system and the review of external documentation. Between December 2008 and March 2010, that is, 16 months of activity, 27 projects were funded.

¹It should be pointed out that the Agency has not ruled out taking action in other ports of call under the Initiative.

² This commitment was made prior to the new 2009 Evaluation Policy, which no longer prescribes a formative evaluation.

Findings on implementation

Appropriateness of the implementation and management of the Initiative in its target ports of call

1. Ongoing dialogue with the communities before the Initiative was designed made it easier to identify needs and promote the Initiative. Owing to their familiarity with the community, the business offices were able to identify and contact the main cruise industry stakeholders in their regions. In this regard, the 27 projects funded under the Initiative from December 2008 to March 2010 came from 18 different proponents.
2. The project management procedures used to implement the Initiative are similar to those used in regular programming, according to the Agency directors and advisors questioned, but are tailored to the management needs of the Initiative. In this regard, most proponents questioned said they were satisfied with the administrative procedures and requirements related to the granting of funding for their project, which were made easier by the coaching provided by advisors in the business offices.
3. In terms of the availability of resources devoted to management of the Initiative, the Agency employees questioned considered them sufficient to ensure effective implementation. As of March 2010, the Agency had approved total assistance of about \$20 million for 27 projects, or 33% of the budget allocated to the Initiative.

Effectiveness of federal/provincial co-ordination mechanisms

4. During design of the Initiative, a federal/provincial co-ordination committee was identified as a means of mitigating risks related to monitoring the development of ports, but it was never officially created. Nevertheless, in order to mitigate this risk, high-level discussions were held regularly to harmonize and adjust the approach to development of this sector. Meetings were also held with a variety of players in the sector to discuss issues and challenges related to the development of international cruises on the St Lawrence. In the field, informal mechanisms to co-ordinate the government's activities in the field have been established and are well broken in. In addition, everyone consulted mentioned the co-operation between the federal and Quebec governments in the development of international cruises, which many of them consider a shining example.

Relevance of the existing performance measurements for reporting requirements

5. The performance measurement for the Initiative is identical to that of the Agency's program performance measurement framework (PMF). As for all Agency programs, there are no targets or baselines. Nevertheless, the data required to establish the baseline for the needs of the Initiative are available and will allow the extent to which the expected result, that is, an increase in the number of tourists from outside Quebec in ports of call targeted by the initiative, have been attained to be determined.

Findings on progress toward results

6. As of March 2010, the Initiative has been running for 16 months, and it is therefore too early to see concrete signs of the expected result. Nevertheless, the output from the projects funded seems appropriate in terms of attaining the expected immediate result. The types of project funded are in line with the areas of activity targeted by the Initiative. Similarly, the regional breakdown of projects supported, the types of project funded and the amount of funding are consistent with the development stage of each of the ports of call.
7. Analysis of the attainment rate of the immediate result of the Initiative does not allow for a decision on the effectiveness of the Initiative, given that projects are still under way.
8. Although the performance of the targeted ports of call cannot be attributed solely to the impact of the Initiative, it does allow progress in the sector to be measured. The number of cruise passengers thus varies from one port to another, as a result of differences in the development stages of the ports of call targeted by the Initiative.

Report and suggestions for improvement

1. All respondents said they were satisfied with the Initiative. Community stakeholders feel that the Initiative is responding to needs, since, without government intervention, it would be impossible to develop this sector. Proponents feel that the terms and conditions of the Initiative are flexible enough to allow them to design projects that meet their needs and suit their localities. Lastly, in terms of the projects funded, Agency representatives mention the quality and diversity of the projects funded so far, which have been, for the most part, projects which fuel the international cruise industry and are in line with community needs.
2. The main improvements suggested by proponents and community stakeholders are:
 - a. Give communities the time they need to come up with relevant projects which meet the needs of cruise lines;
 - b. Focus on development of the tourist services supply.
3. In terms of risk, the main factor raised on which communities can take action is related to the mobilization of the community to support development of the international cruise sector in their localities and to make their destination more attractive.

Recommendation

In order to effectively monitor the performance of the Initiative, the Agency should identify its baselines and targeted results.

2 INTRODUCTION

This document is the implementation evaluation report for the *Support Initiative for International Cruise Development on the St Lawrence and Saguenay Rivers*.

In December 2008, the Agency implemented the *Support Initiative for International Cruise Development on the St Lawrence and Saguenay Rivers*, which will end in March 2013. The budget for the Initiative, a total of \$60 million, was broken down over five fiscal years (from 2008-2009 to 2012-2013). The temporary Initiative is part of the Agency's *Community Diversification* program, one of the expected results of which is "the regions are appealing and attract tourists and investment, generating economic benefits within communities".

In accordance with the evaluation policy in effect when the Initiative was submitted, the Agency was to conduct an implementation evaluation in 2010.

This evaluation was supervised by an advisory committee made up of advisors from the Agency's Operations and Policy and Planning sectors. The committee played an advisory role with regard to the scope, analysis and validation of the conclusions and recommendations of the evaluation.

The document has five sections:

- The first section provides a profile of the Initiative and details of the components;
- The second section presents the evaluation process, explaining the methodological limitations;
- The third section sets out the findings and recommendations related to implementing the Initiative;
- The fourth section provides a profile of the Initiative's accomplishments and reports on progress toward attainment of the expected results;
- The fifth section concludes with the satisfaction of the parties involved with regard to the utility of the Initiative's terms and conditions and identification of suggestions for improvement and the risk factors which could hinder attainment of the expected results of the Initiative.

3 Structure and description of the Initiative

3.1 Economic context

Tourism is a major economic motor for Quebec. It ranks sixth among export products and accounts for 2.8% of the GDP. In 2005, the tourism industry as a whole generated revenue of \$10.2 billion from 54 million personal visits.³

The federal and Quebec governments have long been involved in development of the tourism industry. Such intervention is justified both by the importance of the industry to the economy and by the need to support local players in developing quality products which will enable them to deal with the increased competition in attracting domestic and international tourists.

The international cruise industry is seen as one of the most quickly changing tourism sectors. Once the preserve of the wealthiest members of society, it has become very democratic. The sector reported 13.2 million cruise ship passengers worldwide in 2008. Average annual growth since 1980 has been 7.4%⁴ and, according to observers, growth potential remains very high in the United States and Europe. This strong growth results from the development and adjustment of the service supply. While continuing to seek new products to improve their service supply, cruise companies are also counting on persuasive price strategies and are maximizing returns from the activities other than the sale of cruise tickets (eg, boutiques, excursion packages, drinks, etc.).

Quebec's share of the international cruise market is small. The Canada/New England circuit accounts for less than 2% of the "berth capacity" of international cruises, and the St Lawrence River receives only a small part of this circuit⁵. However, according to those consulted, the St Lawrence and Saguenay rivers have the potential to attract a much larger market share.

³ GOVERNMENT OF QUEBEC, *Vers un tourisme durable, Politique touristique du Québec, 2005, 38 p.*

⁴ GOVERNMENT OF QUEBEC, *Tendances et perspectives 2009-2010 dans l'industrie des croisières internationales, 2009.*

⁵ DESJARDINS MARKETING STRATÉGIQUE, *Analysis of factors favouring the potential for and development of international cruise destinations in Quebec*, Study funded by the Economic Development Agency of Canada for the Regions of Quebec and the Quebec Department of Tourism.

3.2 Purpose of the Initiative

The Agency has been taking action in the international cruise industry on an ad hoc basis for a number of years. In 2006, the Agency and the Quebec Department of Tourism began looking at the possibility of taking more structured action with regard to development of the international cruise sector in Quebec. At that time, strategic intelligence and discussions with stakeholders and industry representatives showed that the St Lawrence circuit had all the necessary potential for further development of the international cruise sector. In addition, in international terms, the sector had substantial growth potential: new ships were under construction and some northern destinations (especially Alaska) were losing momentum.

The main obstacle to development of the St Lawrence circuit was the inadequate number of ports of call between the ports in the Atlantic provinces and those in Quebec. It took two days of sailing to reach the Port of Quebec from the Atlantic provinces. Despite the appeal of the Quebec City and Montreal ports of call, the St Lawrence circuit was less attractive, since cruise lines prefer itineraries which allow for daily stopovers. It should be kept in mind that ports of call are a major source of income for cruise lines, since they sell excursions and activities at a profit.

Given the development opportunity represented by the international cruise sector on the St Lawrence circuit, the Agency and the Quebec Department of Tourism ordered a study to “develop a common weighted criteria grid to assess the international cruise tourism potential of Quebec ports of call⁶”.

This study, as well as discussions with communities, led the Agency and the Quebec Department of Tourism to target the six ports of call⁷ with the greatest development potential, on which government efforts would be concentrated under specific programs.

In the October 2007 *Speech from the Throne*, the Government of Canada referred to its wish to continue supporting traditional industries, including tourism, to respond to one of its five priorities — “providing effective economic leadership for a prosperous future”:

Our Government will stand up for Canada's traditional industries. Key sectors including forestry, fisheries, manufacturing and tourism are facing challenges. Our Government has taken action to support workers as these industries adjust to global conditions and will continue to do so in the next session⁸.

In accordance with the Agency’s proposals, Budget 2008 announced investments to encourage the development of tourist facilities in strategic ports of call along the St Lawrence and Saguenay rivers, so as to make them more attractive as destinations of choice for the international cruise market. Therefore,

⁶*Ibid.*, p. 5.

⁷Saguenay, Baie Comeau, Havre Saint Pierre, the Gaspé (Percé-Gaspé and Chandler axis), Sept Îles and Cap aux Meules.

⁸Speech from the Throne to Open the Second Session of the 39th Parliament of Canada, October 16, 2007, retrieved June 2010, <http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=information&sub=publications&doc=aarchives/sft-ddt/2007-eng.htm>.

on December 11, 2008, the Agency implemented the *Support Initiative for International Cruise Development* on the St Lawrence and Saguenay Rivers for a five-year period ending on March 31, 2013.

3.3 Nature of the Initiative

The Initiative takes a global approach to development of the international cruise sector. The three components are intended to:

1. improve or construct port infrastructure, works and services related to international ports of call (Component 1);
2. revitalize, develop or improve tourist attractions and services near ports of call of interest to international cruise lines (Component 2);
3. promote and market the destinations and other related activities (Component 3).

The Initiative supports projects to encourage international cruise lines to stop at the six priority ports targeted—Saguenay, Baie Comeau, Havre Saint Pierre, the Gaspé (Percé-Gaspé axis and Chandler), Sept Îles and Cap aux Meules.

Eligible costs include all costs directly related to the project and deemed reasonable and necessary for its completion. The costs will be analysed taking into consideration government priorities and departmental policies and directives.

In general, financial contributions are non-repayable for not-for-profit organizations and repayable for businesses. The maximum rate of assistance is usually 33% of eligible costs for port infrastructure and 50% for other projects related to the port of call, such as studies, tourist attractions, reception facilities and marketing.

3.4 Target recipients

Eligible proponents are those already listed under the Agency's *Community Diversification* program. Target clients include SMEs, not-for-profit organizations, municipalities and municipal bodies, regional and sectoral tourism associations and Canadian port authorities.

3.5 Eligibility conditions

To be eligible, an international port of call project must meet the following criteria:

- be in line with a long-term port of call development plan (vision) and reflect collaboration with partners in the community (public support and involvement of the tourism, economic and business sectors, as well as of local organizations);
- directly support the strengthening of the region's economic base and help the port of call improve its drawing power;
- generate direct and measurable economic benefits for the entire port of call tourism industry;

- be one-time in nature: the funding may not be used to pay the organization's operating costs for equipment maintenance;
- benefit many users and further the economic and social development of the region or community;
- be ineligible for other federal programs, particularly those offered by Infrastructure Canada or Transport Canada.
- complete the work by March 31, 2013.

In addition to meeting the eligibility criteria, proponents must demonstrate:

- the importance of the project for the economic diversification of the community;
- the distinctive drawing power of the new port of call that will help make the destination better known and diversify cruise companies' destination routes;
- the inclusion of the port of call in a circuit and a confirmed interest on the part of cruise companies to operate from this port of call;
- the complementarity of tourist attractions at the port of call so as to avoid competition;
- the estimated costs and time required to complete the project.

3.6 Financial resources

In 2008, the Initiative was initially announced for a three-year period (2008-2009 to 2010-2011). At that time, the Government of Canada planned to provide \$36 million⁹. Additional monies were provided in the 2010-2011 federal budget, extending funding for the Initiative for two more years (2011-2012 and 2012-2013). For these two years, the Agency received an additional \$24 million (\$12 million a year). A total of \$60 million was thus allocated to the implementation of projects in the international cruise sector.

TABLE 1.1 Initiative budget breakdown by year¹⁰

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
1,000,000	10,000,000	21,000,000	20,000,000	8,000,000	60,000,000

3.7 Expected results

Grants and contributions for projects under the Initiative are provided under the *Community Diversification* program. The Initiative is part of the Agency's Program Activity Architecture (PAA), under the *Tourism and Community Facilities* sub-activity, intended to ensure that projects to develop and market the tourism supply are implemented so as to increase the number of tourists from outside Quebec.

⁹ This amount does not include the \$10-million investment granted to the City of Saguenay in February 2007.

¹⁰ Including operating expenditures.

Based on the Agency's simplified PAA¹¹, the Agency's Evaluation Directorate designed a logic model (see next page), summarizing the main components of the Initiative, the activities carried out and the sequence of results which should ensue.

¹¹ In 2009, the Agency streamlined its PAA and the corresponding Performance Measurement Framework so as to facilitate the various reporting exercises which the Agency must carry out.

TABLE 2 Logic model for the *Support Initiative for International Cruise Development on the St Lawrence and Saguenay Rivers*

<i>The Agency's Strategic outcome:</i> THE REGIONS OF QUEBEC HAVE A COMPETITIVE AND DIVERSIFIED ECONOMY		
Component 1: Improvement or construction of port infrastructures as well as facilities, works and services related to international ports of call.	Component 2: Revitalization, development or improvement of tourist attractions and services near destinations that may be of interest to cruise passengers.	Component 3: Promotion, marketing and other related activities.
<i>Recipients</i>		
SMEs, not-for-profit organizations, municipalities and municipal organizations, regional and sector tourism associations and Canadian port authorities.		
<i>Inputs</i>		
Human and financial resources: \$60M over five years, including operating and accommodation costs.		
<i>Outputs</i>		
Dollars committed to port infrastructure and facilities, number of projects funded for the improvement or construction of port infrastructure and facilities.	Dollars committed to the enhancement of tourist attractions, number of projects funded for the enhancement of tourist attractions.	Dollars committed to projects to promote the tourism supply, number of projects funded to promote and market the port of call.
<i>Contribution of the Initiative to results of program sub-activity 1.1.3 TOURISM AND COMMUNITY FACILITIES</i>		
Projects to develop and market the tourism supply are implemented, increasing the number of tourists from outside Quebec.		
<i>Contribution of the Initiative to results of program activity 1.1. COMMUNITY DEVELOPMENT</i>		
The regions are "attractive"; they attract tourists and investment, resulting in the generation of economic spinoff in communities.		

4 Evaluation strategy

4.1 Evaluation mandate

The Agency made a commitment to Treasury Board to conduct an implementation evaluation in 2010¹². The purpose of the evaluation is mainly to ensure that the Initiative is implemented as planned, so as to allow for attainment of the expected results. Consequently, the issues relate to a review of implementation of the initiative and progress toward attainment of results.

More specifically, implementation was analysed from the standpoint of:

- the appropriateness of implementation of the initiative;
- the effectiveness of federal/provincial co-ordination mechanisms in optimizing government assistance in the target ports;
- the relevance of the existing performance measurement to reporting needs.

In terms of progress toward results, the issue was evaluated based on the Initiative's success in:

- achieving the planned outputs;
- attaining the planned immediate result.

The results of the evaluation will allow managers to determine whether adjustments should be made to the Initiative in preparation for the summative evaluation in 2012-2013.

¹² It should be specified that this commitment was made before the 2009 Evaluation Policy, which does not provide for any obligation to conduct a formative evaluation.

4.2 Methodology

The choice of methodology was dictated mainly by the type of evaluation question and the availability of information resources, both internally and linked to the cruise industry in Quebec. The findings and conclusions of the evaluation are based on the triangulation of a number of sources and types of data.

- An in-depth analysis of **internal documentation on the Initiative** was conducted. The main objective of this review was to clearly describe the basis (purpose, objectives and targets) of the Initiative in order to determine what was planned and thus determine whether the Initiative was implemented properly.
- A review of **external documentation** was conducted. Documentation from the two levels of government was used essentially to document questions related to the purpose and the requirements of the Treasury Board Secretariat (TBS) on performance measurement and program evaluation. Other sources were used to document changes in the international cruise industry in Quebec.
- In-depth **interviews** were conducted with Agency representatives and stakeholders from communities involved in the international cruise industry in ports of call covered by the Initiative. The interviews rounded out the information collected on the basics of the Initiative and documented its implementation (implementation step, problems encountered, changes made, etc). The individuals consulted during the interviews were also asked about the preliminary results obtained by the Initiative and the improvements which could be made to it.
- Data were extracted from the **Hermès programs information system** and were used to draw up a profile of the immediate results attained by the Initiative.

4.3 Scope and limits of the evaluation

Scope and coverage

The reference period for the evaluation ran from December 2008 to March 2010. Within this period, the Initiative was active for about 16 months, during which time the Agency funded 27 projects. The findings and conclusions in the report are taken from the analysis of data collected during this period.

The evaluation is focussed on implementation questions intended to determine whether everything had been implemented as planned and whether any problems had been encountered. From this standpoint, representatives from all three business offices responsible for implementation of the Initiative in the target ports were questioned, as were Head Office advisors involved at various stages during design and implementation of the Initiative.

Representativeness of persons questioned and coverage of regions targeted by the Initiative

As indicated in Table 3, the interviews enabled us to obtain the viewpoints of the main players in the ports of call covered by the Initiative. In the case of community stakeholders, the Agency, in cooperation with the business offices, identified 17 persons representing the communities, that is, municipalities (or municipal organizations), tourism development organizations, a representative the Quebec Department of Tourism and major community players closely involved in development of the international cruise sector. Of these individuals, 13 agreed to participate in the evaluation¹³.

TABLE 3 Number of interviews conducted – March 2010

Persons questioned	Interviews conducted	Response rate
Agency		
Head Office	3/3	100%
Business offices	7/7	100%
Community stakeholders		
Côte-Nord	6/7	86%
Saguenay	2/4	50%
Gaspésie/IDM	5/6	83%
Total	23/27	86%

Measuring effectiveness

The evaluation could not determine the effectiveness of the Initiative, since only 21 projects were analysed. Projects for which CED did not record any disbursements were excluded.

¹³ No one refused, but two people could not be contacted.

5 Implementation of the Initiative

5.1 Promotion and implementation of the Initiative

The evaluation of the promotion and implementation of the Initiative was intended to ensure that the targeted communities and recipients were aware of the Initiative. It was also intended to validate, through the way the Initiative was received, whether it met the needs targeted in discussions with the communities held at the time the Initiative was designed.

Methodology and sources of data

- Interviews with business offices and community stakeholders;
- Summary of media review.

Findings

- Discussions with communities prior to design of the Initiative made it easier to identify needs and promote the Initiative.
- Using their knowledge of the community, the business offices were able to identify and contact the main cruise industry stakeholders in their regions. The 27 projects funded under the Initiative thus came from 18 different proponents. SMEs were not very well represented in Component 2 (1/15), related to the revitalization, development or improvement of tourist attractions and services near ports of call, a component which should involve more tourist industry entrepreneurs.

The Initiative was officially announced in Quebec City on May 8, 2008, by the Minister of the Economic Development Agency of Canada for the Regions of Quebec. The announcement was made jointly with the Quebec Minister of Tourism, who presented Quebec's *Strategy for the Sustainable Development and Promotion of International Cruises on the St. Lawrence*. The joint announcement was the culmination of a collaborative effort to develop the international cruise industry which began in 2006.

A press review indicates that announcement of the investment in the international cruise sector by the two levels of government received good media coverage in all of the regions affected. In addition, many media outlets presented the issue of developing international cruises on the St Lawrence by specifying that the spinoff from investment in ports of call in eastern Quebec would have a positive impact on the ports of Quebec City, Trois Rivières and Montreal.

The Agency's business offices presented the Initiative to local and regional stakeholders, made up mainly of municipal organizations, economic development organizations and tourism associations and organizations whose activities or members might be directly involved in the international cruise sector. The comments gathered indicate that the Agency's communication efforts were concentrated on the main stakeholders in the international cruise sector in the ports of call targeted by the Initiative. The limited number of stakeholders made it easier to promote and present the Initiative.

In fact, the analysis of projects funded by the Agency indicate that the 27 projects approved under the Initiative came from 18 different proponents, representing not-for-profit organizations, municipalities, port authorities, one tourism association and one SME. According to the comments gathered from Agency representatives and community players, the proponents are actually the main stakeholders in the international cruise sector. We note that SMEs were not very well represented in Component 2 (1/15), related to the revitalization, development or improvement of tourist attractions and services near ports of call, a component which should involve more tourist industry entrepreneurs.

Tables 4 and 5 show the type of proponent for projects supported, by component and by region.

TABLE 4 Type of proponent by component – as at March 31, 2010

PROPONENT	INITIATIVE COMPONENTS			Total projects
	COMPONENT1	COMPONENT2	COMPONENT3	
SME	0	1	0	1
Not-for-profit organization	1	10	6	17
Tourism association	0	1	0	1
Port authority	2	0	2	4
Municipality	0	3	1	4
Total number of proponents	3	15	9	27

TABLE 5 Number of projects by region, by type of proponent – as at March 31, 2010

PROPONENT	REGIONS				Total projects
	Inter-regional project	Côte-Nord	Saguenay–Lac-Saint-Jean	Gaspésie–Îles-de-la-Madeleine	
SME	0	0	0	1	1
Not-for-profit organization	2	5	3	7	17
Tourism association	0	0	0	1	1
Port authority	0	4	0	0	4
Municipality	0	3	0	1	4
Total number of proponents	2	12	3	10	27

Everyone consulted indicated that the various communities directly or indirectly involved in development of the international cruise sector welcomed the Initiative, and that the terms and conditions were, in general, in line with what the main stakeholders had expected.

In fact, the announcement and presentation of the Initiative led almost immediately to the preparation of projects by local and regional stakeholders. Nevertheless, some of the people consulted said that there had been some scepticism on the part of the private sector and elected municipal officials with regard to the expected spinoff, but that this dissipated with the success of the 2009 season.

5.2 Operation

The evaluation of Initiative operation is intended to determine whether the management process in place and the resources available allow for effective delivery of the Initiative. From the same standpoint, and given the importance of the co-ordination of government activities to the success of the cruise sector, the evaluation also looks at the level of satisfaction with regard to the existing mechanisms.

Methodology and sources of data

- Interviews with Agency advisors and community stakeholders, including the provincial government;
- Review of the Agency's administrative documents;
- Review of external documentation on the cruise sector and on regional economic development.

Findings

- According to the Agency directors and advisors questioned, the procedures used to implement the Initiative are similar to those used for regular programming, and are considered to be tailored to the management needs of the Initiative.
- Most of the proponents questioned said they were satisfied with the procedures and administrative requirements related to the awarding of funding for their project, made easier by the guidance provided by advisors in the business offices. According to the Agency employees questioned, sufficient resources are available to ensure effective management of the Initiative. The community of practice, established to facilitate implementation of the Initiative, was particularly appreciated.

In terms of the resources available to fund projects, as of March 2010, the Agency had approved funding for 27 projects, for total assistance of about \$20 million, or 33% of the budget allocated to the Initiative¹⁴.

¹⁴ The total budget allocated to grants and contributions is \$59,105,000 (2008-2009 to 2012-2013).

- During the design of the Initiative, a federal/provincial co-ordinating committee was identified as a means of mitigating the risks related to monitoring completion of the ports of call, but it was never officially created. Nevertheless, in order to mitigate this risk, high level discussions were regularly held, so as to harmonize and adjust the development approach for the sector. Meetings involving a variety of players from the sector were also held, to discuss the issues and challenges of developing international cruises on the St Lawrence. Informal co-ordination mechanisms are in place in the field to co-ordinate government interventions. In addition, everyone consulted emphasized the co-operation of the federal and Quebec governments with regard to the development of international cruises, which many consider a model to be emulated.

5.2.1 Procedures

The Initiative was included in the services offered by the three business offices to support communities in their long-term economic development. The Business and Northern Development Directorate (BND) is responsible for managing projects targeting more than one region. In every business office, an advisor has been asked to be responsible for the Initiative. Most of the Agency representatives consulted said that they had not experienced any problems during implementation of the Initiative which could have limited its effectiveness. Consequently, no changes have been made to the Initiative since its implementation.

The procedure for submitting and analysing a formal application for funding usually follows a preliminary step, during which a number of discussions are held between the project proponent and the Agency's business office. This step is appreciated by proponents because it enables them to receive a rapid response on the eligibility of their project. In addition, it means that proponents do not have to interpret the eligibility criteria of the various programs offered by the Agency. According to the comments gathered, this step can last several weeks, or even several months, before a formal application for funding is submitted. The time required depends on the size and complexity of the project, as well as the experience of the proponent.

With regard to processing times and administrative requirements, most of the proponents questioned felt that the processing times were reasonable and said they were satisfied with administrative procedures and requirements related to the granting of the funding. In general, they do not have an in-depth understanding of the Initiative. They have to demonstrate the relevance of their project, then the business office advisor determines whether the project is in line with the results targeted by the Initiative and guides them through the entire process of applying for Agency funding.

Analysis of the administrative documents reveals that the 27 projects approved under the Initiative required an average of 123 processing days before the offer was made. As indicated in Table 6, projects approved under Component 1 required the longest time, an average of 175 processing days. In comparing the average level of funding by component and the processing times, it became clear that Component 3 projects required an average of 12% more time than Component 2 projects, although 255% more funding is provided under Component 2.

TABLE 6 Average processing time and funding by component – as at March 31, 2010

Component	AVERAGE TIME IN DAYS	Average funding (dollars)
Component 1	175	2,559,298
Component 2	111	691,359
Component 3	126	194,501

5.2.2 Resource availability

In terms of human resources, each of the three Agency business offices has an advisor as the primary respondent in the international cruise sector. The directors of the business offices are also involved to various extents. Although the start-up period for the Initiative was challenging, the human resources devoted to the Initiative are currently deemed sufficient.

To make it easier to implement the Initiative, the Agency established a community of practice, including advisors from the business offices concerned and representatives of the Operations and Policy and Planning sectors at the Agency's Head Office. The mandate was to develop a shared understanding of the various terms and conditions for managing the Initiative and to ensure that it was smoothly implemented. The Agency respondents questioned appreciated this practice, which enabled them to quickly clarify the various issues they faced as the Initiative was being put into operation.

In terms of the financial resources available, when the Initiative was being designed the Agency had planned an annual schedule of disbursements. As shown in Table 7, spending totalled 91% of forecasts, mainly owing to the expenditures incurred in 2008-2009 when spending totalled 386% of budget forecasts.

TABLE 7 Budget forecasts compared to actual spending in % by year

FISCAL YEAR	FORECAST (DOLLARS)	EXPENDITURES (DOLLARS)	% SPENT (PERCENTAGE)
2008-2009	950,100	3,666,353	386%
2009-2010	9,803,700	6,158,622	63%
Total	10,753,800	9,824,975	91%

In terms of changes in funding, the 27 projects for which funding was approved under the Initiative totalled about \$20 million, or 33% of the budget allocated to the Initiative¹⁵.

5.2.3 Mechanisms for co-ordination with the provincial government

Very early on, the Initiative was the subject of extensive collaboration with the Quebec Department of Tourism. The objective was to propose a joint process to ensure optimal impact on the Quebec cruise sector. During design of the Initiative, a federal/provincial co-ordination committee was identified as a means of mitigating risks related to monitoring the development of ports, but it was never officially created. Nevertheless, in order to mitigate these risks, high-level discussions were held regularly to harmonize and adjust the approach to development of this sector. Meetings were also held with a variety of players in the sector to discuss issues and challenges related to the development of international cruises on the St Lawrence. In the field, informal co-ordination mechanisms to co-ordinate the government's activities in the field have been established. In addition, everyone consulted mentioned the co-operation between the federal and Quebec governments in the development of international cruises, which many of them consider a shining example.

Everyone consulted mentioned the co-operation between the two levels of government in the development of international cruises, which many of them consider a shining example. According to the advisors questioned in both levels of government, regular informal communication was used to discuss specific projects or issues related to any of the ports targeted by the Initiative. Most of the projects submitted to the Agency were also submitted to the Quebec Department of Tourism. Owing to its presence in the regions, the Agency has a good take on the issues and needs of the community, which makes it easier to analyse projects submitted to it. To this end, discussions were held with the other level of government concerning the eligibility of projects and, in some cases, an additional strategy for the funding of projects was suggested. Joint action was also taken to respond to applications specifically targeting improvement of the port of call supply. As at March 31, 2010, the Government of Quebec's contribution accounted for 33% of the total cost of the 27 projects funded by the Agency, or \$20,300,400, of which 89.2% was provided by the Department of Tourism. The other departments involved are the Department of Municipal Affairs, Regions and Land Occupancy (MAMROT), Emploi-Québec, the Department of Economic Development, Innovation and Export Trade (MDEIE) and Revenu Québec.

¹⁵ The total budget allocated to grants and contributions is \$59,105,000 (2008-2009 to 2012-2013).

5.3 Performance measurement

The objective of reviewing the performance measurement for the Initiative was to determine whether it meets needs related to monitoring the performance of the Initiative. The review focussed on the availability and appropriateness of the performance measurement strategy as prescribed by the Treasury Board Secretariat to assess whether the managers concerned were satisfied with the relevance of the data in terms of their decision-making needs.

Methodology and source of data

- Interviews with Agency managers and advisors;
- Review of data available in the Hermès system;
- Review of internal documentation such as the Management and Accountability Framework for the Initiative, the Performance Measurement Framework, etc;
- Review of external documentation from the Treasury Board Secretariat, the Institut de la statistique du Québec, the Quebec Department of Tourism, the Cruise the St Lawrence Association, etc.

Findings

- The performance measurement for the Initiative is identical to that of the Agency's program performance measurement framework (PMF). As for all Agency programs, there are no targets or baselines. Nevertheless, the data required to establish the baseline for the international cruises on the St Lawrence sector Initiative are available and will allow the performance of the Initiative to be monitored.
- According to the fundamental evaluation questions¹⁶, data on cost of Initiative inputs must be available so that conclusions on the Initiative's performance can be drawn.

Recommendation

To be able to monitor performance of the Initiative effectively, the Agency should identify baselines and targets for Initiative results.

¹⁶ Government of Canada Evaluation Policy (2009)

It should be kept in mind that the Initiative is part of the *Community Diversification* program, for which a Results-based Management and Accountability Framework (RMAF) has been developed. During presentation of the Initiative, the RMAF was amended to reflect its addition. Consequently, no Performance Measurement Strategy specifically for the Initiative is identified in the amendment. Treasury Board Secretariat's Guide for the Development of RMAFs¹⁷ advocates the creation of performance measurement and evaluation strategies for programs and initiatives which will be used for performance measurement and reporting throughout their life cycle. Nevertheless, the program Performance Measurement Framework (PMF), which measures the performance of the Agency's programs on the basis of the results defined in the PAA, determines the performance measurement to be used for the Initiative. The PMF thus identifies the indicators for the entire results chain and their parameters, that is, definition, source, time frames and observation frequency, as well as the responsibility centres that will gather and analyse data. As for all Agency programs, there are no targets or baselines. Nevertheless, the data required to establish the baselines for the international cruises on the St Lawrence sector are available and will allow for monitoring of the Initiative.

According to the Agency representatives consulted, in moving to results-based management, the Agency established rigorous standards for measuring and monitoring performance, and projects funded under the Initiative comply with them. From their standpoint, the existing monitoring tools are effective, and the manual which provides information on how to measure and monitor performance is especially appreciated.

As shown in Table 8 on the status of performance measurement, the measurement and monitoring of approved projects complies with the Agency's requirements¹⁸. This table shows, for the expected results of the Initiative, the performance indicators used, the number of projects measured by these indicators, total targets determined for each project, total targets attained as of the evaluation baseline and, lastly, the status of projects measured (under way or completed). Overall, the indicators for immediate results are in line with the measurements for outputs for each component of the Initiative.

¹⁷ It should be noted that, since creation of the 2009 Evaluation Policy, departments are no longer required to develop a RMAF. It has been replaced by a performance measurement strategy which, overall, advocates the same content. To this end, a guide on developing a program performance measurement strategy, created by the Centre of Excellence for Evaluation, should be available shortly.

¹⁸ Only projects which recorded expenditures were considered in this question (21 projects).

Table 8 Status of performance measurement for the Initiative

R1. Projects to develop and market the tourism supply are implemented, increasing the number of tourists from outside Quebec.				
Indicator	Number of projects related to each type of indicator	Target	Observed	Status
Number of goods and services developed or improved	11	11	8	<ul style="list-style-type: none"> • 4 under way • 7 completed
Number of plans developed	4	4	3	<ul style="list-style-type: none"> • 1 under way • 3 completed
Number of joint tourism projects	1	1	1	<ul style="list-style-type: none"> • 1 under way
Number of marketing activities	2	2	2	<ul style="list-style-type: none"> • 2 under way
Number of growth-generating projects	4	3	2	<ul style="list-style-type: none"> • 4 under way

6 Progress toward results

The Initiative has been active for 16 months. It is therefore too soon for the expected result of launching tourism marketing and development projects to increase tourists from outside Quebec to have been achieved. The Initiative's effectiveness was therefore evaluated on the basis of progress toward the result. An overview of approved projects was used to summarize the outputs, result indicators were measured, and the performance of the ports concerned was tracked. While all progress cannot be attributed solely to the Initiative, this analysis will make it possible to measure the progress achieved in the sector.

Methodology and data sources

- Data from the Hermès program data management system;
- Review of external documentation from the Quebec Department of Tourism and the Cruise the Saint Lawrence Association, etc.

Findings

- The outputs achieved under the funded projects seem to be relevant to the achievement of the immediate expected result. Indeed, the types of projects funded match the areas of intervention targeted by the Initiative. Similarly, the regional breakdown of projects supported by type of project funded and amount of funding appears to be consistent with the stage of development of each port of call.
- An analysis of the achievement rate for the Initiative's immediate result targets does not indicate whether the Initiative is effective. The fact that the projects are still being carried out and that the Initiative has only recently been introduced explain this result.
- While the performance of the targeted ports cannot be attributed solely to the impact of the Initiative, it does, however, allow for measurement of progress in the sector. The number of cruise passengers thus varies from one port to another, in line with the different development stages of the ports targeted by the initiative.

6.1 Summary of outputs

The contribution of outputs to the achievement of the Initiative's immediate expected result is reflected in the implementation of tourism development and marketing projects. Thus, as of March 31, 2010, the Agency had approved the funding of 27 projects under the Initiative. The table below shows the breakdown of approved funding by component.

TABLE 9 Breakdown of approved funding by component – March 31, 2010

COMPONENT	PROJECTS		APPROVED FUNDING	
	NUMBER	PERCENTAGE	AMOUNT	PERCENTAGE
Component 1	3	11	7,677,895	39
Component 2	15	56	10,370,389	52
Component 3	9	33	1,750,511	9
Total	27	100	19,798,795	100

The three projects funded under Component 1 are to build infrastructure for cruise lines and establish a port of call for cruise ships. Although these three projects make up just 11% of all the projects, they represent 39% of the funding awarded by the Initiative so far. These are infrastructure projects designed specifically to meet the needs of cruise lines.

Fifty-six per cent of all the projects funded come under Component 2. These 15 projects have received 52% of the funding awarded so far. This component is made up exclusively of projects designed to develop shore activities to attract cruise passengers, such as exhibitions, performances and special-interest tours. Cultural infrastructure projects have also been funded under this component.

Finally, 33% of the projects fall under Component 3 and represent 9% of funding granted by the Agency under this Initiative. Two types of projects have been funded in this component. One type centres on developing and conducting promotional activities aimed at cruise lines and stakeholders in the industry. The second type of project is aimed at organizing localities to host cruise passengers.

Table 10 presents the funding breakdown for projects supported by component and by region. Ten projects are located in Gaspésie–Îles-de-la-Madeleine (37% of the projects), 12 in Côte-Nord (44%) and 3 in Saguenay–Lac-Saint-Jean (11%), and 2 are interregional (7%)¹⁹.

TABLE 10 Funding breakdown for projects supported by region and by component – March 31, 2010

REGION	COMPONENTS						Total		
	Component 1	Amount	Component 2	\$	Component 3	Amount	Total	Amount	Percentage
Interregional Projects	0	0	0	0	2	579,700	2	579,700	3
Côte-Nord	2	7,194,895	8	9,162,715	2	139,110	12	16,496,720	83
Saguenay–Lac-Saint-Jean	0	0	2	546,274	1	45,000	3	591,274	3
Gaspésie–Îles-de-la-Madeleine	1	483,000	5	661,400	4	986,701	10	2,131,101	11
Total	3	7,677,895	15	10,370,389	9	1,750,511	27	19,798,795	100

The breakdown of projects supported by type of project and amount of funding appears to be consistent with the stage of development of each port of call. The Côte-Nord Region has received the largest share, 83% (\$16,496,720) of approved funding. This is largely because of the funding of port infrastructure at Sept Îles. The other two regions, Gaspésie–Îles-de-la-Madeleine and Saguenay–Lac-Saint-Jean, received about \$2 million (11%) and \$5 million (3%) respectively in funding²⁰. The two interregional projects received \$579,700 (3%).

The funding approved under the Initiative for these projects represents 32% of the total cost of the projects, or about \$62 million. The rest of the funding comes from the Government of Quebec (33%) and community organizations (35%). The multiplier effect, or the money invested by financial backers for each dollar invested by the Agency, is \$2.13. As indicated in Table 11, the greatest multiplier effect has been achieved through Component 2 projects, where every dollar invested by the Agency generated an average investment of \$2.23 by the proponent and the other financial partners.

TABLE 11 Multiplier effect by component – March 31, 2010

Component	NUMBER OF PROJECTS	AVERAGE RATE OF FUNDING FROM THE INITIATIVE
Component 1	3	\$2.11
Component 2	15	\$2.23
Component 3	9	\$1.64
Total	27	\$2.13

¹⁹ This type of project mainly involves the promotion of all ports of call targeted by the Initiative.

²⁰ Note that the Agency funded projects in these regions in conjunction with the cruise industry under a former program.

6.2 Immediate result

The purpose of the Initiative is to carry out tourism development and marketing projects to increase the number of tourists from outside Quebec. The following table summarizes the performance of the Initiative at this stage in relation to the Agency's result indicators. For each indicator, it presents: the number of projects covered by the indicator in question, total targets, results attained and, lastly, the percentage of the targets attained.

TABLE 12 Immediate results achieved by the Initiative (December 2008 and March 2010)

O1. Tourism development and marketing projects are carried out to increase the number of tourists from outside Quebec.				
Indicator	Number of projects²¹	Targeted total	Result	Target achievement rate²²
Number of new or improved tourism goods and services	11	14	8	57%
Number of new or improved growth-generating tourism projects	4	4	3	75%
Number of marketing activities ²³	2	47	19	40%
Number of plans	3	4	2	50%
To ensure that the information about results is reliable, the data used are from actual observation, which explains in part why the total number of projects is lower than the number of projects approved.				

The average target achievement rate is close to 56%. In any case, the projects are still under way, which means that the final performance of the projects cannot yet be ascertained.

Table 13 summarizes the basic aspects of the Initiative's performance using a results chain, i.e., inputs, outputs and immediate result for the three components of the Initiative.

²¹ Projects for which no expenditures were recorded were excluded, reducing the total number of projects discussed in this section to 21.

²² When actual observed data alone is used, the result is obtained by calculating the result total / targeted total.

²³The indicator that appears in the new PAA is actually the "number of tourism products and destinations being marketed", however, the data available pertain to marketing activities.

Table 13: Initiative performance summary presented by component: type of recipient, breakdown of assistance, outputs achieved and results attained

Component I: Port infrastructure improvement and construction	Component II: Improvement and development of tourism attractions and services	Component III: Promotion, marketing and other related activities
Recipients: 18 proponents/ 27 projects, broken down as follows:		
<ul style="list-style-type: none"> • 1 NPO; 2 port authorities 	<ul style="list-style-type: none"> • 1SME; 10 NPOs; 1 tourism association; 3 municipalities 	<ul style="list-style-type: none"> • 6 NPOs; 2 Port authorities; 1 municipality
Total assistance approved by CED: \$19,798,795		
<ul style="list-style-type: none"> • \$7,677,895 or 39% of funding available under the Initiative • Multiplier effect: \$2.11 	<ul style="list-style-type: none"> • \$10,370,389 or 52% of funding available under the Initiative • Multiplier effect: \$2.33 	<ul style="list-style-type: none"> • \$1,750,511 or 9% of funding available under the Initiative • Multiplier effect: \$1.64
Outputs: 27 projects		
<ul style="list-style-type: none"> • 3 projects funded to build infrastructure to host cruise passengers and establish a port of call for cruise ships 	<ul style="list-style-type: none"> • 15 projects to develop activities for cruise ship passengers such as exhibitions, performances and special interest tours. Cultural infrastructure projects were also funded under this component 	<ul style="list-style-type: none"> • 9 projects. One type of project involves developing and conducting promotional activities with cruise lines and industry stakeholders. A second involves organizing localities to host cruise passengers.
Immediate result: Tourism development and marketing projects are carried out, increasing the number of tourists from outside Quebec.		
<ul style="list-style-type: none"> • # of new or improved growth-generating tourism projects: <ul style="list-style-type: none"> • Result obtained: 3 • Target: 4 • % achieved: 75% 	<ul style="list-style-type: none"> • # of new or improved tourism goods and services: <ul style="list-style-type: none"> • Result obtained: 8 • Target: 14 • % achieved: 57%. • Number of plans carried out: <ul style="list-style-type: none"> • Result obtained: 2 • Target: 4 • % achieved: 50% 	<ul style="list-style-type: none"> • # of marketing activities: <ul style="list-style-type: none"> • Result obtained: 19 • Target: 47 • % achieved: 40%

6.3 Performance of ports targeted by the Initiative

The international cruise sector on the St. Lawrence has access to other sources of funding from other levels of government and the private sector. Consequently, it is difficult to attribute the performance of ports of call solely to the Initiative.

The data in Table 14 are presented for the purpose of measuring progress in this sector, with the 2007 data provided as a baseline. It should also be noted that the total resources (inputs) invested by CED refer to grants and contributions awarded under this Initiative. The Agency actually was already involved in this sector under a former program, particularly in the port of Saguenay, which received a non-repayable contribution of about \$10 million to build a wharf to accommodate cruise ships.

The table essentially shows that the number of cruise passengers varies from one port to another, owing to differences in the development stage of the ports targeted by the Initiative. In terms of spinoff, the Industry generated total expenditures of \$84.5M in 2009, compared with \$80.9M in 2008, or an increase of 5%.²⁴

²⁴ Quebec Department of Tourism, "Totalement tourisme", *Le magazine du ministère du Tourisme*, Spring-summer 2010.

Table 14 Total inputs in each targeted port of call and changes in number of cruise passengers from 2007 to 2009²⁵

Total Input ²⁶	Immediate results achieved	Number of cruise passengers		
		2007	2008	2009
Saguenay				
\$591,274	Improve the tourism supply by adapting the <i>La Fabuleuse</i> show for the Anglophone market by producing a 75-minute English soundtrack.	12,843	10,602	26,110
	Carry out phase II of a study on the plan for an exhibit about sea monsters and legends of the Fjord			
Baie Comeau				
\$3,626,230	Present an exhibition about Admiral Phipps' fleet 15 weeks/year for 2 years	850	0	2,606
	Develop Centre Boréal du Saint-Laurent tourism infrastructure			
	Develop Baie Comeau as a port of call			
Gaspé				
\$1,684,441	Conduct an opportunity study to improve the regional tourism supply	1,083	230	10,927
	Develop a strategic development plan, including a marketing plan			
	Develop infrastructure and facilities for a cultural centre			
	Develop the Gaspé Peninsula as a port of call by providing, among other things, administrative reception facilities			
	Make downtown Gaspé more appealing to tourists by organizing a walking tour			
Cap aux Meules				
\$446,660	Conduct a study to organize the port to host international cruise ships	0	30	1,398
	Produce an economic and tourism development master plan including a			

²⁵ Source: Cruise the Saint Lawrence Association

²⁶ Because the Agency was involved in the cruise industry before this Initiative was launched, these inputs do not reflect the intensity of its contribution to this sector.

Total Input ²⁶	Immediate results achieved	Number of cruise passengers		
		2007	2008	2009
	marketing plan			
	Improve tourism facilities to diversify the tourism supply			
Havre Saint Pierre				
\$3,803,066	Design activities and packages involving several communities in the region	0	22	362
	Structure this port of call by planning, organizing and introducing the logistics to host the first international cruise ships			
Sept Îles				
\$9,067,424	Improve the tourism supply by readying the Tellier site	0	0	5,056
	Fund infrastructure to host cruise passengers			
	Modify the Mgr Blanche pier for cruise ships			
Interregional projects				
\$579,700	Develop 2 action plans to address short- and medium-term land transportation and human resources problems.			
	Market and promote the "Saint Lawrence Cruises" destination with different players in the industry including cruise line representatives and travel specialists.			

7 Satisfaction with service and utility of the assistance

The Initiative was meeting the expectations of community stakeholders and proponents. These expectations were chiefly financial. It was acknowledged that, without government financial assistance, it would be difficult or even impossible to develop the international cruise sector in the ports of call targeted by the Initiative. The initial investment was important and short- or medium-term profitability was difficult to forecast and achieve. In this regard, respondents suggested that a higher rate of funding (in excess of 50%) be permitted for projects submitted by not-for-profit organizations, since the community does always have the capacity to fund its share of the project.

Respondents also said they were satisfied with the funding available. Funding was thought to be sufficient to develop the sector. Availability of funding under the Initiative was not viewed as an impediment to the development of the international cruise sector. No project had had to be revised downward or refused for want of funding.

Finally, the eligibility criteria were deemed flexible enough to allow proponents to design projects that match their needs and the characteristics of their localities. Proponents were also satisfied with the funding application process and the administrative requirements involved in granting funds. In this respect, they felt that the Initiative compared favourably with other government programs.

The Agency representatives who were consulted felt that the international cruise sector in the St. Lawrence constituted a business opportunity with high potential for development and economic spinoff in the six ports of call targeted. After two years, the Initiative was meeting all the needs of the localities and project proponents, and the community must now be given the time to create other projects so as to consolidate the service offer.

Finally, with respect to projects funded, the Agency representatives underlined the quality and diversity of the projects funded thus far. Most of the projects would fuel the international cruise industry. No one type of project was perceived as being of greater benefit to the industry than another. The importance of projects was tied to community needs. For example, port infrastructure might be an important issue in one port of call, while in another, tourism activities might be the main issue. The Initiative had thus adapted to the needs of each locality.

7.1 Suggestions for improvement

With a view to continuing improvement, respondents submitted the following suggestions:

- Allow the community enough time to design appropriate projects that meet the needs of cruise passengers. Until now, the projects that have been funded were those that would have the greatest short-term impact in terms of the number of ports of call. The community now needs time to design other projects in order to consolidate supply.
- Focus on infrastructure and tourism services equally. As infrastructure projects are generally very expensive, this type of project is seen as a priority by community stakeholders. However, development of the tourism supply should go together with infrastructure building since the success of a port of call depends largely on tourism products and activities available there.
- Allow a higher funding rate (above 50%) for projects submitted by non-profit organizations. The community does not always have the capacity to fund its share of a project.
- Support the operation of projects financially. In the short and medium term, proponents will have to work on making project operation profitable, and this may be difficult since the international cruise sector is in its infancy²⁷.

7.2 Factors jeopardizing the success of the Initiative

Apart from the external factors, which are beyond their control, most of those consulted about the factors that might impede the development of international cruises identified risk sources directly tied to the behaviour of communities:

1. **Community mobilization.** The public and elected officials must support the development of the international cruise sector in their locality. Fear of being invaded by a hoard of tourists could jeopardize the sector in some places.
2. **Destination appeal.** As well as adding tourism activities and infrastructure, the community (stakeholders, elected officials and the public) have to make the destination attractive. The list of

²⁷ For the ports of call involved in the Initiative.

factors includes the way tourists are welcomed, whether an entrepreneurial culture exists, and how proactive elected officials are.

8 Recommendation and management response

Recommendation	Responsibility Centre	Management Response	Planned Completion Date
1. For effective monitoring of the Initiative's performance, the Agency should identify targeted results and baselines.	Policy, Research and Programs Branch (PRPB)	The target for 2012 is a 45% increase from 2010.	Complete

