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pour les régions du Québec

Canada Economic
Development
for Quebec Regions



**EVALUATION OF
THE TEMPORARY
INITIATIVE FOR THE
STRENGTHENING OF
QUEBEC'S FOREST
ECONOMIES (TISQFE)**

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LIST OF ACRONYMS

AIS	Activity Information System
BDC	Business Development Bank of Canada
BDC	Business Development Centre
BO	Business Office
BRG	Business and Regional Growth
CAF	Community Adjustment Fund
CD	Community Diversification
CDIC	Community Futures Development Program
CED	Canada Economic Development
COREM	Consortium of applied research for the processing and transformation of mineral substances
CTRI	Industrial waste technology centre
DFATD	Department of Foreign Affairs, Trade and Development
EC	In the public service, abbreviation of the Economics and Social Science Services occupational group
EDI	Economic Development Index
ET	Equivalent Territory
FTQ	Quebec federation of labour
G&C	Grants and Contributions
IC	Industry Canada
INAC	Indigenous and Northern Affairs Canada
INRS	Institut national de recherche scientifique
LDC	Local development centre
MAMR	Ministère des Affaires municipales et des Régions [Ministry of Municipal Affairs and Regions] (now MAMROT)
MAMROT	Ministère des Affaires municipales, des régions et de l'occupation du territoire [Ministry of Municipal Affairs, Regions and Land Occupancy]
MEIE	Ministère de l'Économie, de l'Innovation et des Exportations [Ministry of the Economy, Innovation and Exports]
MERN	Ministère de l'Énergie et des Ressources naturelles [Ministry of Energy and Natural Resources]
MFE	Ministère des Finances et de l'Économie [Ministry of Finance and Economy] (now MEIE)
MFFP	Ministère des Forêts, de la Faune et des Parcs [Ministry of Forests, Wildlife and Parks]
RCMRCM	Regional County Municipality
MNRF	Ministère des Ressources naturelles et de la Faune [Ministry of Natural Resources and Wildlife] (now MERN)
NAICS	North American Industry Classification System
NPO	Non-profit organization
NRCan	Natural Resources Canada
PAA	Program Activities Alignment
PARRESTD	Programme d'appui au redressement et à la rétention d'entreprises stratégiques et aux territoires en difficulté [support program for recovery and retention of strategic businesses and hard-hit regions]
PRPB	Policy, Research and Programs Branch
QEDP	Quebec Economic Development Program
RTA	Regional tourism associations
SEPH	Survey of Employment, Payrolls and Hours
SMEs	Small and Medium Enterprises
TBS	Treasury Board Secretariat
TISQFE	Temporary Initiative for the Strengthening of Quebec's Forest Economies

SUMMARY

The Temporary Initiative for the Strengthening of Quebec's Forest Economies (TISQFE) came into force on June 17, 2010, and ended on March 31, 2013. Its budget of \$100 million over three years, including approximately \$92 million for grants and contributions and \$8 million for operations, was to be used to diversify and support the communities affected by the forestry crisis. The \$15 million of the initiative's budget that came from monies already allocated to Canada Economic Development (CED) through the Community Adjustment Fund (CAF) is not covered by this evaluation given that it has already been reported separately.

The initiative aimed to achieve the following results:

- 1.** To strengthen and increase economic activity in areas affected by the forestry crisis in order to create and preserve jobs; and
 - 2.** To give special emphasis to SMEs in affected communities to improve their performance.
- The evaluation focused on the relevance and performance of the initiative, using multiple data sources: a literature review, analysis of administrative data, telephone surveys, interviews, case studies and economic impact study conducted by Statistics Canada.

RELEVANCE

Has the originally identified problem been resolved? How has the economic situation in the forestry sector changed from the implementation period to now?

The crisis affecting the forest industry in Quebec in the late 2000s and early 2010s has subsided. Opinions are divided as to the impact of the TISQFE on the mitigation of the forestry crisis since the causes were many and the effects deep, while the scope of the initiative was limited. The situation of the forest industry has evolved based on several key factors, some positive (increase in construction starts in the U.S. and drop in the Canadian dollar), and some negative (higher transportation costs and rise of electronic media).

Diversification and the decline in economic activity are still issues in the regional county municipalities (RCMs) targeted by the TISQFE. The efforts undertaken to diversify local economies are essential and the results are visible, but it is a long-term process that requires profound changes in many communities.

What would have been the consequences of a lack of funding for the initiative to bolster economic activity in the areas affected by the forestry crisis? To what extent did the initiative target the right communities?

According to the clients surveyed, 72% felt they could not have completed their project without the help of CED, 23.5% felt that they could have carried out their project without this assistance and 4.5% did not know. The majority of the stakeholders interviewed stressed that the lack of funding would likely have led to more significant job losses in the affected communities. The funding available through the TISQFE would have helped to stabilize the situation in several RCMs.

The initiative generally targeted the right communities. However, not all the targeted communities implemented projects. Indeed, TISQFE projects were funded in 80% of the 54 RCMs targeted. Furthermore, some stakeholders questioned the relevance of intervening in certain RCMs.

Recommendation :

1. Establish more targeted criteria when developing new initiatives (e.g. targeted communities).

Did the initiative pay special attention to secondary and tertiary processing projects, the economic diversification of communities dependent on the forestry sector and research centres working with businesses in the target communities?

While special attention was given to projects related to this sub-sector, the number of new projects was limited because many secondary and tertiary processing companies were in a difficult financial position. Despite the low number of research centres, CED has funded 11 projects through non-repayable contributions totalling \$6.8 million. Special attention was also paid to economic diversification projects, a key element in the analysis of TISQFE records.

Have these needs changed?

The decline in the forestry industry's traditional sub-sectors, such as pulp and paper, as well as increasing international competition require that the different industry players redefine their business model. The primary need identified by stakeholders was the need to diversify the forestry industry, including secondary and tertiary processing.

Regarding local economies, the evolving needs identified were not the same from one RCM to another. One conclusion that can be drawn from the various interviews is that there were few new needs, with stakeholders mentioning mainly existing needs. The top needs were succession and business start-ups, productivity, labour, consensus, innovation, marketing and new market development.

To what extent was the initiative aligned with government priorities?

During its implementation, the initiative met one of the CED priorities, that of facilitating community adjustment to economic shocks. The TISQFE was also aligned with the priorities outlined in the Speech from the Throne, the budget speech and the Economic Action Plan.

To what extent has the initiative complemented or duplicated the funding available from other sources?

The initiative complemented other available funding sources. According to the survey data, 57% of clients stated that the CED funding available complemented other sources and 41% of clients termed it a unique source. In addition, 67% of clients said that at least one source of funding was conditional on obtaining CED's assistance.

Concerning the complementarity between the TISQFE and other CED programs, it appears that there is no difference between the two. A majority of the projects funded by the TISQFE could have been funded under one of these other programs.

PERFORMANCE

To what extent have the immediate, intermediate and ultimate outcomes been achieved?

Immediate Outcomes: In general, the expected outcomes have been achieved.

Intermediate Outcomes: According to performance data, 64% of performance indicators show improvement from the beginning of the projects, 13% no change and 24% a decline.

To what extent has the initiative contributed to the achievement of its intermediate outcomes?

Overall, the initiative has contributed to achieving the target outcomes. Interviews indicated that the biggest impact was felt on business productivity, which is consistent with the amount of assistance provided.

According to the Statistics Canada study, there was no statistically significant difference between the businesses supported and the control group in terms of changes in sales and employment. However, about 73% of the SMEs surveyed claimed that their project had enabled them to increase their sales. The performance data collected indicate that the total increase in sales of SMEs funded by CED would be \$162.4 million for the 104 projects for which data were available. According to internal data, the survival rate of SMEs that received funding under the TISQFE was 93% in March 2015.

What are the barriers/facilitating factors that hindered/promoted the achievement of immediate, intermediate and ultimate outcomes, and to what extent are these being mitigated?

Factors such as the economic setting, labour, client development and the exchange rate affected the achievement of results. The collaboration between CED and other stakeholders and CED's jurisdiction are factors that have had a positive influence on outcome achievement.

The analysis of internal data shows that every dollar paid out by CED generated \$2.58 of investment directly in the funded projects. CED's \$56.8 million in contributions would therefore have generated \$146.3 million from other funders.

The level of dependence of the RCMs on forestry-related jobs does not seem to have been a determining factor in the level of assistance provided. An analysis of the projects funded by CED did not show that the TISQFE had helped to intensify the agency's assistance in the targeted RCMs. However, the TISQFE funding envelope would have freed up funds in regular programs for the RCMs outside the TISQFE.

To what extent have the special arrangements been used, and have they made certain projects possible?

The special arrangements have hardly been used. In fact,

- a non-repayable contribution (\$150,000) was granted to 1 out of 161 SMEs;
- 12 out of 161 SME projects (7.5%) had an over 50% assistance rate (the maximum rate in regular programs is 50%);
- no projects related to the purchase of existing patents were identified.

Were there any implementation issues? Has anything been learned from the implementation of the initiative?

Some of the aspects mentioned were the lack of communication, the limited duration of the initiative, the lack of uniformity in its implementation, limited opportunities in some RCMs, the 2008–2009 financial crisis and a slower reaction of the local community in some RCMs. The initiative's name has created expectations in the forest industry, especially among primary processors. These expectations could not be met because of international trade agreements in effect.

Recommendations :

1. Implement management tools and adequate delivery measures to support the implementation of ad hoc initiatives to enhance the effectiveness and timeliness of the intervention.
2. Seek to establish a long enough period for new initiatives to reflect the long-term nature of some of the deliverables of this type of initiative (e.g. economic diversification).
3. Establish both an internal and an external communication strategy to consistently present new initiatives, while clearly explaining the criteria, limitations and deliverables.

Is there a more cost-effective way of achieving expected outcomes, taking into consideration alternative delivery mechanisms, best practices and lessons learned?

The delivery mechanism preferred by CED seems satisfactory from the clients' point of view. In fact, 96.2% of survey respondents were fairly or very satisfied with all of the CED services. Moreover, the TISQFE respected the CED standard for project approval (35–65 days). However, some avenues were proposed to improve efficiency, such as greater flexibility in terms of eligibility criteria, reduced bureaucratic red tape or even greater operational flexibility at the local level.

How does the loss rate compare to other CED programs? Was the risk level of initiative projects higher than that of other CED projects?

As of March 31, 2015, the TISQFE write-off rate was 8%. Compared with the Community Diversification (CD) and Business and Regional Growth (BRG) programs, it seems that the loss rate is relatively comparable for now, although those programs were implemented two years before the TISQFE. In fact, the write-off rate is 11% for CD and 10% for BRG. As for the QEDP, the current write-off rate is 12%. The level of risk of TISQFE projects is roughly the same as in regular CED programs.

1 INTRODUCTION

1.1 BACKGROUND

The forestry industry is a major contributor to the economy of Quebec's regions. In 2009, this industry (timber harvesting, logging and processing and paper manufacturing) accounted for almost \$6.5 billion, or 2.6% of the province's total GDP. Since 2005, the industry has been going through one of the worst crises in its history and has undergone considerable restructuring. Consequently, affected communities, often already vulnerable, have experienced significant job losses that have weakened their economic activity. Since 2005, more than 200 mills have been shut down permanently or temporarily, and there have been declines in employment (-29%), sales (-26%) and exports (-40%). In 2009, the industry employed 80,000 workers, 33,000 fewer than in 2005.

In recent years, the Government of Canada has signed agreements that limit subsidies or benefits to forest-dependent businesses, such as the *Softwood Lumber Agreement (2006)*, *Canadian Forest Industry Policy on Investment Incentives* and *WTO agreements*. In so doing, it has committed to adequately respond to the challenges and needs of communities that are highly dependent on the forest industry while respecting its various obligations.

1.2 DESCRIPTION OF THE INITIATIVE

The Temporary Initiative for the Strengthening of Quebec's Forest Economies (TISQFE) was brought into force on June 17, 2010, and ended on March 31, 2013, as a measure to support communities affected by the forestry crisis and help them diversify their economies. Projects were to be submitted by businesses or organizations from the affected communities. The TISQFE was accompanied by a budget of \$100 million over three years, comprising approximately \$92 million in grants and contributions and \$8 million for operations. Of the \$100 million, \$15 million was financed from monies already allocated to Canada Economic Development (CED) through the Community Adjustment Fund (CAF). Since this program involved separate reporting, these projects and associated operating expenses (\$1.9 million) are not covered by this assessment.

The initiative aimed to achieve the following outcomes:

- To strengthen and increase economic activity in areas affected by the forestry crisis in order to create and preserve jobs; and
- To give special emphasis to SMEs in affected communities to improve their performance.

By March 31, 2013, 208 projects had been approved. The total costs of the projects, which include other funding sources, amounted to \$246.7 million. The funded projects include a \$40 million agreement with the Quebec government to maintain jobs through silviculture (\$20 million from CED and \$20 million from Quebec's Ministry of Forestry, Wildlife and Parks [MFFP]).

1.3 INITIATIVE TERMS AND CONDITIONS

The Initiative was delivered through regular CED programs and their arrangements, namely *Community Diversification* (CD) and *Business and Regional Growth* (BRG) until March 2012, and the *Quebec Economic Development Program* (QEDP) from April 2012 to March 2013. The authorized assistance for TISQFE

projects amounted to nearly \$80 million. In the end, CED's actual contributions amounted to \$76.8 million, comprising \$35.7 million in non-repayable contributions and \$41.1 million in repayable contributions.

TABLE 1

Distribution of projects and authorized assistance, per year and per program

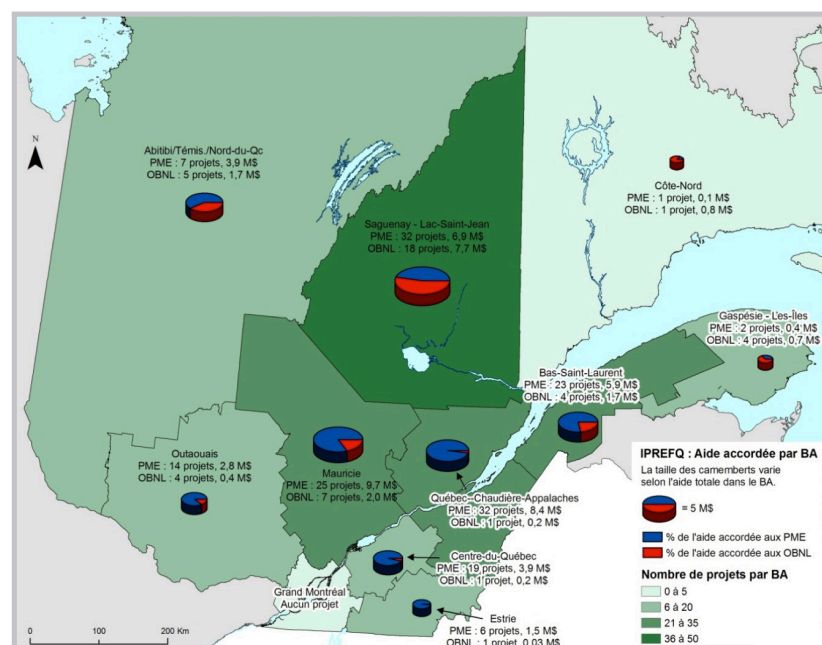
	2010 -2011		2011 -2012		2012 -2013	
PROGRAMS	# of Project	Authorized Assistance	# of Projects	Authorized Assistance	# of Projects	Authorized Assistance
BRG-TISQFE	58	\$24,223,966 ¹	37	\$7,229,674	-	-
CD-TISQFE	35	\$10,977,975	35	\$7,229,674	-	-
QDEP-TISQFE	-	-	2	\$1,301,760	41	\$9,203,940
TOTAL	93 (44.7%)	\$35,201,941 (44%)	74 (35.6%)	\$35,544,317 (44%)	41 (19.7%)	\$9,203,940 (12%)

Source: TB2 Extraction, CED

¹ Includes the \$20 million agreement with the Government of Quebec

FIG. 1

Distribution of TISQFE projects and authorized assistance by business office (BO) and by type of recipient



Source: TB2 extraction (February 2015), CED

Targeted communities

Based on the available data and to facilitate implementation of the TISQFE, CED used an eligibility analysis at the regional county municipality level (RCMs - administrative structure in Quebec). The criterion used to designate the RCMs targeted by the initiative was a community's level of dependency on the forest industry. The RCMs considered highly and moderately dependent were selected. The first were determined using the percentage of jobs in the forestry sector. The second were determined using the percentage of jobs in the forestry sector and the level of devitalization of the RCM according to several socio-economic indicators.² In total, 54 RCMs were designated as eligible for the TISQFE.

Rate and nature of the financial assistance

To mitigate the unfavourable economic context and more difficult access to sources of non-government funding and increase project start-up chances in certain regions, the following changes to the program terms and conditions were considered necessary:

- 1) Raise the rate of assistance and accumulated assistance by allowing SMEs to benefit from a maximum assistance rate of 75% instead of the current 50%. This measure made it possible to give businesses an incentive to invest and undertake larger scale projects and to provide sufficient funding to companies that had limited financial and borrowing capacity.
- 2) Increase the maximum non-repayable contribution amount to SMEs to \$200,000, although the maximum was usually \$100,000. Using non-repayable assistance was intended to limit the financial burden on businesses and allow them to benefit from the leverage effect.
- 3) Relax CED's internal guidelines to include costs related to the purchase of existing patents to enable SMEs to develop new advanced technologies and stimulate economic development. More specifically, these costs were for the acquisition of existing patents by a CED client company.

1.4 EXPECTED OUTCOMES OF THE INITIATIVE

The initiative was intended to support projects proposed by communities and businesses in regions affected by the forestry crisis. Special attention was paid to secondary and tertiary processing projects, the economic diversification of communities dependent on the forestry sector that had been severely affected, and assistance to research centres outside the territory working with businesses in the targeted communities. Funded projects could promote, among others:

1. increased productivity (e.g. acquisition of equipment or adoption of new technologies, forest biomass conversion, improvement in a company's eco-efficiency);
2. enhanced innovative capacity (e.g. support to agri-food processors to develop innovative or local products);
3. capacity building in new foreign market development (e.g. trade missions);
4. regional diversification (e.g. implementation of local economic stimulus plans, development of new attractions).

The deliverables of the initiative projects were consistent with the CED's departmental outcome: *Quebec regions have stronger economic base.*

² The Economic Development Index (EDI) is calculated based on variables grouped into four categories: the strengths of the RCM in terms of human resources, physical resources and know-how, and the RCM's ability to capitalize on its strengths.

2.1 EVALUATION MANDATE

This evaluation should allow CED to learn from the implementation and achievement of the expected outcomes of the economic development projects aimed at addressing structural economic issues. The TISQFE evaluation was provided for in CED's annual evaluation plan, which was approved by the Deputy Head and announced in CED's Report on Plans and Priorities for 2013–2014.

Evaluation policy requirements

The evaluation addresses five core issues (see Appendix)³ set out in the *Directive on Evaluation* in response to the Treasury Board Secretariat (TBS) *Policy on Evaluation*. They are grouped under the issues of relevance and performance.

TABLE 2
Evaluation questions for assessing the TISQFE

Issues	Evaluation Questions
Relevance	<ol style="list-style-type: none"> 1. Has the originally identified problem been resolved? How has the economic situation in the forestry sector changed from the implementation period to now? 2. What would have been the consequences of a lack of funding for the initiative to bolster economic activity in the areas affected by the forestry crisis? To what extent did the initiative target the right communities? 3. Did the initiative pay special attention to secondary and tertiary processing projects, the economic diversification of communities dependent on the forestry sector and research centres working with businesses in the targeted communities? 4. Have these needs changed? Are there new needs? 5. To what extent was the initiative aligned with government priorities? 6. To what extent has the initiative complemented or duplicated the funding available from other sources?
Performance	<ol style="list-style-type: none"> 7. To what extent have the immediate, intermediate and ultimate outcomes been achieved? 8. To what extent has the initiative contributed to the achievement of intermediate outcomes? 9. What are the barriers/facilitating factors that hindered/promoted the achievement of immediate, intermediate and ultimate outcomes, and to what extent are these being mitigated? To what extent have the terms of the initiative improved its efficiency? 10. To what extent have the special arrangements been used and have they made certain projects possible? 11. Were there any implementation issues? Has anything been learned from the implementation of the initiative? 12. Is there a more cost-effective way of achieving expected outcomes, taking into consideration alternative delivery mechanisms, best practices and lessons learned? 13. How does the loss rate compare to other CED programs? Was the risk level of initiative projects higher than that of other CED projects?

³ Each of the five core questions is presented in relation to the different indicators and evaluation criteria and the methods and data sources that were used.

2.2 STRATEGY

The evaluation covers all projects (n=208) approved between June 17, 2010, and March 31, 2013.

2.2.1 Data collection methods

Several methods were used to analyze the data collected from various sources. The methods were chosen taking into account the time frame, resources and data available. The following seven methods were used: 1) analysis of administrative data; 2) literature review; 3) interviews; 4) survey; 5) comparative study by Statistics Canada; 6) case studies; 7) post-audit of TISQFE grants and contributions files.

Administrative data were analyzed using internal data, including performance measurements, financial data, data on operations and the Activity Information System (AIS)*.

The literature review included the analysis of documents outlining government priorities (budget speech and Speech from the Throne). Other information sources such as studies, databases and other documents related to the issues identified by the initiative were used. These data came from Statistics Canada, the Institut de la statistique du Québec, Emploi-Québec, the Ministry of Economy, Innovation and Exports (MEIE) and the Ministry of Forestry, Wildlife and Parks (MFFP).

A total of 31 semi-structured interviews were conducted with three types of stakeholders: CED business office representatives, funders and local stakeholders. A separate interview guide was developed for each type of stakeholder. Interviewees were selected such as to obtain a representative picture of the TISQFE's interventions, diverse viewpoints and factors explaining certain situations observed. The interviews were conducted by telephone in April 2015 by the person responsible for the TISQFE evaluation and they lasted an average of 30 minutes. The interviews provided information on relevance, efficiency and cost effectiveness.

TABLE 3
Number of interviews conducted with different types of stakeholders

Types of Stakeholders	Number of Completed Interviews
Key stakeholders ⁴	16
Funders	6
CED Business Office and Policy, Research and Programs Branch (PRPB)	9

⁴Some key stakeholders were also funders but were included only once. In this case, the two questionnaires were merged.

* AIS is a tool capturing the duration of activities worked by program officers for each project.

A telephone survey lasting an average of ten minutes was conducted with clients by a specialized firm between February and April 2015. A list of 200 SMEs and non-profit organizations (NPOs)⁵ that have benefited from initiatives was provided to the firm. Some 132 businesses and NPOs responded to the survey, for a response rate of 73.5%. After application of a correction factor based on the size of the population surveyed, the maximum margin of error for a sample of 132 respondents out of 200 is +/- 4.9%, 19 times out of 20.

An economic impact study was conducted by Statistics Canada to determine the net impact of regular CED programs for SMEs that receive funding from CED. It was the third study commissioned by CED, and, to provide information for the TISQFE evaluation, the scope of the study was expanded to include other programs, including the TISQFE. To get the clear picture of the net impact of CED's intervention on SMEs, Statistics Canada compared supported SMEs with those from a control group made up of SMEs with similar characteristics.⁶ Furthermore, to build the most representative control group, businesses were matched according to jobs, revenues, assets, debt ratio as well as the profit margin going back up to three years before the first funding was received. In the end, the study selected 11 businesses in 2010, 43 in 2011 and 34 in 2012, for a total of 88 matched businesses under the TISQFE. In comparison, 162 SMEs received TISQFE funding for a match rate of 54%.

Four case studies were conducted to examine more specifically the actions and results obtained through the initiative. The four RCMs studied were selected because they had the highest number of TISQFE projects. The selected RCMs were

- Equivalent territory (ET) of Saguenay (16 projects, \$7,877,187)
- RCM Arthabaska (13 projects, \$2,941,766)
- RCM Antoine-Labelle (12 projects, \$1,183,10)
- RCM Matawinie (15 projects, \$3,052,811)

These four RCMs combined accounted for 25% of the assistance granted⁷ and 27% of the projects carried out under the TISQFE.

The case studies are based on a deeper analysis of administrative and macroeconomic data and CED performance data. The objective of this analysis was to delve further into the findings of the evaluation by further documenting the particulars of the TISQFE support in the different contexts of the four RCMs and thereby identify lessons learned and best practices.

Furthermore, as part of the case studies, interviews were conducted with at least one stakeholder or funder to obtain additional information.

2.2.2 Evaluation Monitoring Committee

In accordance with the Standard on Evaluation for the Government of Canada, a monitoring committee was established to support the evaluation.⁸ Its mandate was to comment on the various deliverables (evaluation framework, interview guides, list of persons to be interviewed, preliminary findings, interim report and final report), facilitate access to data on the initiative and provide advice and direction at every stage of the evaluation process in order to make the evaluation as useful as possible for CED.

This committee, under the Strategic Services and Management review Directorate, consisted of representatives of the Operations sector and Policy and Communication sector of CED and an external representative, in this case a representative of the Quebec Ministry of Economy, Innovation and Exports (MEIE).

⁵ The eight-project difference is explained by the fact that some SMEs or NPOs carried out more than one project.

⁶ This control group comprises businesses with a current address in Quebec that were incorporated under the Business Register and operate in the same sector (NAICS) as businesses supported by CED.

⁷ Excluding the \$20 million project with the Government of Quebec.

⁸ Pursuant to section 6.1 of the Policy on Evaluation, peer review, advisory or steering committee groups are to be set up. These groups or committees, directed by the head of evaluation, contribute to planning and evaluation procedures, as well as to the review of evaluation products to improve their quality.

2.2.3 Evaluation limitations

The primary limitations of the current evaluation include the following:

- The latest census data date back to 2011 and do not reflect the most recent changes in the economic situation;
- Performance data are not always available or up to date, especially because of the low level of maturity of some projects;
- There are no result targets for this initiative;
- The evaluation focuses more on immediate and intermediate outcomes rather than the final outcome, in particular due to the limited scope of the initiative and the long-term nature of the deliverables. Therefore, it is difficult to accurately determine the outcomes of the TISQFE for the economy of the RCMs;
- Data from the Statistics Canada study reflect only about half of the initiative's SME clients. Moreover, the TISQFE specifically targeted certain RCMs while the control group is province-wide;
- Data from the Activity Information System (AIS), based on self-reporting of staff members, relates only to the time spent by business offices and do not include the resources of other internal departments and services.

To mitigate these limitations and generate evidence-based findings, data from several sources were analyzed for each of the evaluation questions. Moreover, the large number of interviews conducted and the high telephone survey response rate resulted in the collection of quality data, thus mitigating some limitations.

3 ANALYSIS

This section of the report presents the answers to the evaluation questions and the findings. It is arranged by evaluation issue, evaluation question and indicator. The subsections below address the program's relevance and its performance.

3.1 RELEVANCE

3.1.1 Has the originally identified problem been resolved? How has the economic situation in the forestry sector changed from the implementation period to now?

Summary answer

The crisis affecting the forest industry in Quebec in the late 2000s and early 2010s has subsided. Opinions are divided as to the impact of the TISQFE on the mitigation of the forestry crisis since the causes were many and the effects deep, while the scope of the initiative was limited. The situation of the forest industry has evolved based on several key factors, some positive (increase in construction starts in the U.S. and drop in the Canadian dollar), and some negative (higher transportation costs and rise of electronic media).

Diversification and reduced economic activity are still issues in the RCMs targeted by the TISQFE. The efforts undertaken to diversify local economies are essential and the results are visible, but it is a long term process that requires profound changes in many communities.

Full answer

The issues originally identified were

- 1) the forestry crisis and its impacts on the forest industry and the communities that depend on it;
- 2) lack of diversification and declining economic activity in the communities affected by the crisis.

Many Quebec communities depend on the forest industry, especially in rural and remote areas. Before the crisis, the forest industry benefitted from conditions conducive to expansion (high demand, weak dollar, etc.), limiting the need for modernization efforts while markets became globalized and new environmental requirements, among others, were put in place.

The industry then faced major challenges:

- The drop in construction starts in the United States weakened demand for lumber;
- The appreciation of the Canadian dollar relative to the U.S. dollar has hurt exports to the United States;
- The high production costs of Canadian factories made them less competitive;
- The rise of electronic media has decreased demand for newsprint;
- International competition has intensified and new players have entered the market (Brazil, Russia, China, Chile);
- Quebec stumpage (volumes) for softwood has been reduced by 20%, causing the temporary or permanent closure of some businesses.

The forestry crisis and its impacts on the forest industry and the communities that depend on it

Background

The context in which the forest industry operates has changed dramatically since the implementation of the TISQFE. The crisis that hit the industry in Quebec in the late 2000s and early 2010s has subsided, with the value of Quebec's forest exports rising from \$6.9 billion in 2012 to \$8.7 billion in 2014. The situation in the forest industry has evolved according to five major factors.

1. Production costs

As a result of the crisis, only the most profitable mills are still in business. The concentration of production in a smaller number of businesses could have a positive impact on the production cost of these mills. However, raw materials are found farther and farther away from the mills, thereby increasing transportation costs.

2. Upturn in construction starts in the United States and market diversification

The economic recovery in the United States is having positive effects on construction starts, which should boost and sustain demand for all construction-related materials. Elsewhere, Quebec exports are benefitting from the growth experienced by some emerging countries. Exports of wood products to China and India, the second and third largest export markets for Quebec products in 2013, have jumped by 78% and 23% respectively since 2008.

3. Depreciation of the Canadian dollar

There has been a considerable decline of the value of the Canadian dollar against the U.S. dollar in the past two years, making Quebec products more competitive in the United States. Since prices are set in U.S. dollars, every drop in the value of the Canadian dollar represents a substantial revenue increase for Quebec companies. In contrast, a weak dollar limits investments in the foreign machinery and equipment necessary to modernize production facilities as it significantly increases the price. However, competition

from other countries remains a challenge, as many currencies have also depreciated against the U.S. dollar during this period.

4. Significant increase in wood prices

According to Statistics Canada, the monthly price index of lumber and other wood products averaged 89 in 2009, and was 99 in 2013. Meanwhile, the price index for pulp and paper products remained relatively stable, dropping very slightly from 103 in 2009 to 102 in 2013 (index 2002=100).

5. Emergence and rise of electronic media

The rise of electronic media is continuing across North America, bringing with it a sharp decline in print media and a significant decline in the demand for paper.

Evolution of the forest industry from 2005 to 2014

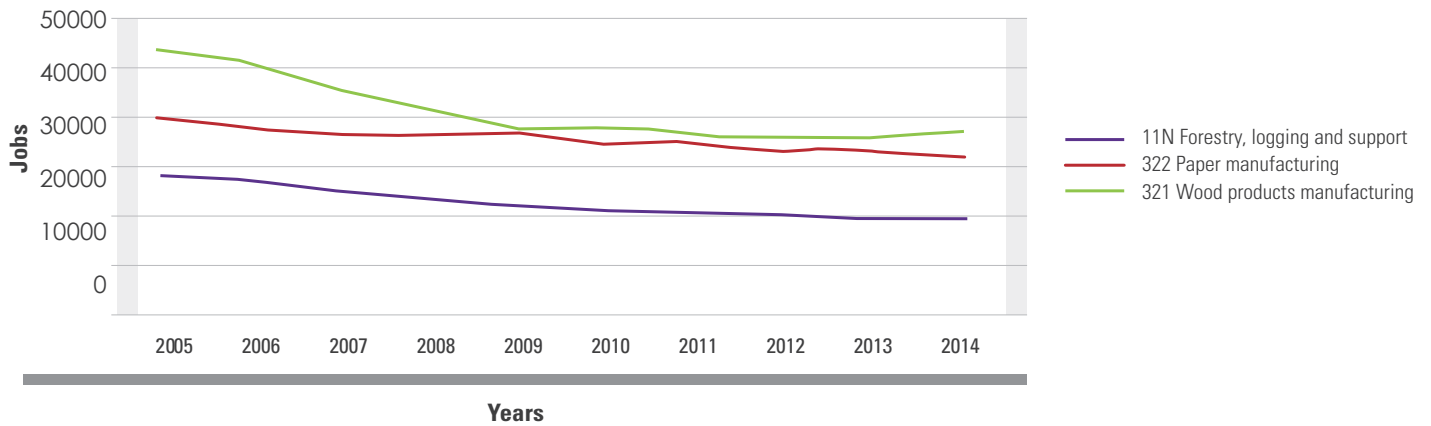
Although only available at the provincial level, data from Statistics Canada's Survey of Employment, Payrolls and Hours (SEPH) accurately and reliably present the change in the number of jobs in the forest industry. The following chart illustrates this decline. Between 2005 and 2014, the Quebec forest industry lost 34.6% of its jobs.

Since 2005, the three sectors that make up the forest industry have all seen a marked decrease in employment. The decrease was more pronounced in the forestry, logging and support sector, with a loss of 46.8%. The crisis has mainly affected softwood lumber, which is harvested in large volumes on Crown land. Between 2009 and 2014, forestry and paper manufacturing showed significant declines in employment. Hardwood, with a more modest harvest, is used more in the production of wood products, which are less sensitive to the factors that have affected the demand for softwood lumber.⁹

⁹ The RCM Arthabaska case study helps to better understand the situation of an RCM where more hardwood is harvested.

Change in Forestry-related jobs

Chart 1



Source: Internal compilation. Statistics Canada SEPH Cansim 281-0024.

The number of businesses working in the different sectors in a RCM can be identified through Statistics Canada's Business Register. This gives another glimpse into the type of production and the approximate distribution of jobs by industry. There were 4,225 businesses in the Quebec forest industry in 2009, and 4,129 in 2014.¹⁰

TABLE 4

Change in the number of businesses in forest industry groups

NAICS	2009	2014	Change%
1131 - Timber tract operations	123	315	156.1%
1132 - Forest nurseries and gathering of forest products	40	49	22.5%
1133 - Logging 2,508 2,084 -16.9%			
1153 - Support activities for forestry	662	740	11.8%
3221 - Pulp, paper and paperboard mills 41 33 -19.5%			
3222 - Converted paper product manufacturing	30	32 6.7%	
3211 - Sawmills and wood preservation 331 270 -18.4%			
3212 - Veneer, plywood and engineered wood product manufacturing	84	93	10.7%
3219- Other wood product manufacturing	406	513	26.4%
Totals	4,225	4,129	-2.3%

Source: Business Register, Statistics Canada, 2009 and 2014.

¹⁰Statistics Canada Business Register (2009 and 2014), businesses with at least one owner, NAICS 113, 321 and 322.

The data provided by stakeholders and from the literature review show a downward trend in several traditional sectors, mainly primary processing as well as pulp and paper. However, there was an increase in the number of businesses in the manufacturing of value-added products, particularly processed paper and wood products.

Although the data show that the forestry crisis seems to have subsided, the stakeholders interviewed are divided as to the initiative's contribution to mitigating the impacts of this crisis. A large proportion of stakeholders have stated that the initiative has mitigated the impact of the crisis, mainly through job creation and business retention. However, some stakeholders indicated that the initiative had helped to mitigate the impacts of the crisis, but to a small extent, since the causes were many and the effects were deep while the scope of the initiative was limited.

Finally, a minority of stakeholders were of the view that the initiative had not mitigated the impacts of the forestry crisis. Several reasons were given in support of this assertion, namely

- the target community was not affected by the crisis;
- the lag between the commencement of the initiative and perceived effects of the crisis;
- the global recession context;
- the extent and causes of the crisis (structural changes).

The main findings that emerge on the current state of the forest industry are

- In the wood product manufacturing sector, the economic crisis is not only behind us, but U.S. economic growth should contribute to increasing demand for Quebec lumber and engineered wood over the coming years. However, the price of raw (unprocessed) timber together with the access challenges faced by Quebec forestry companies could undermine this recovery.

- The pulp and paper sector is still in a structural crisis caused primarily by the decline in the global demand for newsprint.

Lack of diversification and declining economic activity in the communities affected by the crisis

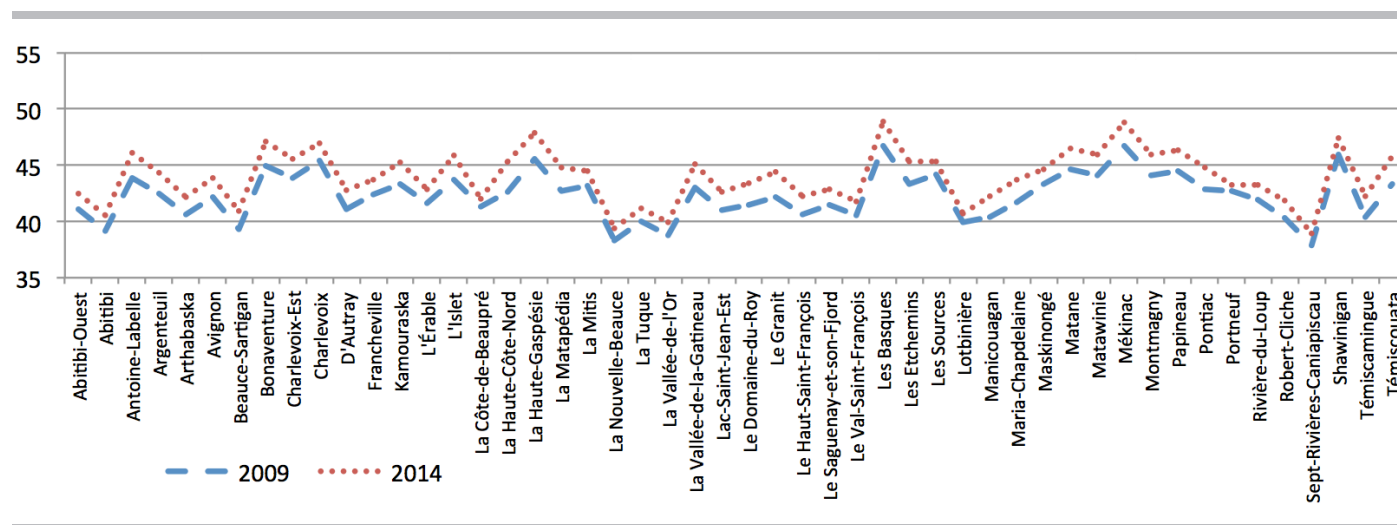
According to the literature reviewed, the key issues and current challenges that devitalized municipalities must face are¹¹

- declining local population exacerbated by the aging of the population and migration of young people;
- consolidation and diversification of the local economic base;
- infrastructure shortcomings.

¹¹ Plan d'action gouvernemental à l'intention des municipalités dévitalisées, MAMR, 2008, p. 8.

In terms of declining local population, the data analysis reveals that 56% of the RCMs targeted by the initiative¹² have seen a decline in population since 2009. With respect to the average age, some RCMs have higher averages than others. Chart 2 shows the evolution in the RCMs targeted by the TISQFE.

CHART 2
Change in mean age in the RCMs targeted by TISQFE



Source: Internal compilation from Statistics Canada, CANSIM 051-0062

In 2014, the average age for all of Quebec was 41.5 years and the age group 65 and over accounted for 17.1% of the population. Among the RCMs targeted by the TISQFE, 83% had a higher average age and 58% had a higher proportion of 65 and over.

In general, almost all respondents stated that diversification and the decline in economic activity remain issues in their territory. Many indicated that the efforts undertaken to diversify local economies are essential and the results are visible, but it is a long-term process that requires profound changes in many communities. Diversification efforts are not new—some stakeholders referred to efforts being made for the last 10 or 20 years—and must be continued to help communities be more resilient to economic shocks.

Furthermore, the crisis in the forest industry brings to light issues that can be masked when a dominant sector of the economy is doing well. The Institut national de recherche scientifique (INRS) has already examined the issue and concluded that

[translation] . . . this diversification, especially in times where the main system/business is doing well, is difficult because often we do not see any need: it is only afterwards (after the closure of the mine, the factory or sawmill, for example) that the importance of this diversification is felt. »¹³

¹² Does not take the two northern territories into account.

¹³ Les communautés mono-industrielles au Québec : portrait et analyse de vulnérabilité, INRS, 2008, p.107

For a majority of stakeholders, the decline in economic activity was mainly due to the different economic cycles. In fact, the economic crisis, the rising Canadian dollar and slower than expected U.S. recovery are all factors that have influenced the strength of economic activity. For some communities, distance to market is also a major obstacle to efforts to diversify and maintain economic activity.

Opinions are divided regarding the evolution in the diversification and level of economic activity. According to most respondents, the status quo prevails in regard to the needs in their RCM. As the economies of several communities are in transition, the fact that these issues persist should not be seen as a failure since the required changes are structural. The example most frequently mentioned by the stakeholders interviewed is that to replace a major company that employed a hundred or more workers and create a comparable number of jobs, a large number of SMEs must be established. The fact that it is mostly small businesses with only a few employees that are stepping in requires efforts to support entrepreneurship.

Other stakeholders mentioned that the magnitude of these issues has decreased due to the development of new niches and new businesses, as well as the recovery of the U.S. economy. Some, however, underline the fragility of new businesses and the need to support them to ensure their long-term growth.

For others, the stakes have become higher in their communities. Their primary observations are the absence of new business segments, the difficulty in recruiting and retaining labour, the low number of entrepreneurial projects, distance to market and high production and supply costs. Some noted, however, that more efforts and projects aimed at diversification have been emerging over the past five years.

Several stakeholders also pointed to the review of the provincial government's local development efforts as a challenge for some RCMs. The budget situation and resulting decisions have put pressure on communities and the local economy. According to some stakeholders, a sense of uncertainty was looming, particularly in relation to Plan Nord, which resulted in the postponement of some projects.

Despite all efforts, many stakeholders feel that their RCM is still heavily dependent on natural resources. If the economic situation were to become unfavourable again, these communities would be left with the same challenges as during the forestry crisis. They all emphasize the need to continue economic diversification efforts.

3.1.2 What would have been the consequences of a lack of funding for the initiative to bolster economic activity in the areas affected by the forestry crisis? To what extent did the initiative target the right communities?

Summary answer

Of the clients surveyed, 72% felt they could not have completed their project without the help of CED, 23.5% felt that they could have carried out their project without this assistance and 4.5% did not know. The majority of the stakeholders interviewed stressed that the lack of funding would likely have led to more significant job losses in the affected communities. The funding available through the TISQFE would have helped to stabilize the situation in several RCMs.

The targeted communities were generally the right ones. However, not all the targeted communities implemented projects. In fact, TISQFE projects were funded in 80% of the RCMs targeted. Furthermore, some stakeholders questioned the relevance of intervening in certain RCMs.

Recommendation:

1. Establish more targeted criteria when developing new initiatives (e.g. targeted communities).

Full answer

Of the TISQFE clients who responded to the phone survey, 72% felt they could not have completed their project without the help of CED, 23.5% felt that they could have carried out their project without this assistance and 4.5% did not know.

Of the respondents who said that they could have carried out their project without the assistance of CED, 77.4% indicated that they could not have carried out the project within the same timeframe and 67.7% indicated that they would not have been able to carry out the project on the same scale. Only 2.3% of the respondents stated that they would have been able to carry out their project, on the same scale and within the same timeframe, without CED's assistance.

According to the majority of those interviewed, the funding available through the TISQFE helped to stabilize the situation in several RCMs. The representatives of local stakeholders and funders interviewed also stated that without the funding from this initiative, several projects would not have been carried out and that some businesses would not have survived. Several interviewees emphasized that without the initiative, many jobs would not have been created in the targeted RCMs. According to CED representatives, it appears that without the TISQFE, the agreement with the Quebec government for silviculture work would not have been possible and that the investments would probably not have been made. For the silviculture project, the lack of funding would probably have caused an exodus of workers to other regions or fields of activity.

Some external stakeholders and a majority of CED representatives also said that the initiative released funds from regular CED program for other projects, particularly in RCMs outside the TISQFE. Also according to external stakeholders, the communities targeted were generally the right ones. However, not all the targeted communities implemented projects. In fact, TISQFE projects were funded in 80% of the RCMs targeted. Furthermore, some stakeholders questioned the relevance of intervening in some RCMs, in particular the equivalent territory (ET) of Saguenay, RCM Rivière-du-Loup and RCM Arthabaska. The main reasons cited are

- low dependence or lack of dependence of these RCMs on the forestry industry;¹⁴
- the low impact of the forestry crisis in these RCMs
The forestry crisis mainly affected timber and, although some RCMs had a high rate of forestry workers, few jobs were in the timber sector;
- the presence of an already highly diversified economic base¹⁵;

Despite this finding, these stakeholders clarified that the initiative was appreciated and that it enabled the implementation of several projects.

3.1.3 Did the initiative pay special attention to secondary and tertiary processing projects, the economic diversification of communities dependent on the forestry sector and research centres working with businesses in the target communities?

Summary answer

While special attention was given to projects related to this sub-sector, the number of new projects was limited because many secondary and tertiary processing companies were in a difficult financial position. Despite the low number of research centres, CED has funded 11 projects through non-repayable contributions totalling \$6.8 million. Special attention was also paid to economic diversification projects, a key element in the analysis of TISQFE records.

¹⁴ See RCM Arthabaska case study.

¹⁵ See ET Saguenay case study

Full answer

Projects for the secondary and tertiary processing of wood

While special attention was given to projects related to this sub-sector, the number of new projects was limited because many secondary and tertiary processing companies were in a difficult financial position. Nevertheless, 25% of projects under the TISQFE were related to secondary and tertiary processing in the forestry industry.¹⁶ These projects received \$13.3 million in CED contributions and represent total investments of \$50.5 million. This represents 16.6% of the assistance granted under the initiative.

Research centres

Despite the low number of research centres, CED has funded 11 projects through non-repayable contributions totalling \$6.8 million. Of these projects, three were carried out in RCMs outside the TISQFE but had an impact in RCMs targeted by the initiative. These projects were carried out especially with the *Centre technologique des résidus industriels* [technology centre for industrial waste] (CTRI) located in Rouyn-Noranda and the *Consortium de recherche appliquée en traitement et transformation des substances minérales* [consortium for applied research in the processing and transformation of mineral substances] (COREM) located in the city of Québec.

Economic diversification

Economic diversification was a central element in the analysis of TISQFE records and received sustained attention throughout the initiative. According to the analysis of some TISQFE projects conducted as part of this evaluation, the rationale for funding is mainly related to support for the economic diversification of the targeted RCMs. Project descriptions are not often linked to businesses dependent on the forestry industry.

3.1.4 Have these needs changed? Are there new needs?

Summary answer

The decline in the forestry industry's traditional sub-sectors, such as pulp and paper, as well as increasing international competition require that industry players redefine their business model. The primary need identified by stakeholders was the need to diversify the forestry industry, including secondary and tertiary processing.

In terms of local economies, the evolving needs identified were not the same from one RCM to another. One conclusion that can be drawn from the various interviews is that there were few new needs, with stakeholders mentioning mainly existing needs. The top needs were succession and business start-ups, productivity, labour, consensus, innovation, marketing and new market development.

Full answer

With regard to the needs of single-industry or undiversified communities, the literature review showed the following:

[translation] "... Policies must aim to diversify the economic fabric and establish conditions for sustainable, lasting economic development. Communities must then be encouraged to think in terms of long-term development rather than short-term adjustments. The idea here is to implement economic diversification policies rather than to seek ways to support a struggling sector.»¹⁷

The stakeholders interviewed confirmed the importance of economic diversification, but they also stressed the significant economic contribution of the forestry industry in the regions. According to several stakeholders, the dependence of some RCMs on this resource meant that the forestry industry had to be supported to allow it to reinvent itself. The following analysis focuses on the needs of the forestry industry and the need for economic diversification of the communities.

¹⁶ Many of these projects were carried out in MRC Antoine-Labelle. The case study of this MRC gives a better overview of these responses.

¹⁷ Les communautés mono-industrielles au Québec : portrait et analyse de vulnérabilité, INRS, 2008, p.102

Forestry industry needs

The primary need identified by stakeholders was the need to diversify the forestry industry, including secondary and tertiary processing. This finding also emerged from the literature review, in particular CIRANO resources:

[translation] In Quebec, many businesses (in the forestry sector) have made the shift to value-added products. Quebec businesses offer a vast range of value-added products: glue-laminated wood products, L-beams, open roof joists and high-density precast panels. In many cases, the manufacturing techniques of these products have enabled use of the residual wood, which was formerly wasted, or have increased the quality of the materials produced." "For its part, the pulp and paper industry will have to identify new technological niche areas for development, notably in the biotech and nanotech fields, to ensure its recovery»¹⁸

The majority of speakers also stressed the need to look at the forest from a different angle than in terms of pulp and paper and lumber. According to some stakeholders, the survival of many businesses depended on the renewal of often inefficient and polluting machinery and the development and marketing of new products, especially value-added products. Many stakeholders also noted the low use of "unsold" wood. This wood has not always been used because supply costs did not make it cost-effective. Other factors such as costs related to investments, supply, development of new products and the environment also limited the industry's diversification efforts. Another challenge gaining prominence was the transportation of raw materials. While some businesses could still rely on "local" wood supply, the businesses will eventually have to get wood from farther and farther away, increasing transportation costs all the more. The majority of stakeholders interviewed wondered about the future of the primary processing industry in Quebec, with some saying that the outlook is rather negative.

Generally, the needs identified by stakeholders confirmed those identified in the literature. The decline in the forestry industry's traditional sub-sectors, such as pulp and paper, as well as increasing international competition required industry players to redefine their business model. As the business environment is heavily dependent on resource prices and demand, some players were more reluctant to change a model that still allowed them to keep their business going. Some stakeholders indicated that it was often difficult to encourage owners to transform their business because the required investments were high or their financial health was satisfactory. Still, it is possible to identify new opportunities that would allow the forestry industry to adapt to the changing market.

Some of the main future niche areas proposed by stakeholders include

- Lenergy wood (biomass and pellets);
- wood chemistry (very promising and high value-added niche according to stakeholders, which enables the use of sawmill waste);
- forest extractables (lignin);
- construction materials (panels, insulation, engineered wood), along with the increased use of these materials in the construction sector.

Some countries had already targeted these niches and were working to exploit them. According to stakeholders, steps must be taken to make up for the delayed development of these niches, especially in technology.

Community economic diversification needs

According to interviewees and the clients surveyed, almost all RCMs had diversification needs, and the change in these needs varied based on the efforts made, the level of economic activity or various demographic factors. The top needs identified are as follows:

¹⁸ Venez voir de quel bois je me chauffe! Portrait d'une industrie en transformation basée sur une ressource renouvelable et écologique, CIRANO, 2009, p. 18 and 24

- **Succession and business start-ups:**

PIMany stated that they saw SMEs go to foreign interests due to the lack of entrepreneurs willing to take them over. Stakeholders were of the opinion that the need for succession planning will grow in the coming years, especially because of the demographic situation. New business start-ups were also identified as a driver of community development and necessary for the economic diversification of single-industry communities. Funding, support and development of entrepreneurial skills and abilities are the key needs.

- **Productivity:** This primarily involves maintaining business competitiveness and mitigating labour shortages. The needs identified were mainly modernization and acquisition of equipment.

- **Workforce:** The challenge was matching the available labour pool and the skills required by companies. Some stakeholders indicated that workforce retention was a challenge insofar as the supply of well-paying jobs for skilled positions in some communities was low.

- **Innovation:** Development and introduction of new products likely to position SMEs in niche markets and promote new market development. There is promotional work to be done to raise entrepreneurs' awareness of the importance of innovation to their businesses.

- **Development of new markets:** Exporting was mentioned as a need by SMEs in order to diversify markets to withstand economic shocks and to support sales. The complexity of export procedures was a barrier for some entrepreneurs who did not anticipate the time required.

- **Consensus:** Communities needed more support to plan their development. Efforts should come from all local stakeholders, not just one entrepreneur or organization. Moreover, some interviews revealed that there were still rivalries between stakeholders, which detracted in some cases from regional development.

As part of the telephone survey, respondents were asked about the two current main needs of their business. According to the responses and other information provided by respondents, the main needs identified were

- Productivity, 41.7%
- Marketing and export, 35.6%
- Access to credit, 18.2%
- Innovation and technology transfer, 15.9%
- Business succession and transfer, 13.6%
- Shortage of working capital, 3%
- Lack of workforce availability/qualifications, 3%

The needs identified by the clients surveyed were generally consistent with the responses in the interviews. However, few clients mentioned business succession and transfer, while that was the main issue identified by the local stakeholders interviewed. This would tend to confirm the fact that entrepreneurs are not sufficiently aware of the importance of planning for the potential transfer of their business. Moreover, the workforce shortage was mentioned by few clients, unlike the stakeholders who reported it as a major challenge. Finally, access to credit was mentioned by less than a fifth of the entrepreneurs surveyed, which could be a reflection of low interest rates and easing of credit access conditions.

3.1.5 To what extent was the initiative aligned with government priorities?

Summary answer

During its implementation, the initiative met one of the CED priorities, that of facilitating community adjustment to economic shocks. The TISQFE was also aligned with the priorities outlined in the Speech from the Throne, the budget speech and the Economic Action Plan.

Full answer

Projects funded under the TISQFE were part of regular CED programs and covered all outcomes of these programs. The TISQFE also contributed to the following federal strategies:

- IAANDC Federal Framework for Aboriginal Economic Development
- Federal Sustainable Development Strategy (EC)
- Federal Tourism Strategy (IC)
- Global Commerce Strategy (DFAIT)
- Federal Science and Technology Strategy (IC)

During its implementation, the initiative met the first CED departmental priority, that of facilitating community adjustment to economic shocks. Moreover, it targeted the following strategic outcome: "A competitive and diversified economy for the regions of Quebec." The TISQFE was aligned with the government's priorities outlined in the Speech from the Throne, the budget speech and the Economic Action Plan¹⁹.

Indeed, support to communities was a recurrent theme in the government's priorities. This initiative was part of an overall strategy to stimulate the economy of communities still not benefitting enough from the economic recovery. The measure was intended in particular to stimulate long-term growth and support job creation. Moreover, the existence of a Standing Senate Committee on Agriculture and Forestry reflected the government's ongoing concern for these sectors²⁰.

3.1.6 To what extent has the initiative complemented or duplicated the funding available from other sources?

Summary answer

The initiative complemented other available funding sources. According to the survey data, 57% of clients stated that the CED funding complemented other sources and 41% of clients termed it a unique source. In addition, 67% of clients said that at least one source of funding was conditional on obtaining the CED assistance.

Concerning the complementarity between the TISQFE and regular CED programs, it appears that there is no difference between the two. According to the project descriptions, the needs to be met by the initiative could have been met through regular programs. A majority of the projects funded by the TISQFE could have been funded under the regular programs.

Full answer

Virtually all stakeholders interviewed, including other funders and local stakeholders, considered the initiative as complementary to other available funding sources.²¹ The clients surveyed who had more than one donor also shared this view.²² In fact,

- 557% of respondents stated that the funding was complementary to other sources (n=65), while 41% rated the CED funding as unique (n=47);
- only two respondents (2%) felt that the CED funding duplicated other sources.

The projects supported by the initiative also received funding from "traditional" funders, namely Community Futures Development Corporations (CFDCs), Business Development Centres (BDCs), local development centres (CLDs), the Business Development Bank of Canada (BDC), Investissement Québec and the MEIE. Other players also participated in funding, such as Regional Tourism Associations (RTAs), ministère des Affaires municipales et de l'Occupation du territoire (MAMROT) and Natural Resources Canada (NRCan). Furthermore, financial institutions financed the majority of projects.

¹⁹ See appendix for excerpts of documents on the priority concerning adjustment to economic shocks.

²⁰ A review of the different support measures is available in the appendix.

²¹ See appendix for the table of other public assistance measures during the crisis.

²² CED was the sole funding source for 18 respondents; the population is 114.

According to interviewees, complementarity and the high level of cooperation between funders helped proponents to carry out their project. The funders often held discussions among themselves so as to maximize the costs that each could cover and avoid duplication. Furthermore, complementarity and coordination of the various funders have resulted in a broader allocation of risks, thereby improving the financial ratios of businesses and encouraging the participation of financial institutions. The interviews also revealed that although the areas of intervention might sometimes overlap, the type of assistance (terms and conditions, eligibility, types of funding) was different and therefore complementary.

According to the survey data, 51% of funding sources were loans, 36% subsidies and 13% other types of funding (non-repayable contributions, donations, internally generated funds, capital outlays, interest-free loans, lines of credit and shares). Furthermore, 36% of the clients surveyed said they had targeted CED first and 12% said they approached various funders simultaneously, including CED. Of those that targeted another funder first, 70% obtained the requested funding. These results differ slightly from the responses of the local stakeholders interviewed. For most of them, CED funding is the one that was first suggested since it was usually the most advantageous.

The funders interviewed all agreed that CED's involvement was essential to the implementation of several projects and that the allocation of risk with CED was a factor. These funders were also more likely to participate in projects once the CED's participation was confirmed. In fact, 67% of the clients surveyed stated that at least one source of funding was conditional upon CED assistance (n=89). Of all the funding sources mentioned by respondents (n=194), 61% were conditional upon the CED's involvement.

The gap from the previous data is explained by the fact that some projects could have had up to five different funding sources. These results were confirmed by the stakeholders interviewed.

According to local stakeholders, CED was usually one of the largest funding partners in projects. The conditions offered by CED (moratorium, no collateral, no interest) enabled the implementation of projects that would have been impossible with traditional funders.²³ The opinions of the SMEs and NPOs surveyed, presented in Table 5, show that CED compares favourably to other funders.

Coordination/complementarity with other CED programs

With respect to coordination among CED programs, several CED representatives interviewed felt that there was no difference between these programs and the TISQFE. They indicated that a majority of the projects funded by the initiative could have been funded through CD, BRG or QEDP. In fact, nine projects approved under QEDP were transferred to the TISQFE in late March 2013. Furthermore, three quarters of the few TISQFE project records audited as part of this evaluation could have been funded under QEDP. This post-audit of a sample of records purported to analyze the eligibility of costs, compliance with program terms as well as the application for assistance and the project summary. More specifically, items such as the correlation between the project description and initiative deliverables, risk level and compliance of the financing package were examined. From this exercise and the description of the sampled projects, it seems that all the value-added elements and all needs met could have been achieved through regular programs.

²³ See appendix for a comparative table of the terms and conditions of main funders.

TABLE 5

Comparison of CED assistance with respect to main funding source

	Interest Rate		Availability of Funds		Repayment Terms	
	Number	%	Number	%	Number	%
Worse	8	9.1	14	12.3	7	8.0
Equal	12	13.6	53	46.5	26	29.5
Better	68	77.3	47	41.2	55	62.5
Total	88	100.0	114	100.0	88	100.0
DK/NA	44		18		44	
Total	132		132		132	

Source: Telephone survey of TISQFE clients

According to CED representatives, it would be important to further modulate the criteria for interventions to better distinguish regular programs from this kind of one-off initiative, especially in a context of economic shock. It made no difference to the client or to CED because the terms were the same and the records were analyzed according to the same process as for regular programs. For TISQFE funds to be granted, a project's rationale had to focus on diversifying the economy of a targeted RCM without necessarily having to be tied to the forestry crisis. The general perception of the CED representatives interviewed was that it was additional funding that would free up funds from regular programs. Generally, interventions in the targeted RCMs were processed through the initiative, while regular funds were used for non-targeted RCMs.

3.2 PERFORMANCE

3.2.1 To what extent have the immediate, intermediate and ultimate outcomes been achieved?

Summary answer

Immediate Outcomes: In general, the expected outcomes have been achieved.

Intermediate Outcomes: According to performance data, 64% of performance indicators show improvement compared to the beginning of the projects, 13% no change and 24% a decline.

Full answer

This initiative overlapped the transition of the regular programs. Projects approved before March 31, 2012 were measured using indicators of the CD and BRG programs, while projects approved since April 1, 2012 were measured using QEDP indicators. To ensure a comprehensive analysis of performance data, the projects were all treated according to the QEDP components. Only the most common indicators deemed the most representative of the expected results were kept. For immediate outcomes, although the projects are grouped under the QEDP components, they are broken down between CD, BRG and QEDP in the tables. For intermediate outcomes, only the QEDP indicators were kept. The limits observed, as specified in section 2.2.3, were as follows:

- Performance data are not always available or up to date, especially because of the low level of maturity of some projects;
- There are no overall outcome targets for this initiative;
- The evaluation focuses more on immediate and intermediate outcomes rather than the final outcome, in particular due to the limited scope of the initiative and the long-term nature of the targeted final outcome. It is difficult to accurately determine the effect of the TISQFE on a RCM's economy.

Immediate outcomes²⁴

The key findings that can be identified by component are as follows:

- The majority of the 26 projects in the business establishment and start-up component met the targets.
- The majority of the six projects in the marketing component were in market development and they met or exceeded the targets.
- The four projects in the network structuring component had mixed outcomes. Only some targets were met.
- With 130 projects, the productivity and expansion component of the TISQFE was the most used. The majority of the projects met their targets.
- The innovation and technology transfer component has 25 projects, mainly concentrated in innovation management. The majority of the projects met the targets.
- The economic development strategies component made 15 projects possible, particularly in local planning. Overall, the projects met, or were on track to meet, the targets.
- The two projects in the community economic facilities component met their targets

The Government of Quebec silviculture project and the CAF projects were measured separately for performance*.

Canada-Québec Entente (Silviculture)

- The aim of this \$40 million project was to create and keep jobs in the TISQFE target communities through silviculture work.
- The work was to be incorporated into a strategy for the reforestation of poorly regenerated forest areas, rehabilitation of deciduous forests and intensive silviculture operations.
- For the term of this agreement from April 1, 2011 to October 1, 2012, 931 jobs were created in the public forest and 56 jobs in the private forest, for a total of 987 jobs.

CAF Projects (51 projects)

- 1,996 permanent jobs kept;
- 2,092 permanent jobs created;
- 155 temporary jobs created.

Intermediate outcomes

Performance data indicate that 64% of expected outcome indicators show improvement compared to the beginning of the project, 13% no change and 24% a decline. More specifically:

- 80% of funded companies increased their sales, while 13% saw a decline;
- 45% of funded companies increased their international sales, while 15% saw a decline;
- 39% of funded companies increased their gross profit margin, while 49% saw it decline;
- 69% of funded companies improved their productivity.

Follow-up data were available for 85% of the intermediate outcome performance indicators for which targets were established.²⁵ Overall, the observed performance was at or above the target (100% or more) for a little over a quarter of the indicators.

²⁴ Details of immediate outcomes are available in the appendix.

²⁵ See appendix for table of details of available data for intermediate outcomes.

* See p. 9, CAF was an initiative that preceded TISQFE.

3.2.2 To what extent has the initiative contributed to the achievement of its intermediate outcomes?

Summary answer

According to the Statistics Canada study, there was no statistically significant difference between the supported companies and the control group in terms of the change in sales and employment. However, the telephone survey results show that 73% of the SMEs surveyed claimed that their project had enabled them to increase their sales. The performance data collected indicate that the total increase in sales of SMEs funded by CED would be \$162.4 million for the 104 projects for which data are available. According to internal data, the survival rate of SMEs that received funding under the TISQFE was 93% in March 2015.

Regarding the change in self-generated revenues²⁶ by NPOs that received funding under the TISQFE, 59% of survey respondents claimed this revenue increased. The average increase in this group was 50%. Moreover, 35% were able to maintain their self-generated revenues.

Overall, the initiative has contributed to achieving the target outcomes. The specific features of some RCMs meant that the projects touched on all the outcomes of the initiative, while in others, only one of the outcomes was included. However, interviews indicated that the biggest impact was felt on business productivity, which is consistent with the extent of the assistance provided.

Full answer

To determine the clear impact of the TISQFE on the supported businesses, one of the selected methods was a comparative study conducted by Statistics Canada. This approach, which aims to match businesses that received TISQFE assistance with similar businesses that did not benefit from the initiative, allows the impact of this initiative on business performance to be isolated. The main limitation of this study is that the methodology used by Statistics Canada is based on the initial funding received from CED. Many of the companies funded through the TISQFE had previously received CED support and were therefore excluded from the analysis specific to this initiative. For the TISQFE, a total of 54% of the SME projects were selected for the Statistics Canada study.

The findings of the Statistics Canada study on the TISQFE are limited and mixed. The small size of the pool of companies supported in 2010 meant that it was not possible to produce an analysis for the first year of the TISQFE. For companies supported in 2011, no statistically significant differences were found between the companies that received TISQFE assistance and those in the control group, in terms of growth in sales or employment. However, this group of companies posted lower productivity (-10%) in 2011 than the control group, while it surpassed the control group by 14% in productivity in 2012. For the companies supported in 2012, no statistically significant difference was noted in sales, jobs or productivity.

TABLE 6
Number of businesses supported through the TISQFE and matched in the Statistics Canada study

	2010	2011	2012	2013	Total
TISQFE clients (SMEs)	40	72	47	2	161
Matched SMEs (Statistics Canada)	11	43	34	0	88

²⁶ "Self-generated revenue" is the total annual revenues generated by the box office, film rights, sale of products and services, advertising, etc. (excluding public funds).

According to the results of the telephone survey, 73% of SME respondents said that their project had enabled them to increase their sales, with the total increase being \$102 million, while 23% claimed they were able to maintain their sales, for a total of \$60 million. According to the SMEs surveyed, increased sales were primarily due to

- improved productivity (20%);
- increased sales, demand and number of customers (17%);
- development of new products (16%);
- infrastructure development or improvement (15%).

The analysis of performance data, though less recent in some cases, confirms the results of the survey. The total increase in sales of the supported SMEs was \$162.4 million for the 104 projects for which data were available. Forestry industry businesses seemed to perform well with an overall increase in sales of around \$39.7 million for 43 projects.²⁷

Regarding the self-generated revenues of NPOs that implemented projects, 59% of survey respondents said these revenues increased, for an average increase of 50%. Moreover, 35% were able to maintain their self-generated revenues. The data on performance for this indicator are not available given that it was not used as part of the CD and BRG programs. According to the clients surveyed, increased self-generated revenue is due to

- increased sales and traffic (38%);
- infrastructure improvement or development (24%); and
- development of new projects (17%).

Job creation and retention in the RCMs targeted by the TISQFE is also a measure of its effectiveness, particularly in a context of economic shock such as the forestry crisis. To this end, 58% of clients (NPOs and SMEs) claimed that their project had enabled them to increase the number of employees, while 39% had managed to maintain job numbers. According to

these respondents, funded projects have created 770 jobs and helped to maintain 943 jobs. The performance data also report employment gains, albeit lower, with the creation of 318 full-time jobs and 131 part-time jobs. Note, however, that job change indicators were not mandatory for all projects funded under the CD and BRG programs, and that the QEDP no longer includes employment indicators in the program's performance evaluation.

In addition to the variation in sales and employment, performance measurement includes business survival rates. According to the Statistics Canada study, the rate was 100% for the businesses supported in 2010 (two years after CED funding) and 97% for businesses supported in 2011 (one year after CED funding). According to data from collection records, the survival rate of TISQFE clients was 93% in March 2015.²⁸

The interviews also made it possible to assess the degree to which the different TISQFE target outcomes were achieved. Overall, stakeholders indicated that the initiative has indeed contributed to achieving the target outcomes. The specific features of the different RCMs meant that in some, the projects touched on all the outcomes while in others, only one of the outcomes was included. However, interviews indicated that the biggest impact was on business productivity, which is consistent with the extent of the assistance provided to this component of the TISQFE. Market development and innovation were mentioned a few times, especially in the more diversified RCMs. In terms of economic diversification, the majority of the stakeholders interviewed felt that efforts were required and that the initiative had had some impact. Impacts are, however, qualified by two aspects, namely the long-term nature of this kind of outcome and the riskier nature of some diversification projects.

²⁷ 53 forestry-related projects had an indicator concerning variation in sales.

²⁸ The TISQFE has a total of 201 single clients.

3.2.3 What are the barriers/facilitating factors that hindered/promoted the achievement of immediate, intermediate and ultimate outcomes, and to what extent are these being mitigated?

Summary answer

Factors such as the economic environment, labour, client development and the exchange rate affected the achievement of results. The collaboration between CED and the other stakeholders, along with the CEDs competence are factors that had a positive influence on outcome achievement.

The analysis of internal data shows that for every dollar invested by CED, \$2.58 came from other funding sources. CED's \$56.8 million in contributions would therefore have generated \$146.3 million from other funders.

The level of dependence of the RCMs on forestry-related jobs does not seem to have been a determining factor in the level of assistance provided. An analysis of the projects funded by CED did not show that the TISQFE had helped to intensify the agency's assistance in the targeted RCMs. However, the TISQFE funding envelope would have freed up funds in regular programs for the RCMs outside the TISQFE.

Full answer

According to the client businesses surveyed, the factors that may have influenced their sales were

- the economic environment (27%);
- client development (6%);
- the exchange rate (5%); and
- competition (3%).

According to the NPO clients surveyed, the factors that may have influenced their self-generated revenues were

- the economic environment (21%);
- labour (14%); and
- weather (10%).

According to the local stakeholders interviewed, one of the factors positively influencing the outcomes was the competence of the CED. This is consistent with the results of the survey in which 95.6% of respondents said that the quality of services received from CED was better or equal to that of the services received from the main funder. Other points mentioned by several of the stakeholders interviewed were the more flexible nature of the analysis framework for TISQFE projects, enabling greater project diversity. Under the analysis framework for TISQFE projects, these were intended to

- diversify the targeted RCMs, with special attention being paid to the projects of SMEs in these RCMs;
- support the expansion and development of new areas of economic activity or the reorientation of existing areas of activity; and
- develop and upgrade community facilities that contribute to the economic activity.

Some of the CED stakeholders interviewed said they would have had difficulty justifying certain projects in the regular programs, since the economic diversification aspect of the TISQFE gave them greater flexibility. Indeed, there was less questioning of the impacts on the sector, competition or the value of innovation. The majority of the external stakeholders interviewed stated that the initiative was well suited to local conditions, while often it is the SMEs that must adapt to CED programs. Survey results resoundingly agree, as 93.9% of respondents said that the CED's capacity to meet their needs was somewhat or very satisfactory. Note, however, that the answers to this question concerned all CED programs.

The majority of the external stakeholders and funders interviewed claimed that the collaboration between CED and their organization was a factor with a positive influence on outcomes. The accessibility of CED services was also repeatedly mentioned in interviews with stakeholders. The clients surveyed shared this view on the accessibility of the CED, with 96.2% saying they were somewhat or very satisfied in this respect. The same goes for satisfaction with CED services, with

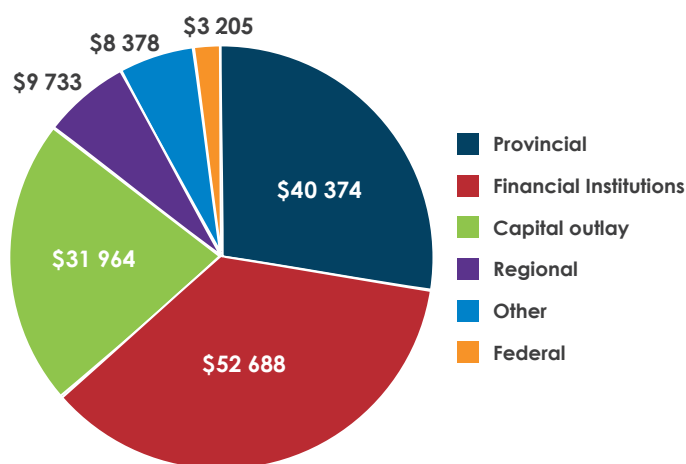
²⁸ L'IPREFQ compte un total de 201 clients uniques.

90.2% of the clients surveyed being somewhat or very satisfied with application processing times and 91.7% with claim processing times. The survey results differ from the opinion of some of the local stakeholders interviewed who said the times were sometimes too long compared to the banking sector and other funders. Although collaboration between stakeholders was mentioned as a strength, in some cases, it would have been difficult to bring the various financial stakeholders to the same table.

Another measure of the efficiency of this initiative is leverage. The analysis shows that for every dollar invested by CED in TISQFE projects, \$2.58 came from other funding sources.²⁹ The CED's investments of \$56.8 million were supplemented by investments of \$146.3 million from other funders.³⁰ The funders are presented in Chart 3.

The main types of financing used by other funders were loans (31%), tax credits (16%), non-repayable contributions (12%), capital investment (9.2%) and subsidies (9%).

CHART 3
Contributions from funders (in \$000)



Source: Hermès (CED)

An analysis of the funding disbursed by CED per RCM shows that 25 of them received almost 85% of the contributions granted under the TISQFE. The three RCMs that received the most funding (Saguenay, Trois-Rivières and Matawinie) represented approximately 28% of contributions from the initiative and were also the three most populated of the RCMs targeted. Moreover, the amount spent per capita varied greatly from one RCM to another. In some RCMs, the number of projects was high and the contributions were lower, while in others, the situation was the opposite.

Contributions were also analyzed according to the level of dependence of the RCM with regard to the forestry industry, the percentage of jobs related to this industry compared to total jobs according to 2006 Census data. The level of dependence was also calculated based on the percentage of forestry jobs for each RCM compared to the sum of jobs in this industry³¹ for targeted RCMs.³²

²⁹ Excluding the project with the Government of Quebec (otherwise the leverage is \$2.17).

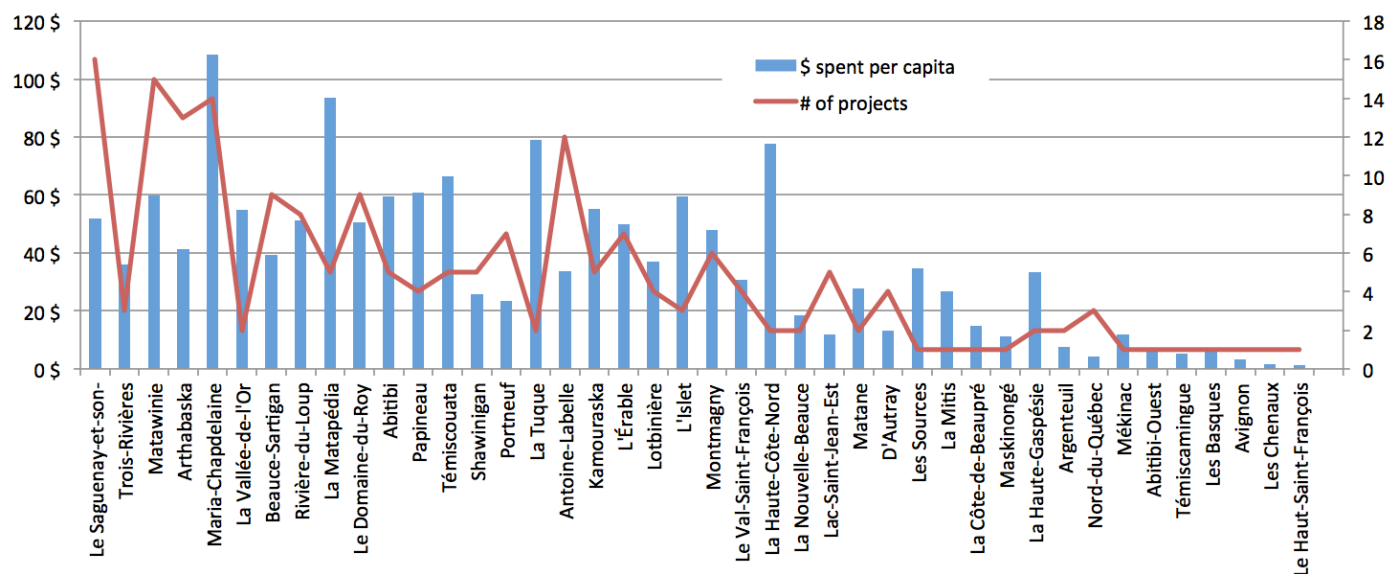
³⁰ Idem

³¹ 55,470 jobs according to the 2006 Census (NAICS 321, 322, 113 and 1153)

³² See ranking in the appendix.

CHART 4

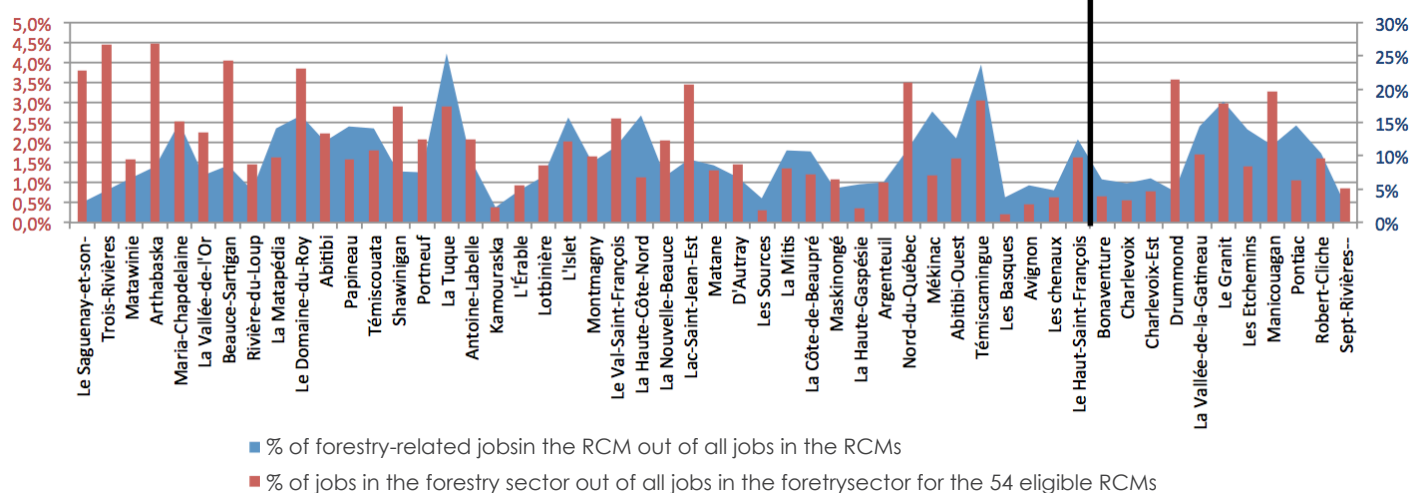
Distribution of disbursed assistance per capita and by number of projects



Source: Hermès (CED) and Statistics Canada, CANSIM 051-0062

CHART 5

Level of dependence of RCMs on forestry-related jobs



Source: Hermès (CED) and Census 2006 Special Compilation by CD and place of work, Statistics Canada

The level of dependence on forestry-related jobs does not seem to have been a determining factor in the level of assistance provided per RCM. Chart 5 shows the level of dependence on the forestry industry of the RCMs targeted by the TISQFE. The RCMs are ranked from left to right, based on the value of disbursed TISQFE contributions. The RCMs to the right of the black line are those where no projects were carried out. Initially, no projects were carried out in 11 of the 54 targeted RCMs, including 3 of the 10 RCMs most dependent on forestry-related jobs: Granit, Pontiac and Vallée-de-la-Gatineau. Despite their dependence on this industry, these three sparsely populated RCMs had a lower number of forestry jobs than the majority of the targeted RCMs. Several RCMs that had a high number of jobs in this industry carried out more projects or larger-scale projects.³³ The three RCMs that received the most funding—Matawinie, Trois-Rivières and Saguenay—were ranked 29th, 2nd and 5th respectively based on the number of forestry-related jobs, even if they were in the last third of the RCMs, according to dependence on forestry. However, these more populated RCMs could generally count on many economic sectors.

An analysis of projects funded by CED in the targeted RCMs does not lead to the conclusion that the TISQFE resulted in an increase of the assistance granted by the agency in those RCMs. Comparing the number of projects implemented and the value of authorized contributions under CED programs prior to TISQFE reveals that the majority of the RCMs carried out a number of projects comparable to the number of projects before implementation of the initiative. However, according to the stakeholders interviewed, the initiative did release funds in the regular programs for RCMs outside the TISQFE. Indeed, the total value of contributions granted and the number of projects carried out in the RCMs outside TISQFE during the initiative were higher than the levels seen in the years before its implementation.

3.2.4 To what extent have the special arrangements been used and have they made certain projects possible?

Summary answer

The special arrangements have hardly been used. In fact,

- a non-repayable contribution (\$150,000) was granted to 1 out of 161 SMEs;
- 12 out of 161 SME projects (7.5%) had an over 50% assistance rate (the maximum rate in regular programs is 50%);
- no projects related to the purchase of existing patents were identified.

Full answer

The special arrangements have hardly been used. In fact,

- a non-repayable contribution (\$150,000) was granted to 1 out of 161 SMEs;
- 12 out of 161 SME projects (7.5%) had an over 50% assistance rate (the maximum rate in regular programs is 50%);
- no projects related to the purchase of existing patents were identified.

According to the CED representatives interviewed, the eligibility criteria for the special arrangements, especially for non-repayable contributions to SMEs, were too restrictive. To receive a non-repayable contribution, an SME's project had to:

1. be located in one of the RCMs targeted by TISQFE;
2. target the "Local and Regional Enterprises" deliverable. SMEs are created or SMEs are developed and consolidated to maintain or create jobs;
3. show that the requirement for fixed repayment or royalties at the end of the exemption period would jeopardize the financial health of the business;
4. show that funding from other (non-governmental) sources was greater than or equal to CED's non-repayable contribution.

³³ The number of forestry-related jobs in Matawinie was lower than many MRCs even though it ranked third in terms of funding received. The Matawinie case study provides more information on the context of the response in this MRC.

Some CED representatives emphasized that, if they had been able to apply the special arrangements as announced at the beginning of the initiative, it could have been beneficial, especially in very devitalized communities. Furthermore, some questioned the relevance of the required criteria, since in a crisis, many businesses were in financial difficulty.

3.2.5 Were there any implementation issues? Were there any lessons learned related to the implementation of the initiative?

Summary answer

Some the aspects mentioned were a lack of communication from the initiative, its limited duration, lack of consistency in implementation, lack of opportunities in some RCMs, the 2008–2009 financial crisis and a slower reaction from the community in some RCMs. The initiative's name created expectations in the forest industry, especially among primary processors. These expectations could not be met because of trade agreements in effect.

Recommendations:

1. Implement management tools and adequate delivery measures to support the implementation of ad hoc initiatives to enhance the effectiveness and timeliness of the intervention.
2. Seek to establish a long enough period for new initiatives to reflect the long-term nature of some of the deliverables of this type of initiative (e.g. economic diversification).
3. Establish both an internal and an external communication strategy to consistently present new initiatives, while clearly explaining the criteria, limitations and deliverables.

Full answer

In interviews, several aspects related to implementation were identified as lessons learned.

- **Communication:** The initiative was apparently not communicated well or at all in some regions. While some stakeholders confirmed that the initiative had been presented to them, others had little or no knowledge. Some indicated that if they had heard about the initiative, they would probably have taken steps to carry out projects in their RCM.
- **Duration:** Many stakeholders stated that the initiative could have been extended for another year or two to enable the implementation of more projects.
- **Implementation:** Based on interviews, it appears that the targeted outcomes of the initiative were not consistently communicated within CED and that the understanding of the initiative varied among business offices. In some cases, the focus was on secondary and tertiary processing projects while in others it was on diversification projects. Furthermore, some indicated that restrictions on the use of TISQFE, especially with respect to the special arrangements, hampered its use as there were still funds available at the end of the initiative.³⁴
- **Contexte :** Lack of opportunities for diversification and development and the weak entrepreneurial fabric in several RCMs were obstacles to the implementation of projects. Other factors mentioned include the labour shortage, distance to market, the technological gap and the significance of sectors that did not qualify for CED assistance (tertiary sector).
- **Concentration :** Some single-industry RCMs had only one big company that employed the majority of workers in the forestry industry. In these cases, few projects were possible in this industry.
- **Financial crisis:** The 2008–2009 financial crisis made some business owners more reluctant to implement projects.
- **Available assistance:** Some RCMs were receiving provincial assistance that had put in place before the TISQFE, which enabled implementation of a number of diversification projects, namely the Fonds d'aide aux municipalités mono-industrielles (FAMM) [fund for assistance to single-industry municipalities] and the Fonds de soutien aux territoires en difficultés (FSTD)

³⁴ Out of the \$80 million earmarked for G&C, \$76.8 were spent (excluding CAF projects).

[support fund for hard-hit regions]. This non-repayable assistance decreased the need for the TISQFE since these funds were available more quickly and were easier to manage than other funding options available.

- **Community reaction:** According to some stakeholders, there was a lack of reaction from proponents to the CED's efforts to support the local community. These stakeholders indicated that business owners were not necessarily proactive in times of crisis. It was not until they were convinced that recovery was not in sight that they began to make arrangements for projects, although the TISQFE was already in its final third.

Moreover, some of the stakeholders interviewed said that the name of the initiative, which contained the term "forestry," created expectations among industry players. Many primary processors wanted to take advantage of the TISQFE, yet various existing trade agreements³⁵ restricted the CED's scope of activity in this area. Therefore, the expectations created could not be met, negatively affecting the perception of the initiative and of the CED.

Conversely, several clients wondered about their eligibility for the TISQFE because of the name of the initiative. However, this was not a problem for local stakeholders who viewed the TISQFE and the regular programs were two relatively similar funding packages.

3.2.6 Is there a more cost-effective way of achieving expected outcomes, taking into consideration alternative delivery mechanisms, best practices and lessons learned?

Summary answer

The delivery mechanism preferred by CED seems satisfactory from the clients' point of view. In fact, 96.2% of survey respondents were somewhat or very satisfied with all of the CED services. Moreover, the TISQFE respected the CED standard for project approval (35–65 days). However, some avenues were proposed to improve efficiency, such as greater flexibility in the eligibility criteria, reduced bureaucratic red tape or even greater operational flexibility at the local level.

Full answer

In light of the survey data, the delivery mechanism preferred by CED seems satisfactory from the clients' point of view. In fact, 96.2% of survey respondents were somewhat or very satisfied with all of the CED services. The TISQFE clients' level of satisfaction with the support received from CED during their project was also very high, with 96.2% having reported being somewhat or very satisfied with this support. Moreover, the outcomes and interviews confirm the advantages of CED assistance over other funding sources, particularly in terms of interest rates and repayment terms. Overall, 81.6% of the clients surveyed responded that the CED's administrative requirements were equivalent or better compared to those of the primary funder of their project.

To provide quality service to its clients, CED has established service standards for project approval times. These standards set a range of 35 to 65 days for project approval once an application is considered complete. The TISQFE respected this timeline as shown in Table 7.

³⁵ The Softwood Lumber Agreement (2006), the Canadian Forest Industry Policy on Investment Incentives and WTO agreements.

TABLE 7

Average approval times of TISQFE projects based on value of the approved assistance

Amount of CED assistance	Status 100 to 400	Internal target
Less than \$100,000	39.7	35 to 65 days
\$100,000 to \$249,999	36	
\$250,000 to \$749,999	31.3	
Over \$750,000	26.4	

Source: Hermès Extraction, CED

The CED also has a business information system in which business office staff record the time spent on the various stages of an application for financial assistance. The compiled data indicate that the size of the financial contribution has an influence on the average time required to process a file. On average, advisors worked

As in the CD and BRG programs,³⁶ the stage that required the most time was the preparation of the application for financial assistance. In the case of the TISQFE, this stage accounted for an average of 55.4% of the time spent on files. As shown in Table 8, this step took more time for the TISQFE than for the CD and BRG.

- 99.2 hours per project for contributions of less than \$100,000;
- 108.8 hours per project for contributions of \$100,000 to \$249,999;
- 148 hours per project for contributions of \$250,000 and more.

TABLE 8

Comparison of average time (hr) for preparation of the application for financial assistance based on the value of the contribution

Value of contribution	TISQFE	CD/BRG
Less than \$100,000	58.4	42.7
\$100,000 to \$249,999	61.1	51.3
\$250,000 and more	77.6	66.7

Source: SIA, CED

³⁶ These evaluations are available at: <http://www.dec-ced.gc.ca/eng/resources/publications/index.html>

Considering project management overall, the number of hours worked on TISQFE projects averages out to 118.3 hours, compared to 88.4 hours for BRG and 78.3 hours for CD. This difference could be explained by the following:

- There was a higher proportion of SME projects in the TISQFE (78%) compared to the CD and BRG (51%). SME projects usually required a greater investment of time than those of NPOs;
- About 30% of the projects were in the forestry industry and required a DFAIT opinion on the *Softwood Lumber Agreement* and on compliance with the *Canadian Forest Policy*;
- Several projects were transferred from the regular programs to the TISQFE and sometimes transferred back to regular programs. These frequent changes would have increased the time devoted to these cases.

Comparing the approval time for a project and the time spent on its management indicates that the relationship between the two is inversely proportional. In fact, the higher the amount of funding requested, the more preparation time required for the financial assistance application. Once the application is complete, the approval time is shorter for larger contributions. In such cases, the hours spent on the projects are mainly put in before approval, reflecting prior discussions among CED stakeholders to ensure that the applications are compliant. Conversely, smaller-scale projects are usually seen by these stakeholders for the first time once the application is completed, which can lead to more significant changes during the approval process.

The analysis of the type of contribution used can also give an indication of TISQFE efficiency. The majority of contributions under the TISQFE were repayable contributions. This means that on the total CED investment, excluding any potential losses, 54% of the contributions provided should be repaid. Moreover, apart from the project with the Government of Quebec (\$20 million), non-repayable contributions represented 27% of the TISQFE.

TABLE 9

Distribution of TISQFE projects by type of contribution and type of proponent based on the disbursed assistance

Type of contribution	Type of Proponent		TOTAL
	NPO	SME	
Non-repayable contribution (Type B)	\$35,518,629 ³⁷	\$150,000	\$35,668,629 (47 %)
Unconditional repayable contribution (Type C)	\$220,204	\$40,543,233	\$40,763,437 (53 %)
Conditional repayable contribution (Type D)	—	\$350,287	\$350,287 (0,5 %)
TOTAL	\$35,738,833 (46 %)	\$41,043,520 (54 %)	\$76,782,353

Source: TB2 extraction, CED

Furthermore, an analysis of the 10 projects³⁸ that received the smallest contributions under the TISQFE reveals that the average ratio of management costs for these projects by the value of the contribution is 16%. However, differences within this sample vary greatly, with a management cost/contribution ratio of between 8% and 44%. The ratio varies depending mainly on the number of hours worked per file and not on the amount of the contribution. Eight of the projects reviewed were carried out by SMEs and had received repayable CED assistance. These ratios do not include steps taken after the analysis in the business office, including those related to collection. Given the size of the ratio for some projects, whether it is efficient to use different contribution types and a uniform approach to project approval regardless of the amount of the contribution awarded would have to be questioned.

TISQFE delivery mode was suited to the needs. CED had the required capacity and knowledge of the environment to implement the initiative. While no alternative delivery mode was proposed, stakeholders suggested ways that might achieve the expected outcomes more cost-effectively:

- More flexible eligibility criteria, especially for the eligible sectors and types of assistance available, to encourage the implementation of more projects;
- Reducing the administrative burden and time frames (documents to be provided, approval levels);
- Project approval delegation at the CED business office level. Even with a limited scope, it would be more efficient, especially for small-scale projects.

Some external stakeholders also stated in interviews that they would be willing to provide more support to CED in the delivery of programs and initiatives on the ground. They feel that this enhanced collaboration would enable closer relations with the communities and could help to implement a greater number of projects.

³⁷ Including the \$20 million project with the Government of Quebec.

³⁸ According to AIS data and hours worked, by position and level, at the business office stage (8 SMEs and 2 NPOs).

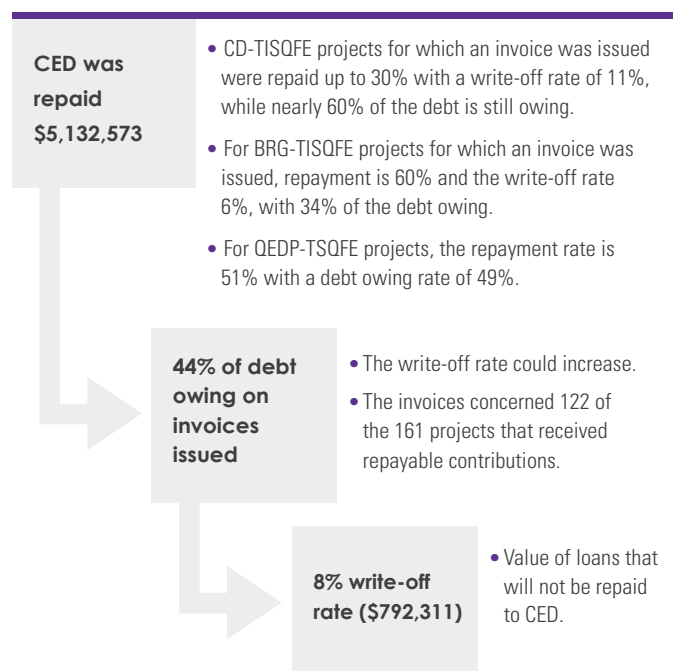
3.2.7 How does the loss rate compare to other CED programs? Was the risk level of initiative projects higher than that of other CED projects?

Summary answer

As of March 31, 2015, the TISQFE write-off rate was 8%. Compared with the CD and BRG programs, it seems that the loss rate is relatively comparable for now, although those programs were implemented two years before the TISQFE. Indeed, in the case of DCDC, the write-off rate is 11% and in the case of BRG, 10%. As for the QEDP, the current write-off rate is 12%. The level of risk of TISQFE projects is roughly the same as in regular CED programs.

Full answer

Repayments, Debt owing, and Write-off rate Status as of March 31, 2015.



Source: Hermès Finances, CED (Recovery)

Compared with the CD and BRG programs, the loss rate seems relatively comparable for now, although those programs were implemented two years before the TISQFE. In the case of CD, the write-off rate is 11% and in the case of BRG, 10%. As for the QEDP, the current write-off rate is 12%.

According to the internal stakeholders interviewed, the risk level for TISQFE projects was roughly the same as for regular CED programs insofar as file analysis was done in the same way. This would confirm the post-audit of a sample of TISQFE files that highlighted the fact that the risk level of the initiative was not any higher than for the QEDP. The analysis of client financial statements and the nature of the projects show that CED was not exposed to any greater risk than with the regular QEDP program, particularly in terms of diversification. Half of the sample concerned start-up clients, which implies the same risks (financial statements not available and unstable earnings) as regular programs. The only difference noted relates to the context of the intervention, which could be a little riskier because of the forestry crisis and the single-industry or devitalized nature of the targeted communities.

RECOMMENDATIONS AND MANAGEMENT RESPONSE

Recommendations	Authorities	Response
1) Establish more targeted criteria when developing new initiatives (e.g. targeted communities).	PRPB	<p>CED will continue to establish eligibility criteria on the basis of rigorous analysis to target the development of initiatives, activities, beneficiaries, costs and communities as accurately as possible, based on outcomes.</p> <p>To do this, consultations are systematically held internally and externally wherever possible, to reflect the economic environment and the specific and changing needs of organizations and regions.</p> <p>In addition, in 2012, CED developed an Economic Development Index (EDI) which allows it to compare economic growth potential in Quebec's 104 regional county municipalities (RCMs). The index determines a region's economic development based on its assets and its ability to capitalize on them. The index, made up of indicators related to human capital, the physical environment and economic organization, makes it possible to better capture the specific economic situation in these regions. Using this index, a list of 68 RCMs with low economic growth was generated. The index, updated every five years, enables us to take community needs more into account in developing and implementing targeted initiatives.</p>
2) Implement management tools and adequate delivery measures to support the implementation of ad hoc initiatives to enhance the effectiveness and timeliness of the intervention.	POTB	<p>As part of this initiative, CED has implemented tools and a framework for action for its implementation. This delivery mode included communities of practice, internal guidelines in accordance with the specific terms of this initiative, as well as support/advice specific to business offices.</p> <p>CED will continue to improve and modernize the way it delivers initiatives to adapt to the desired outcomes and increase efficiency.</p>
3) Seek to establish a long enough period for new initiatives to reflect the long-term nature of some of the outcomes expected of this type of initiative (e.g. economic diversification).	PRPB	<p>In line with government priorities established under the Speech from the Throne and the budget and within the imposed parameters, CED will continue to ensure that it takes into account the needs of communities in establishing the duration of initiatives, based on outcomes.</p> <p>Note that the outcomes of the supported projects typically exceed the length of initiatives (e.g. equipment acquisition, business strategy, network structuring) and are ultimately aimed at the long-term economic development of the regions of Quebec.</p>
4) Establish both an internal and an external communication strategy to consistently present new initiatives, while clearly explaining the criteria, limitations and deliverables.	DCom/ DGPRP	<p>CED is developing an internal and external communication strategy for any new initiatives. These communication strategies include a variety of means to reach all target audiences.</p>

Core questions of the TBS *Directive on Evaluation*

Q1 – Continued need

1. Has the originally identified problem been resolved? How has the economic situation in the forestry sector changed from the implementation period to now?
2. What would have been the consequences of a lack of funding for the initiative to bolster economic activity in the areas affected by the forestry crisis? To what extent did the initiative target the right communities?
3. Did the initiative pay special attention to secondary and tertiary processing projects, the economic diversification of communities dependent on the forestry sector and research centres working with businesses in the target communities?
4. Have these needs changed? Are there new needs?

Q2 – Compliance with government priorities

5. To what extent was the initiative aligned with government priorities?

Q3 – Roles and responsibilities of the federal government

6. To what extent has the initiative complemented or duplicated the funding available from other sources?

Q4 – Demonstration of effectiveness

7. To what extent have the immediate, intermediate and ultimate outcomes been achieved?
8. To what extent has the initiative contributed to the achievement of its intermediate outcomes?

Q5 – Demonstration of efficiency and value for money

9. What are the barriers/facilitating factors that hindered/promoted the achievement of immediate, intermediate and ultimate outcomes, and to what extent are these being mitigated? To what extent have the terms of the initiative improved its efficiency?
10. To what extent have the special arrangements been used and have they made certain projects possible?
11. Were there any implementation issues? Were there any lessons learned related to the implementation of the initiative?
12. Is there a more cost-effective way of achieving expected outcomes, taking into consideration alternative delivery mechanisms, best practices and lesson learned?
13. How does the loss rate compare to other CED programs? Was the risk level of initiative projects higher than that of other CED projects?

Excerpts of government priorities concerning adjustment to economic shocks

Speech from the Throne to open the Third Session Fortieth Parliament of Canada (March 3, 2010)

"Through Canada's Economic Action Plan, our Government took decisive steps to protect incomes, create jobs, ease credit markets, and help workers and communities get back on their feet."

"Jobs and growth remain the top priority."

"Communities and industries most affected by the downturn are being supported."

"Our Government understands the real hardships experienced by Canadian families affected by job loss. Recognizing that unemployment continues to cast a long shadow over the recovery, our Government will continue to work on job creation and job protection."

"Our Government will partner with the forest industry to enter new markets and deploy new technologies, while respecting the Softwood Lumber Agreement with the United States."

Speech from the Throne to open the First Session Forty-First Parliament of Canada (June 3, 2011)

"Jobs and growth will remain our Government's top priority."

"Local communities are best placed to overcome their unique challenges, but government can help create the conditions for these communities – and the industries that sustain them – to succeed."

"Canada's traditional industries remain crucial to our economy. Our Government has always stood behind Canada's agricultural, forestry, fishing, mineral, manufacturing and energy sectors—and will continue to support them as they innovate and grow."

2010 Budget (March 4, 2010)

"We are providing special help to the most vulnerable communities and industries." (p.5)

"We are taking limited and focused additional measures to protect existing jobs and create new jobs. We are also looking ahead, to secure our long-term economic growth." (p.7)

"We will keep helping industries and communities hit hardest by the global recession." (p. 8)

MAJOR GOVERNMENT PROGRAMS AVAILABLE DURING THE TISQFE

	Forest Industry	Business Support	Regional Support
PROVINCIAL ACTIONS	Technology Initiatives Program (Ministère de l'Énergie et des Ressources naturelles (MRNF))	Business Assistance Program (MEIE)	Fonds de soutien aux territoires en difficulté [support fund for hard-hit regions] (MAMROT)
	Stratégie de développement industriel axée sur les produits à forte valeur ajoutée [industrial development strategy focused on high value-added products] (MRNF)	Innovation Support Program (MFE)	
	Programme RENFORT – Investissement-Québec	ESSOR program (IQ and MFE)	
	Fonds Valorisation du bois [wood conversion fund] (Fédération des travailleurs du Québec (QFL) [Quebec federation of labour] and QC) secondary-tertiary processing	Investissement Uniq (IQ)	
	Programme de soutien à l'industrie forestière [forestry industry support program] (MRNF)	Refundable tax credit for processing activities in resource regions (MF)	
		Fonds d'appui aux municipalités mono industrielles [fund to support single-industry municipalities] and Programme d'appui au redressement et à la rétention d'entreprises stratégiques et aux territoires en difficulté [support program for recovery and retention of strategic businesses and hard-hit regions] (PARRESTD) (MEIE)	
FEDERAL ACTIONS	Investment in the transformation of forest industries (Natural Resources Canada - NRCan)	Quebec Economic Development Program (CED)	
	Expanding Market Opportunities Program (NRCan)	Temporary Initiative for the Strengthening of Quebec's Forest Economies (CED)	
	Forestry Innovation Program (NRCan)	Community Adjustment Fund – CAF (RDA)	

TYPES OF ASSISTANCE AND TERMS OF THE MAIN FUNDERS PRESENT IN TISQFE PROJECTS

Funders	Clientele	Types of Assistance	Terms of Assistance and/or Refund	Assistance Ceiling
CLD - Local Investment Fund	SMEs	<ul style="list-style-type: none"> • Loan • Equity-type loan • Loan guarantee • Other (excluding grants) 	Cumulative public assistance of 50%	Variable from one CLD to another
CFDC - Regular Investment Fund	SMEs	<ul style="list-style-type: none"> • Conventional loan • Equity-type loan • Share capital 	<ul style="list-style-type: none"> • Prime Rate + 2% or + according to risk • Various terms from one CFDC to another¹ 	\$150,000
MEIE - FSTD	NPOs Municipalities	Grants	<p>Cumulative public assistance of 90% for projects</p> <p><i>*Assistance is provided to the RCM to support projects</i></p>	The amounts awarded vary from one RCM to another
MEIE - FAMM	<ul style="list-style-type: none"> • SMEs • Co-operatives • Social Enterprises (SEs) • SMEs 	Non-repayable contribution	<ul style="list-style-type: none"> • 70% of eligible costs in the case of study projects (cumulative support of 90%) • 50% for projects of start-ups or expanding businesses (80% cumulative) 	\$50,000
BDC	• PME	Loan	<ul style="list-style-type: none"> • Company in business for at least 24 months • Repayment holiday for the first month • Repayment over a period of four years • Repayable loan in whole or in part (before the deadline), without penalty • Personal property not required as guarantee • 5.85% interest rate 	\$50,000

VALUE OF ASSISTANCE DISBURSED FOR TISQFE PER RCM

MRC	Assistance Disbursed	% of total	Cumulative%	RCM	Assistance Disbursed	% of total	Cumulative%
Saguenay	\$7,877,187	13.87%	13.87%	La Haute-Côte-Nord	\$872,750	1.54%	85.98%
Trois-Rivières	\$4,816,375	8.48%	22.35%	Le Fjord-du-Saguenay	\$800,541	1.41%	87.39%
Matawinie	\$3,052,811	5.38%	27.73%	La Nouvelle-Beauce	\$677,940	1.19%	88.58%
Arthabaska	\$2,941,766	5.18%	32.91%	Rouyn-Noranda	\$642,767	1.13%	89.71%
Maria-Chapdelaine	\$2,714,309	4.78%	37.69%	Lac-Saint-Jean-Est	\$639,259	1.13%	90.84%
La Vallée-de-l'Or	\$2,409,656	4.24%	41.94%	Matane	\$598,000	1.05%	91.89%
Beauce-Sartigan	\$2,062,573	3.63%	45.57%	Rimouski-Neigette	\$552,750	0.97%	92.86%
Rivière-du-Loup	\$1,766,607	3.11%	48.68%	D'Autray	\$550,253	0.97%	93.83%
La Matapédia	\$1,696,73	2.99%	51.67%	Les Sources	\$500,000	0.88%	94.71%
Le Domaine-du-Roy	\$1,613,363	2.84%	54.51%	La Mitis	\$494,000	0.87%	95.58%
Abitibi	\$1,485,089	2.62%	57.12%	La Côte-de-Beaupré	\$408,000	0.72%	96.30%
Papineau	\$1,395,000	2.46%	59.58%	Maskinongé	\$407,638	0.72%	97.02%
Témiscouata	\$1,344,099	2.37%	61.95%	La Haute-Gaspésie	\$394,363	0.69%	97.71%
Québec	\$1,318,713	2.32%	64.27%	Argenteuil	\$246,000	0.43%	98.15%
Shawinigan	\$1,271,591	2.24%	66.51%	La Côte-de-Gaspé	\$230,160	0.41%	98.55%
Portneuf	\$1,213,480	2.14%	68.65%	CRÉ Baie-James	\$183,292	0.32%	98.88%
La Tuque	\$1,194,032	2.10%	70.75%	Mékinac	\$150,000	0.26%	99.14%
Antoine-Labelle	\$1,183,102	2.08%	72.83%	Abitibi-Ouest	\$123,300	0.22%	99.36%
Kamouraska	\$1,173,719	2.07%	74.90%	Témiscamingue	\$83,478	0.15%	99.50%
L'Érable	\$1,171,360	2.06%	76.96%	Acton	\$67,330	0.12%	99.62%
Lotbinière	\$1,145,458	2.02%	78.98%	Les Basques	\$65,000	0.11%	99.74%
L'Islet	\$1,095,000	1.93%	80.91%	Avignon	\$50,000	0.09%	99.83%
Montmagny	\$1,085,276	1.91%	82.82%	Le Rocher-Percé	\$38,775	0.07%	99.89%
Le Val-Saint-François	\$919,075	1.62%	84.44%				
Les Chenaux	\$31,021	0.05%	99.95%	Le Haut-Saint-François	\$29,362	0.05%	100.00%
				Total RCMs targeted	\$53,931 858		
				Total RCMs not targeted by TISQFE	\$2,850,495		
Total RCMs not targeted by TISQFE			TOTAL IPREFQ	\$56,782,353³⁹			

Source: TB2 Extraction, CED

³⁹ Excluding the \$20 million contribution for the project with the Government of Quebec

PROPORTION OF FORESTRY-RELATED JOBS

RCM	% of forestry-related jobs in the RCM out of all jobs in the RCM	Ranking	% of forestry-related jobs out of all forestry-related jobs in the targeted RCMs	Ranking
Le Saguenay-et-son-Fjord	3.10 %	51	3.79 %	5
Trois-Rivières	4.79 %	45	4.45 %	2
Matawinie	6.58 %	37	1.58 %	29
Arthabaska	8.39 %	29	4.48 %	1
Maria-Chapdelaine	15.03 %	8	2.53 %	15
La Vallée-de-l'Or	7.14 %	32	2.24 %	16
Beauce-Sartigan	8.65 %	27	4.04 %	3
Rivière-du-Loup	4.90 %	44	1.46 %	31
La Matapédia	14.08 %	13	1.62 %	25
Le Domaine-du-Roy	16.07 %	6	3.86 %	4
Abitibi	12.17 %	17	2.22 %	17
Papineau	14.37 %	11	1.58 %	29
Témiscouata	14.09 %	12	1.79 %	22
Shawinigan	7.64 %	30	2.90 %	12
Portneuf	7.53 %	31	2.08 %	18
La Tuque	25.27 %	1	2.90 %	12
Antoine-Labelle	9.47 %	25	2.07 %	19
Kamouraska	2.34 %	53	0.38 %	50
L'Érable	4.76 %	47	0.94 %	43
Lotbinière	6.91 %	34	1.42 %	33
L'Islet	15.82 %	7	2.04 %	21
Montmagny	8.96 %	26	1.66 %	24
Le Val-Saint-François	11.46 %	19	2.60 %	14
La Haute-Côte-Nord	16.11 %	5	1.13 %	39
La Nouvelle-Beauce	6.91 %	33	2.06 %	20
Lac-Saint-Jean-Est	9.47 %	24	3.44 %	8
Matane	8.56 %	28	1.30 %	36
D'Autray	6.76 %	35	1.44 %	32
Les Sources	3.60 %	50	0.30 %	52
La Mitis	10.88 %	21	1.36 %	35
La Côte-de-Beaupré	10.60 %	22	1.21 %	37
Maskinongé	5.06 %	43	1.09 %	40
La Haute-Gaspésie	5.70 %	41	0.35 %	51
Argenteuil	6.01 %	39	1.00 %	42
Nord-du-Québec	11.08 %	20	3.51 %	7
Mékinac	16.60 %	4	1.17 %	38
Abitibi-Ouest	12.55 %	15	1.60 %	28
Témiscamingue	23.64 %	2	3.06 %	10
Les Basques	3.72 %	49	0.21 %	53
Avignon	5.65 %	42	0.46 %	49
Les chenaux	4.79 %	46	0.62 %	47
Le Haut-Saint-François	12.51 %	16	1.62 %	25
Bonaventure	6.53 %	38	0.65 %	46
Charlevoix	5.93 %	40	0.55 %	48
Charlevoix-Est	6.65 %	36	0.78 %	45
Drummond	4.64 %	48	3.58 %	6
La Vallée-de-la-Gatineau	14.37 %	10	1.70 %	23
Le Granit	18.14 %	3	2.97 %	11
Les Etchemins	13.96 %	14	1.40 %	34
Manicouagan	11.59 %	18	3.28 %	9
Pontiac	14.55 %	9	1.05 %	41
Robert-Cliche	10.39 %	23	1.61 %	27
Sept-Rivières--Caniapiscau	2.74 %	52	0.87 %	44

Immediate outcomes

The immediate outcomes are presented by indicator. Therefore, the total number of indicators may not correspond to the number of projects. This situation is explained primarily by one of the following situations: 1) the projects sometimes have more than one immediate outcome indicator; 2) some indicators do not apply; 3) the data are not available. The percentage in parentheses after each indicator indicates the extent to which the indicator was met, for projects with available data.

IMMEDIATE RESULTS AS OF SEPTEMBER 2014

Establishment and start-up

1.1.2.2 Local and regional enterprises (14 projects)

- 13 SMEs were established (100%)

2.1.2.1 Pre-startup and startup of innovative businesses (4 projects)

- 4 innovative SMEs in startup or pre-startup (100%)

QEDP (8 projects)

- 6 SMEs successfully completed their productivity or expansion project (100%)

Marketing and export

1.1.3.1 Tourism (1 project)

- 11 marketing activities targeting markets outside Quebec (100%)
- 40 operators in the marketing-outside-Quebec program (133%)

2.1.1.3 Market development (5 projects)

- 3 marketing plans or strategies implemented (100%)
- 33 market development activities carried out (89%)
- 7 products or services marketed (100%)

Network structuring

1.1.3.1 Tourism (1 project)

- 5 organizations committed to the master development plan that was created (100 %)
- 1 master plan, 4 architectural plans and 6 engineering studies carried out (100%)

2.2.1.1 Networking and clusters (3 projects)

- 23 networking activities carried out (329%)
- 6 businesses were networked (100%)
- 12 businesses participated in a network (40%)
- 7 businesses committed to the cluster development plan (47%)

Productivity and expansion

1.1.2.2 Local and regional enterprises (23 projects)

- 18 SMEs were maintained or developed (100%)

1.1.3.1 Tourism (17 projects)

- 16 tourism assets or services were set up or improved (100%)

2.1.1.5 Value-chain management (57 projects)

- 41 SMEs improved their value-chain management (95%)
- 6 SMEs incorporated value chains (100%)
- 4 SMEs adopted new technologies or incorporated new procedures (67%)
- 53 SMEs acquired new equipment (98%)
- 5 SMEs implemented pollution prevention or energy eco-efficiency projects (100%)

2.1.2.2 Expansion and modernization (2 projects)

- Two SMEs expanded or modernized (100%)

QEDP (31 projects)

- 29 SMEs successfully completed projects aimed at productivity or expansion (100%)
- Two communities dependent on forestry initiated an economic development approach (100%)

Innovation and technology transfer

2.1.1.4 Innovation management (13 projects)

- 6 innovation marketing plans and strategies implemented (100%)
- 17 products or processes significantly improved (90%)
- 54 marketing activities carried out (110%)

2.2.1.2 Applied research (3 projects)

- 12 entreprises ont bénéficié des nouvelles capacités développées (44 %)
- 5 PME ont été impliquées dans les projets de recherche appliquée avec des institutions publiques de recherche (100 %)

2.2.1.3 Technology services and transfer (8 projects)

- 18 businesses benefitted from new developed capacity (90%)
- 211 businesses will be able to benefit from new capacity (92%)

PDEQ (1 project)

- 18 businesses carried out innovation and technology transfer projects (100%)

Economic development strategies

1.1.3.1 Tourism (1 project)

- 91 tourism development players committed to the plan (91%)
- 2 plans were developed (100%)

1.1.1.1 Local planning (13 projects)

- 24 development initiatives and projects implemented (83%)
- 7 communities engaged in planning efforts and/or developed a development or diversification plan (88%)
- 175 participants attended mobilization and consultation activities (137%)

Community economic facilities

1.1.3.2 Attractive assets (1 project)

- 130 people were assigned to construction of community facilities (n/a)
- Capacity for attraction was developed or improved (100%)

QEDP (1 project)

- One community initiated efforts to get a community economic facility or improve an existing facility (100%)