

**Final report**

*Evaluation  
of the  
Canadian Support Program  
for the  
Gaspésie—Îles-de-la-Madeleine Economy  
(CSPGIME)*

*submitted to  
the Economic Development Agency of Canada  
for Quebec Regions*

*by SOGÉMAP Inc.*

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***SOGÉMAP Inc.***  
***1075 Saint-Alexandre Street***  
***Longueuil, Quebec J4H 3H2***

***Telephone: (514) 990-0546***  
***(450) 670-8952***

***Fax: (450) 670-0009***

***Email: [sogemap@sogemap.com](mailto:sogemap@sogemap.com)***

***W3: [sogemap.com](http://sogemap.com)***

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## SUMMARY

This report describes the findings of the formative evaluation of the *Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy* (CSPGIME). The formative evaluation is required by the Treasury Board of Canada under the results-based management and accountability framework (RMAF). The evaluation looks at the timeliness and implementation of intervention carried out under the CSPGIME between October 2000 and February 2004.

The evaluation covers two aspects of the CSPGIME, namely, establishment of the business office in Gaspé and implementation of the five components comprising the contribution program. The operating budget provided for under the program is used to operate the business office in Gaspé, and the contribution budget is used to implement the five components set out in the program for enhancing the economic situation in the Gaspé and the Magdalen Islands.

- The presence of a business office in Gaspé was intended to accelerate the processing of applications from the region. The Agency's Gaspé office became the Government of Canada's main player with respect to economic development in the Gaspésie—Îles-de-la-Madeleine region.
- As to the five components, they were drawn up in order to respond specifically to the problematic situation being experienced in the Gaspé and the Magdalen Islands. These components are:
  1. enhancement of federal infrastructure;
  2. development of medium-sized enterprises;
  3. youth;
  4. empowerment of the local milieu;
  5. emerging initiatives.

The total amount of the contribution available for the program is \$108 million.<sup>1</sup> The Agency also has at its disposal \$7.275 million between now and the end of the program for administration of the CSPGIME and the business office.

The **methodology** is based on gathering qualitative and quantitative information. Three information sources were used to conduct the evaluation:

- 1) a review of documentary material;
- 2) 22 individual interviews with economic agents, resource persons and partners;
- 3) analysis of secondary data, for which the information sources are:
  1. the database of CSPGIME projects;
  2. the findings of the Agency's yearly surveys from 1997-1998 to 2003-2004.

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<sup>1</sup> Of this total, \$80 million had been committed for the Gaspesia Paper mill recovery plan.

## Findings and recommendations

1. Generally speaking, the needs expressed by local economic agents in order to respond to the crisis situation being undergone by this region still exist. The federal government's special intervention in the economic development of the Gaspé and the Magdalen Islands is still timely and meets the needs expressed.
2. Intervention under component II (development of medium-sized enterprises) remains timely. But the eligibility criterion for enterprises requiring minimum capital costs of \$500,000 is too high with respect to the projects of the region's SMEs.
3. According to the majority of economic agents met with, the presence of the Agency's business office is an asset for the region's economic development.
4. Generally speaking, CSPGIME intervention is complementary to the other types of intervention offered in the region, by either other federal programs or provincial government programs.
5. The business office's RSI partially corrected the problem associated with the \$500,000 minimum capital cost criterion for component II. That strategy's Special Small Business Initiative subcomponent makes it possible to intervene to meet the needs of the region's small enterprises for capital projects involving less than \$500,000 which are ineligible for the CSPGIME.
6. Inexperienced staff, in addition to substantial local pressure, led to delays in the processing of applications.
7. The training provided for Gaspé business office staff was not sufficient. Staff had no ongoing training or guidance program available to them.

### Recommendation:

**A. The Agency should ensure, when setting up a new business office or new program, that a training program is provided and that all staff hired benefit from it. This recommendation is in line with the *CSPGIME Audit Report*.<sup>2</sup>**

8. The detailed description on the Agency's Web site of the amounts allocated for components III and IV generated expectations from the CFDCs.
9. The promotional document from Head Office describing the CSPGIME was available a year and a half after the program began.

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<sup>2</sup> Canada Economic Development, *Audit of the Canada Support Program for the Economy of Gaspé and the Magdalen Islands*, recommendation #6.

10. The business office had had a low media profile, so the Agency's program and programming were not very well known in the region.
11. Promotion of the program in the region was not adequate during the first few months after the business office in Gaspé opened. The Agency's target clientele had little knowledge of the terms and conditions of the CSPGIME.

**Recommendation:**

**B. Any promotional material on a new program should be available before the program launch and should highlight the program objective and its terms and conditions.**

12. As soon as the business office opened, the substantial workload meant that the business office representatives did not have an adequate presence on different committees or local projects with other government bodies.

**Recommendation:**

**C. Participation by advisors should be increased on committees and in local projects to ensure that the Agency has an adequate presence in the field.**

13. Ambiguity as to the CFDCs' role in delivery of components III and IV had a negative impact on relations between the CFDCs and the Gaspé business office.

**Recommendation:**

**D. The Agency should review the CFDCs' overall role under components III and IV of the CSPGIME. The CFDCs' roles and responsibilities will have to be clearly defined for delivery of the *youth* and *empowerment of the local milieu* components.**

14. The minimum capital cost for eligibility under component II is too high in relation to the scale of the region's projects. The terms and conditions of component V are interpreted as being more restrictive than they actually are.

**Recommendation:**

**E. The Agency should lower the \$500,000 minimum capital cost for component II so this component more closely reflects the actual situation in the region. The Agency should also clarify the terms and conditions of component V vis-à-vis the business office advisors.**

15. It is hard to find out the results of activities for each of the components since there is no regular follow-up. Moreover, it is not carried out consistently.

**Recommendation:**

**F. The Agency should review the possibility of either hiring an economic advisor in the Gaspé business office to help guide advisors in performance measurement or consulting Quality and Review Directorate advisors more for assistance with the development of indicators and methods for monitoring contribution agreement results.**

**G. For components II and V, systematic use should be made of Appendix E (or a comparable tool). For components III and IV, the business office should explain clearly to the CFDCs the type of information to be compiled, so that this information is relevant and consistent from one CFDC to another. The business office and the CFDCs should agree to use performance measurement frameworks common to the five CFDCs. The business office should take its inspiration from the framework of the Youth Strategy for component III and use CFP indicators to document the results for component IV, while ensuring that a clear distinction is made between the results obtained under the CSPGIME and those obtained under the CFP.**

**H. The Agency should ensure that a standard is established for the frequency of results monitoring.**

16. Agency intervention in the Gaspé and the Magdalen Islands has intensified since the CSPGIME was launched.

## **CONCLUSIONS**

- The Gaspé business office and the CSPGIME were established in order to respond to major economic transformations being undergone by the Gaspé and the Magdalen Islands. The Agency is therefore working on the development of this region's economy with partners from the local milieu and with partners from the provincial and federal governments.
- Despite a number of problems encountered during the establishment of the business office and of the components of the CSPGIME, the creation of this program and this business office entailed several benefits for the region. Prominent among these are the proximity of the business office, the increase in investment in the region and the completion of projects in new sectors (through the CSPGIME and in conjunction with the Quebec government for the development of several major projects).
- There is currently a better understanding of the different components of the program not only by the advisors, but also by the local milieu. Also, in order to meet local needs, the business office

set up a *Regional Strategic Initiative* (RSI) which is now helping to guide the business office's action toward enhancement of the economic environment and the knowledge economy. The RSI and the CSPGIME are complementary and help cater more effectively to the community's needs.

# PART I: INTRODUCTION

This report describes the findings of the formative evaluation of the *Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy* (CSPGIME). The evaluation considers the timeliness and implementation of intervention carried out under the CSPGIME between October 2000 and February 2004. This paper was drafted by research firm *SOGÉMAP Inc.* on behalf of the *Economic Development Agency of Canada for Quebec Regions* (the Agency). The different stages of the evaluation and the drafting of this report were carried out from February 2 to November 30, 2004.

## 1.1 Structure of the report

This report is divided into four parts, which comprise the following elements:

- evaluation mandate, subject of evaluation and presentation of the program;
- evaluation strategy;
- findings of the evaluation: timeliness and implementation. The presentation of results is carried out by placing the establishment of the business office in Gaspé alongside the contribution program, since part of the program budget was used to open the business office. The findings are reproduced, presenting the viewpoints of Agency representatives, the business office director and advisors, the directors of the region's Community Futures Development Corporations (CFDCs), representatives of the Quebec Department of Economic and Regional Development (*Ministère du Développement économique et régional*, or MDER) and project promoters (client enterprises and organizations);
- The main findings and helpful lessons for the future of the program and avenues likely to contribute to enhancing the program.

## 1.2 Mandate

Three years after the CSPGIME was introduced, the Agency is conducting the formative evaluation of the program required by the Treasury Board of Canada under the results-based management and accountability framework (RMAF). The evaluation therefore has to provide information so that senior management can gauge whether it is possible to achieve the program objectives and determine whether the program properly meets the needs of the target client

groups. Following the conclusions of the evaluation, senior management will be able to decide on any changes or adjustments to be made to the program.

### **1.3 Subject of evaluation**

The evaluation covers two aspects of the CSPGIME, namely, establishment of the business office in Gaspé and implementation of the five components comprising the contribution program. The program's operating budget is used to ensure the operation of the business office in Gaspé, and the contribution budget is used for the implementation of the five components provided for in the program to enhance the economic situation in the Gaspé and the Magdalen Islands. The evaluation concerns the timeliness and implementation of these two program components.

Although the sums invested for the recovery of the Gaspesia Paper mill come from the CSPGIME, the evaluation does not cover this element of the program.<sup>3</sup>

### **1.4 Presentation of the program**

This section presents the CSPGIME. In it, we describe the program's context and background, as well as the elements arising from its conception, namely, the Agency's business office in Gaspé and the five intervention components implemented in order to enhance the economic situation in the Gaspésie—Îles-de-la-Madeleine region.

#### **1.4.1 Business office and contribution program – context and background**

Since the late 1990s, the economic and social context in the Gaspésie—Îles-de-la-Madeleine region had been cause for concern. Indeed, this region was experiencing serious economic and social difficulties:<sup>4</sup> the region's jobless rate was 22.3% (8.4% in Quebec), the employment rate was 40.1% (57.4% in

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<sup>3</sup> We were unable to cover this program element since the closure of the mill in Chandler at the time of the evaluation meant we could not meet with a representative of that company. It should be remembered that financial support to Gaspesia Paper from the CSPGIME was to be \$80 million.

<sup>4</sup> These data come from observations on the situation in the region presented in the paper explaining the Treasury Board's decision of August 22, 2000.

Quebec) and over 25 years the region had seen its population decline by 9%, whereas the population of Quebec had risen by 23%. Added to this were the exodus of young people, an aging population and a population with a lower level of schooling. The groundfish crisis of the 1990s and the closing of two major corporations (Gaspé Mines and Gaspesia Paper) also affected the region.

Against this difficult socio-economic backdrop, a number of local economic agents mobilized to call upon government to come to the region's assistance. Following a Treasury Board decision, the Secretary of State for Canada Economic Development was then designated by the federal government to take leadership of federal action to enhance this region's economic situation. He was given responsibility for delivering comprehensive, consistent federal action to come to the population's assistance.

All the stakeholders consulted by the federal government agreed that action was needed quickly. Deliberations then began as to the establishment of a special program.<sup>5</sup> From these deliberations there emerged a Government of Canada intervention strategy consisting of three components. *“The first aims to respond to the issues associated with the closure of two large employers in the Gaspé (Gaspé Mines and Gaspesia Paper) and chronic economic underdevelopment. The second component translates into the establishment of the **Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine (CSPGIME) Economy** over a five-year period. The last component consists in the establishment and co-ordination of a federal interdepartmental panel to ensure concerted intervention by the Government of Canada in the region.”*<sup>6</sup>

In addition, the establishment of the Gaspé business office and the five intervention components of the CSPGIME are a direct consequence of the federal action plan put forward for the Gaspésie—Îles-de-la-Madeleine region.<sup>7</sup>

Furthermore, the presence of a business office in Gaspé was also intended to help speed up the processing of applications from the local milieu. The Agency's office in Gaspé had become the Government of Canada's main player with respect to economic development in the Gaspésie—Îles-de-la-Madeleine region.

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<sup>5</sup> At that time, there was the special Coastal Quebec Fund (CQF) for the region, but that program terminated on March 31, 2003.

<sup>6</sup> Gaspésie—Îles-de-la-Madeleine business office, *Business Plan 2002-2005*, p. 2. (Unofficial translation)

<sup>7</sup> Appendix A presents the different stages in the conception of the program. Appendix B reproduces a summary of program funding until 2005-2006.

To start with, the business office was to have six staff members. But, with the addition of the Magdalen Islands program, four new resources were hired. Finally, the business office team consisted of 13 people in February 2004.

In addition to the CSPGIME, which is one of the main programs delivered by the business office, the office administers programs associated with the Agency's core mandate, as well as special programs, such as the special Coastal Quebec Fund (CQF), the Adjustment Measures for Quebec Fishing Communities (MACPQ) and the Softwood Industry and Community Economic Adjustment Initiative (SICEAI). It should also be pointed out that no advisor in the business office is assigned specifically to the CSPGIME program but that they all work on delivering all the programs offered by the Agency in the region.

#### **1.4.2 Presentation of the contribution program (five components of the CSPGIME)**

In order to respond specifically to the problematic situation in the Gaspé and the Magdalen Islands, the program was drawn up in five components:

1. enhancement of federal infrastructure;
2. development of medium-sized enterprises;
3. youth;
4. empowerment of the local milieu;
5. emerging initiatives.

The support provided under the components of the CSPGIME primarily takes the form of financial assistance, which leads to the implementation of projects put forward by enterprises and non-profit organizations (NPOs) which offer services to business. The financial support largely takes the shape of repayable or non-repayable contributions, with the exception of certain projects under component I (federal infrastructure) carried out in conjunction with other federal departments or agencies where this support comes in the form of interdepartmental transfers. These transfers of appropriations are agreements concluded with other federal departments and agencies using official mechanisms. Table 1 presents the five program components (description, eligible clientele and planned results).

The total amount of the contribution available for the program is \$108 million.<sup>8</sup>  
The Agency has \$7.275 million at its disposal, between now and the end of the program, for administration of the CSPGIME and the business office.

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<sup>8</sup> Of this total, \$80 million had been committed for the Gaspesia Paper mill recovery plan.

**Table 1**  
**Presentation of CSPGIME components**

INTERVENTION COMPONENTS	DESCRIPTION	TARGETS	PLANNED RESULTS
<p><b>Component 1</b>            Enhancement of federal infrastructure</p>	<p>Projects to enhance the industry-port zone and other major investment projects aimed at rehabilitating federal infrastructure through departmental transfers to other federal departments. Reporting responsibility is also transferred to those departments.</p>	<p>NPOs, municipalities.</p>	<ul style="list-style-type: none"> <li>• Enhance access to Port of Gaspé infrastructure and services;</li> <li>• Increase business and commercial revenues of the Port of Gaspé;</li> <li>• Upgrade the infrastructure of Forillon National Park;</li> <li>• Maintain tourist traffic at Forillon National Park.</li> </ul>
<p><b>Component 2</b>            Development of medium-sized enterprises</p>	<p>Assistance for establishment and expansion of enterprises requiring at least \$500,000 in capital costs. The maximum level of contribution that can be granted is 50% of the cost of eligible capital assets.</p>	<p>Any individual or corporation proposing to carry out an eligible project, primarily medium-sized enterprises.</p>	<ul style="list-style-type: none"> <li>• Establishment and expansion of enterprises.</li> </ul>
<p><b>Component 3</b>            Youth</p> <p><i>This component is under the responsibility of the region's CFDCs.</i></p>	<p>The region's five CFDCs each receive a \$200,000 contribution in order to recapitalize the Youth investment fund in accordance with the terms and conditions of the Community Futures Program (CFP). This contribution is \$50,000 a year for each CFDC.</p>	<p>Young people aged 18-35.</p>	<ul style="list-style-type: none"> <li>• Creation of small enterprises headed by young people aged 18-35.</li> </ul>
<p><b>Component 4</b>            Empowerment of the local milieu</p> <p><i>This component is under the responsibility of the region's CFDCs.</i></p>	<p>According to the existing terms and conditions of the CFP program, offer a maximum annual contribution of \$100,000 to the region's CFDCs so they can hire an additional resource.</p>	<p>Local economic agents and young people.</p>	<ul style="list-style-type: none"> <li>• Awareness-raising and empowerment of local economic agents;</li> <li>• Enhancement of entrepreneurship.</li> </ul>
<p><b>Component 5</b>            Emerging initiatives</p>	<p>Support initiatives with a strategic impact on the region's economy. Financial contributions should not exceed \$5 million.</p>	<p>Federal partners, NPOs, CFDCs, local project promoters.</p>	<ul style="list-style-type: none"> <li>• Implementation of projects with a growth-generating economic impact in the region.</li> </ul>

# PART 2: EVALUATION STRATEGY

The purpose of this section is to present the strategy that was used to perform the formative evaluation of the CSPGIME. It explains, first, the issues and questions to which the evaluation has to respond, the methodology advocated, and the scope and limitations of the evaluation.

## 2.1 Evaluation issues and questions

The evaluation examines the establishment of the business office in Gaspé, as well as the five components of the CSPGIME. The formative nature of this evaluation means it is built around the issues associated with the timeliness of the program and its implementation<sup>9</sup> and not in terms of attainment of the program's final results. However, analysis of the preliminary results helps identify lessons drawn from the program implementation process.

## 2.2 Methodology

To answer the evaluation questions, we collected qualitative and quantitative information. Three information sources were used to carry out the evaluation:

- 1) review of documentary material;
- 2) individual interviews of economic agents, representatives of client enterprises, resource persons and partners;
- 3) analysis of other secondary data sources, for which the information sources are:
  1. the database of CSPGIME projects (extracted from Hermès);
  2. the findings of the Agency's yearly surveys.

### ***1) Review of documentary material***

The main documents consulted for this evaluation were the *Results-based Management and Accountability and Evaluation Framework for the CSPGIME*, the *CSPGIME Audit Framework*, the *CSPGIME Audit Report*, the *Regional Strategic Initiative for the Gaspésie—Îles-de-la-Madeleine Economy* document drafted by the Gaspé business office and the *Gaspé Business Office Business Plan 2002-2005*. These documents were consulted

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<sup>9</sup> A series of evaluation questions associated with the issues of timeliness and implementation are reproduced in Appendix C.

in order to present the description of the program and were used to complement the information gathered through individual interviews.

### **2) *Individual interviews***

A total of 22 individual interviews were conducted: three with representatives of the Agency's head office, six with Agency representatives in the Gaspé office, two with representatives of the provincial Department of Economic and Regional Development (*Ministère du Développement économique et régional*, or MDER), seven with project promoters and four with the CFDCs and other partners in the region.

The interviews were conducted between March 1 and 26, 2004, using five discussion guides. Depending on the guides used, the interviews lasted between 20 and 50 minutes.

### **3) *Analysis of secondary data***

The data analysed in the context of the evaluation come primarily from administrative data from the business office, the Agency's financial information system (Hermès) and the yearly surveys conducted by the Agency on its clients. Certain results presented in this report come from data compiled before and after the opening of the business office and the implementation of the program. The findings on client satisfaction (enterprises and organizations receiving financial assistance) come from the last five yearly surveys conducted by the Agency. So the findings of the 1999-2000 survey (n=35) correspond to the satisfaction of clientele from the Gaspé and the Magdalen Islands with respect to the services offered by the Rimouski office, prior to the opening of the Gaspé office. The findings of the 2000-2001 survey (n=39) correspond to the satisfaction of the same clientele during the transitional year from the Rimouski office to the Gaspé office. As to the findings from 2001-2002 (n=48), 2002-2003 (n=63) and 2003-2004 (n=59), they concern solely the clientele's satisfaction vis-à-vis the services offered by the Gaspé office.

Based on CSPGIME data extracted from the Hermès system, a comparative analysis was conducted between the number and total cost of projects approved in the Gaspésie—Îles-de-la-Madeleine region for the years preceding the establishment of the business office (1997-1998 to 1999-2000), during the transition from the Rimouski office to the Gaspé office (2000-2001) and since the establishment of the new office (2001-2002 to 2003-2004).

## 2.3 Scope and limitations of the evaluation

The timeframe and the budget we were given for the evaluation are significant elements in the choice of evaluation approach and information-gathering strategies.<sup>10</sup> For that reason, the different findings of the formative evaluation are based primarily on qualitative information gathered during individual interviews.

The quantitative data used in this report come primarily from the HERMÈS financial system and the Agency's yearly surveys. As to the data from the yearly satisfaction surveys, changes made to the questionnaire in 2000-2001 mean the data are not perfectly comparable.

Also, since this is a formative evaluation, it is not yet possible to measure the results of the program. But the quantitative data included in this report can be used to describe the program's main outputs. The RMAF provides for measurement of results in 2005-2006 when the summative evaluation of the CSPGIME is carried out.

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<sup>10</sup> If time and the budget set aside for this evaluation had not been significant constraints, it would have been helpful to gather information from other federal partners in the region, other local stakeholders (elected officials, members of the Gaspé recovery committee), other Agency clients or clients receiving services from the CFDCs under the program.

# **PART 3: FINDINGS OF THE REVIEW**

## **3.1 Findings on the timeliness of the program**

Analysis of the timeliness of the CSPGIME has three focuses. First, we confirm whether the intervention carried out under the program has made it possible to respond adequately to the needs that had been expressed. Second, we analyse the timeliness of the intervention with respect to the program's five components (program objectives and nature of the intervention) and the establishment of the business office. Third, we analyse the consistency of the intervention under the CSPGIME by confirming whether it is complementary and whether there is any duplication with regard to other programs already offered in the region.

### **3.1.1 Match between the needs expressed by the region and the CSPGIME**

There has been little change in the socio-economic factors warranting federal government intervention since the program was introduced. In February 2004, the jobless rate was 19.1% in the region (22.3% in 2000), compared with 9.1% for Quebec as a whole<sup>11</sup> (8.4% for the province in 2000). While the unemployment rate fell slightly in the region, it is still far higher than the Quebec average.

According to the representatives of Agency client enterprises with whom we met,<sup>12</sup> the main needs of the region's enterprises are guidance and financial support. Moreover, they believe that federal government intervention, through the CSPGIME, meets their needs adequately.

The representatives of local economic agents and the provincial government we met with believe the presence of the business office and the federal government's intervention in the region are necessary. Indeed, the need for a place of business in the Gaspé had initially been expressed by Agency clients (enterprises and CFDCs) as well as by certain organizations supported by the provincial government. According to the Agency employees responsible for establishment of the business office, people were complaining that they were far away geographically, and that it was harder for them to meet with

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<sup>11</sup> Data from the provincial *Institut de la statistique du Québec*.

<sup>12</sup> We met with representatives of six client enterprises in individual interviews.

advisors.<sup>13</sup> Despite the establishment of the office and the program, they pointed out that the region's needs are huge, that investment is not always adequate and that the Agency's vision should be reviewed in a slightly more regional perspective so as to adapt it more closely to local needs. Unfortunately, the urgent need to act and the speed with which the business office and the program were set up limited the extent of the initial consultation.

In view of the development opportunities in the region and the economic situation that is still difficult, intervention under the CSPGIME is still timely. Generally speaking, this contribution program met the needs of enterprises and organizations.

Several advisors from the business office, as well as the director, however, mentioned that the timeliness of the program, depending on the needs of the local milieu, could depend on the direction government takes in the years to come: *"In the Gaspésie—Îles-de-la-Madeleine region, it is important at this time to avoid negative growth by attempting to stabilize and support the economy during a transitional period rather than trying to make it grow."*

In fact, according to the business office advisors and the representatives of the MDER, the region's economy is currently moving from an economy based primarily on the extraction of raw materials to an economy focussing on tourism, wind power, marine biotechnology and development of forest resources. The Agency is co-operating in the development of several of these niches with partners from the local milieu and partners from the provincial government. In that regard, the Agency's business office has created a partnership with the provincial government for the implementation of projects under the CSPGIME.

***Finding on the match with needs***

1. Generally speaking, the needs expressed by local economic agents in order to respond to the crisis situation being undergone by this region still exist. The federal government's special intervention in the economic development of the Gaspé and the Magdalen Islands is still timely and meets the needs expressed.

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<sup>13</sup> The distance between Rimouski and Gaspé is 380 km.

### 3.1.2 Timeliness of intervention

#### A) *Contribution program (components)*

The CSPGIME comprises five intervention components, each with associated objectives. The objective of **component I** is to promote the enhancement and rehabilitation of federal infrastructure through interdepartmental transfers to other departments.

The objective of **component II** is development of medium-sized enterprises. It is used to support SMEs' investment in capital assets. In fact, one of the eligibility criteria is that each project should have a capital cost of at least \$500,000, and this is out of proportion to the average scale of the region's projects. But this component is appreciated by the clients and provincial government partners we met with.

**Components III and IV** of the CSPGIME, offered by the region's five CFDCs, are used to recapitalize their Youth fund (III) and acquire additional resources to intervene in follow-up activities (IV). According to the business office advisors and those responsible for the CFDCs, components III and IV of the CSPGIME represent useful additional tools for the region, in view of the economic context. According to the director of the business office, "*in the context of an economically disadvantaged region which has serious entrepreneurship problems, components III (youth) and IV (empowerment of the local milieu), which are delivered by the CFDCs, are very timely.*"

Finally, according to the business office advisors and director, **component V** of the program aimed at supporting initiatives with a growth-generating effect on the region's economy (emerging initiatives) is timely for helping this region's economy.

#### *Finding on the timeliness of intervention*

2. Intervention under component II (development of medium-sized enterprises) remains timely. But the eligibility criterion for enterprises requiring minimum capital costs of \$500,000 is too high with respect to the projects of the region's SMEs.

#### B) *Gaspé business office*

In addition to the financial assistance provided by the programs, the Agency's office in the region offers non-financial services, including guidance and

advice, information and referrals. Added value from the proximity of a business office in a region largely stems from the delivery of these non-financial services.

For the majority of the people met with, the proximity, accessibility and availability of the business office advisors are needs frequently mentioned in the interviews. Indeed, the clients interviewed pointed out that the proximity of the business office and the accessibility of the advisors were beneficial for them. In fact, the results of the 2003-2004 yearly survey show that 57.7% of the Agency's clients in the Gaspé and the Magdalen Islands prefer to contact the Agency either by a visit to the Agency's business office or by a visit from an Agency advisor to the client's office.<sup>14</sup> These findings confirm the need for proximity felt by the Agency's clientele in this region.

The director of the business office also mentioned that "*the establishment of his office led to the drafting of a business plan better geared to the region's needs.*" In this business plan, potential for development was identified. These development opportunities are: tourism industry, diversification of products from natural resources, expertise in rearing shellfish and aquiculture, farmland used for development of biological agriculture, a wind farm and mining resources to be developed.

***Finding on the timeliness of the business office in Gaspé***

3. According to the majority of economic agents met with, the presence of the Agency's business office is an asset for the region's economic development.

### **3.1.3 Consistency of intervention**

The CSPGIME was intended to complement the Agency's regular programming by providing an additional tool geared to the economic needs of the Gaspé and the Magdalen Islands.

The individuals met with in the context of this study rate intervention under the CSPGIME positively compared with what is already offered in the region. According to the business office director and advisors, this program is part of a toolbox holding a panoply of other programs (IDEA-SME, CFP, RSI, MACPQ). They also point out that, depending on the needs presented to them, they identify the program best placed to meet them.

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<sup>14</sup> The yearly survey showed that 49.8% of the Agency's clientele as a whole prefer to contact the Agency either by a visit to the Agency's business office or by a visit from an Agency advisor to the client's office.

In fact, the CSPGIME complements the Agency's programming in this region. This is the case with component I of the CSPGIME, which is a good complement to the 2000 Canada-Quebec Infrastructure Works Program. Whereas the 2000 Canada-Quebec Infrastructure Works Program targets development of municipal and provincial community infrastructure, the CSPGIME targets the enhancement of federal infrastructure only.

As to the client enterprises we met with, they are quite aware that it was under the CSPGIME that they received assistance and that, without those funds, completion of their projects would have been more difficult.<sup>15</sup> Client enterprises also appreciate the good co-operation from the federal and provincial governments in the development of their projects, pointing out that they saw no competition between these two levels of government.

Note that the Regional Strategic Initiative (RSI),<sup>16</sup> developed by the business office in March 2003, has helped to complement action under the CSPGIME. The RSI proposes a development strategy including intervention with respect to support for the region's adjustment capability, tourism development and technological capability. According to the director of the business office, "*a major switch took place when the Agency implemented an RSI within which specific niches for the Gaspésie—Îles-de-la-Madeleine region had been identified.*" He claims that this RSI is directly in line with the region's needs. According to the staff, this strategy enables the business office to complement action under the CSPGIME and participate in enhancing the region's economic environment and knowledge economy.

Also, it is by developing the RSI that the business office was able to rectify the problem associated with the \$500,000 minimum capital cost criterion for component II. In fact, this strategy includes a Special Small Business Initiative subcomponent which allows intervention to meet the needs of the region's small enterprises within the framework of capital projects of less than \$500,000.

For the provincial government stakeholders met with, intervention under the CSPGIME and intervention by the provincial government is complementary and, in their view, "*the CSPGIME is often the final incentive whereby a project can start up.*"

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<sup>15</sup> According to the Agency's yearly survey for 2003-2004, 75% of project promoters in the Gaspé and the Magdalen Islands would not have carried out their projects without Agency assistance.

<sup>16</sup> Canada Economic Development, *Regional Strategic Initiative for the Gaspésie—Îles-de-la-Madeleine Region*, final version, February 4, 2003, 41 pages.

The Quebec government representatives stated that co-operation with the business office was good and the advisors were increasingly open to shared funding for the development of local projects. In this regard, the provincial government has developed what it calls “niches of excellence” for the region. The niches are as follows: wind power, tourism, marine biotechnology, and another developing niche, wood. The Gaspé business office is working with the MDERR on the development of these niches, which are along the same lines as those presented in the Gaspé business office’s *Business Plan 2002-2005*.

***Findings on consistency of intervention***

4. Generally speaking, CSPGIME intervention is complementary to the other types of intervention offered in the region, by either other federal programs or provincial government programs.

5. The business office’s RSI partially corrected the problem associated with the \$500,000 minimum capital cost criterion for component II. That strategy’s Special Small Business Initiative subcomponent makes it possible to intervene to meet the needs of the region’s small enterprises for capital projects involving less than \$500,000 which are ineligible for the CSPGIME.

### **3.2 Findings concerning implementation**

This section covers the implementation of the CSPGIME. We will be looking at the following elements:

- establishment of the Agency’s business office in Gaspé;
- establishment of the contribution program;
  - promotion of the program;
  - implementation of the components of the CSPGIME (contribution program);
  - follow-up on projects under the different components;
- implementation round-up;
  - business office;
  - contribution program;
  - situation before and after intervention.

### 3.2.1 Establishment of the Agency's business office in Gaspé

The business office was set up quickly, and this generated great pressure on the staff involved. The director of the business office had less than two months to find the premises, recruit staff, provide basic training and handle the logistics. The office was to be operational as soon as it opened on October 16, 2000, in view of the urgency and the expectations of the region's stakeholders that measures should be taken quickly. The difficulties facing the business office staff were:

- substantial workload;
- inexperienced staff;
- lengthy file processing time;
- need for training;
- need for guidance;
- difficult relations with the CFDCs; and
- pressure from the local milieu.

#### ***Substantial workload***

In the first weeks of operation, the business office received between 10 and 15 applications. In addition, staff had to concentrate their efforts quickly on producing a recovery plan for the Gaspesia Paper Inc. mill. With hindsight, according to the director, *“the energy invested in this recovery plan was detrimental to the other files from the Rimouski office.”*

Once it opened, it quickly became apparent that the business office's six resources were insufficient. Noting the high number of files to be analysed, the director requested additional resources.

The findings of the yearly surveys with respect to access to services confirm the negative impact of the excessive workload on client satisfaction. In 1999-2000, the year before the Gaspé office opened, the survey revealed that 98% of Agency clients in the Gaspé and the Magdalen Islands were quite or fully satisfied with the accessibility of the Agency's services compared with 95% for the Agency's clients as a whole. In 2001-2002, one year after the office in the Gaspé opened, the level of satisfaction concerning accessibility of services fell to 78% for the region and 87.7% for the rest of the Agency.<sup>17</sup>

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<sup>17</sup> Changes made to the yearly survey questionnaire are an element that can partly explain why satisfaction levels fell in 2001-2002. This effect was also observable across the Agency.

There has, however, been a marked improvement in client satisfaction with respect to accessibility of services since 2001-2002. In 2003-2004, three years after the Gaspé office opened, this rate stood at 84.7%, whereas the Agency's overall rate fell slightly, to 91.4%.

### ***Inexperienced staff***

When the Gaspé office opened, the staff largely consisted of a relatively inexperienced team. Several team members had little knowledge of the programs offered by the Agency. When it opened, the director and the advisors attended a three-day presentation on the structure of the Agency, its programming and its operations (strategic management framework, service delivery, intranet, etc.). But the advisors hired since have not all had the benefit of such training. In that case, it was the advisors already working in the office who provided practical tips on Agency operations and programming.

### ***File processing times***

The running-in period led to delays in file processing and thus to client dissatisfaction. The director pointed out that *“people expected faster responses on their files, and this created, from the first months after the business office opened, a dissatisfaction on the part of local players.”*

The findings of the Agency's yearly survey<sup>18</sup> tend to confirm this perception. In fact, the level of satisfaction of the region's clientele<sup>19</sup> concerning *application response times* dropped from 92.2% in 1999-2000 to 61.0% in 2002-2003, moving back up to 82.9% in 2003-2004. For the Agency's business offices as a whole, the level of satisfaction concerning *application response times* fell from 92.3% in 1999-2000 to 78.2% in 2003-2004. Despite a substantial decline in satisfaction observed following the establishment of the Gaspé office (compared with that of the Agency's offices as a whole), clients' level of satisfaction is higher concerning application response times.

As to the clients met with, they are generally satisfied with the services offered by the business office advisors. In fact, the level of satisfaction of Gaspé business office clientele was 91.5% in 2003-2004; this level was much the same for the Agency's clientele as a whole (94.5% in 2003-2004).

The entrepreneurs met with were also satisfied with the advisors' availability, knowledge and interest in entrepreneurs' files. Indeed, clients' level of

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<sup>18</sup> The findings of the yearly survey were used for 2002 and 2003.

<sup>19</sup> Clientele includes client enterprises and organizations receiving a contribution offer.

satisfaction concerning *competency of staff* of the Gaspé business office went from 84.1% in 2000-2001 to 98.3% in 2003-2004. They mentioned that it was now much easier and faster to meet with members of the business office staff. Clients are above all very satisfied with the speed with which advisors return calls. Finally, the results of the yearly survey indicate that the level of satisfaction with respect to *guidance through the process by advisors from the Gaspé office* rose from 71.4% in 2000-2001 to 84.7% in 2003-2004.<sup>20</sup>

### ***Need for training***

As specified in the audit report, *advisors feel that the support could be better structured in terms of training on CED policies, procedures and tools, understanding of programs (including the new CSPGIME) and mentoring.*<sup>21</sup> In fact, to begin with the business office advisors and director received no specific training on the implementation of intervention under the CSPGIME and learned by trial and error.

In order to speed up the process of analysis for certain files, business office staff would have liked more advanced training on market development and financial analysis of projects so they could perform these analyses more effectively.

### ***Need for guidance***

During the first few months, the Agency's business office in Rimouski offered the Gaspé office guidance and advice. Telephone conferences took place for advice concerning the transfer of files from Rimouski to Gaspé. The Rimouski advisors were available to offer assistance, as required. We are not in a position to conclude whether the guidance offered was used to good effect. But several advisors from the Gaspé office pointed out that they would have preferred to receive more guidance during the first year after the business office opened.

A year and a half after it opened, the Agency also made available to the business office an experienced manager from Head Office. This manager worked for almost two months with the Gaspé office staff. According to the advisors from the Gaspé office, the presence of this manager was very helpful and enriching. But, as several advisors pointed out, this presence was late in the process of establishing the business office.

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<sup>20</sup> This question was not asked in the 1999-2000 survey.

<sup>21</sup> Canada Economic Development, Audit of the Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy, section 2.7.

A number of advisors pointed out that the presence of an economic advisor in the Gaspé business office would be desirable. This experienced advisor usually plays a guidance role, particularly for performance measurement, and would provide the expertise necessary for analysing complex applications. This request is in line with the recommendation made in the Agency's audit report to the effect that measures should be adopted to provide better support for less experienced advisors and ensure quality control.<sup>22</sup> But there are already such resources at the Agency's Head Office. In fact, the Interregional Intervention and Partnership Branch and the Operations Branch provide advice concerning project analysis, and the Quality and Review Directorate provides advice on performance measurement.

### ***Difficult relations with the CFDCs***

When they learned that the office was to open in Gaspé, the representatives of the region's CFDCs were very positive toward the program and had high expectations. But the relationship between the CFDCs and the Gaspé office rapidly deteriorated. The CFDCs would have preferred to have a partnership relationship with the Gaspé office, and this, according to them, was not the case.

The CFDCs had more latitude in intervention in their local milieu, whereas now they perceive the operating framework as being much more rigid. However, discussions between the office and the CFDCs have taken place, and they now see an improvement in the relationship.

### ***Local pressure***

The local community's expectations were very high with respect to the opening of the Gaspé office and federal government involvement in the region's economic development. This led, according to the director of the business office, to pressure on the staff, who had to be ready to respond to the numerous demands from the local milieu as soon as the office opened.

Despite this pressure, the satisfaction data gathered from the Agency's clients from the Gaspé and the Magdalen Islands in 2003-2004 indicate that 81.4% of them were satisfied with the Agency's ability to meet their needs. Before the business office opened, this satisfaction level stood at 79.5%. However, after the office opened in Gaspé, there was a running-in period, with the level of satisfaction falling to 71.9% in 2001-2002 and 73% in 2002-2003.

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<sup>22</sup> Canada Economic Development, Audit of the Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy, recommendation #5.

The period during which the business office was being set up was also marked by difficult relations with Quebec government stakeholders. According to the business office advisors, during the first months of operation there was a spirit of competition between the two levels of government. But the business office advisors and the provincial government advisors got to know each other, learning to work together on different projects and trust each other. The consequence of this learning process was longer processing times for a number of applications.

According to the director of the business office and the advisors on-site, “*the first year following the establishment of the business office was hard, there were numerous applications, work accumulated and the team consisted primarily of advisors with little experience of the Agency’s operations and programs.*” The staff had to analyse files while assimilating the different programs and their methods of operation.

***Findings on the establishment of the business office***

6. Inexperienced staff, in addition to substantial local pressure, led to delays in the processing of applications.

7. The training provided for Gaspé business office staff was not sufficient. Staff had no ongoing training or guidance program available to them.

***Recommendations***

A. The Agency should ensure, when setting up a new business office or new program, that a training program is provided and that all staff hired benefit from it. This recommendation is in line with the *CSPGIME Audit Report*.<sup>23</sup>

### **3.2.2 Implementation of the contribution program**

When the contribution program was implemented, activities were carried out. We look first at the program promotion activities before presenting the

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<sup>23</sup> Canada Economic Development, Audit of the Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy, recommendation #6.

implementation process for the different components of the program as well as the follow-up on the different projects.

### ***Promotion of the CSPGIME***

The main promotional activities were the following:

- The business office advisors and director met with local partners and members of the different socio-economic advisory panels that exist in the Gaspé to explain to them the basic criteria of the Agency's different programs and the CSPGIME;
- The description of the CSPGIME, its features and its terms and conditions, as well as the amounts allocated for each of the components, were posted on the Agency's Web site;
- The business office staff produced a "home-made document" to present the program. Distributed to the region's enterprises and organizations, this document describes the funding components, projects and eligible clientele;
- The region's CFDCs promoted components III and IV of the CSPGIME vis-à-vis their respective clientele, namely, enterprises, young people and other clientele they serve. They promoted the components, either through correspondence sent to the enterprises they serve or through conversations with representatives of enterprises.

The business office advisors met with state that there was no concerted strategy concerning promotion of the program. A few months after the CSPGIME was announced, seeing that the Agency had not yet produced promotional material on the program, the business office staff drew up a "home-made document" presenting it. This document, describing the funding components, projects and eligible clientele, was distributed to the region's enterprises and organizations. As to the promotional document from Head Office describing the CSPGIME, it was available a year and a half after the business office opened.

***Management clarification.*** *The terms and conditions for each of the components of the CSPGIME were drafted after the announcement of the opening of the Gaspé office on October 4, 2000, and were made available gradually over a period of several months. Note that the CSPGIME was not a conventional "on-demand" program; only two out of five components targeted a broad clientele.*

According to the director of the business office, the perception of several enterprises and organizations was that program funds would be available at the business office and that all they had to do to obtain funding was to apply

for it. Moreover, a number of local stakeholders pointed out that the business office had not had a high media profile, so the Agency's program and programming were not very well known in the region.

***Management clarification.** There was a publicity campaign on the radio and in regional weekly papers announcing the opening of CED's office in Gaspé, from January to March 2001, and in the following months ad-hoc campaigns where deemed appropriate by the Communications Branch and the Gaspé business office.*

*The announcement of the opening of the office was also intended to launch the Government of Canada's intervention plan for the Gaspé economy through the establishment of an interdepartmental panel. Communication policy favoured a "Government of Canada" approach with respect to all the communication activities emerging from the panel's work. Communication efforts therefore aimed to reinforce the Government of Canada's visibility and increase its presence in the region, and not solely to promote specific programs.*

The local milieu felt the program was administered without any specific objectives and intervention criteria. Business office staff had to respond to several applications that were ineligible under the CSPGIME, thus delaying the processing and analysis of eligible files. This workload limited the advisors' participation on committees or in interdepartmental activities which would, according to local players, have helped to demonstrate the business office's involvement and explain the Agency's programs in the region. Moreover, according to the local stakeholders, advisors' action should be directed toward information, support and greater professional involvement in certain local issues.

Table 4 reproduces the evolution of the number of applications for assistance analysed since the business office opened. This table shows that the rejection rate for projects submitted during the first two years of the program was high, at 90% in 2000-2001 and 67% in 2001-2002. In all, 50% of the 105 files analysed between January 1, 2001 and March 9, 2004<sup>24</sup> were approved. Thus, the rejection rate fell substantially since the office opened, a sign that the business office advisors recognize more quickly the eligibility of the projects submitted to them.

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<sup>24</sup> The total number of files analysed does not include ineligible applications that were not analysed.

**Table 4****Evolution of the number of applications for assistance approved and rejected/withdrawn from January 1, 2001 to March 9, 2004 for the CSPGIME\***

	TOTAL NUMBER OF PROJECTS SUBMITTED	NUMBER OF PROJECTS APPROVED**	NUMBER OF PROJECTS REJECTED OR WITHDRAWN	PERCENTAGE OF PROJECTS REJECTED OR WITHDRAWN OUT OF TOTAL NUMBER OF PROJECTS
2000-2001	10	1	9	90%
2001-2002	42	14	28	67%
2002-2003	27	21	6	22%
2003-2004 (March 9, 2004)	26	17	9	35%
<b>TOTAL</b>	105	53	52	50%

\* Does not include component 1.  
\*\* Includes projects for which a comprehensive analysis was conducted.  
Source: CED, Regional Operations Branch.

For the CFDCs, the publication of the amounts allowed per component on the Agency's Web site generated unrealistic expectations, since these were lowered with the addition of the Magdalen Islands to the area served by the program. The CFDCs therefore had to share the budget for components III and IV in five equal parts rather than four. This budget situation was the cause of friction between the business office and the CFDCs.

As to the client enterprises met with in the course of this evaluation, they were not very familiar with Agency programming. Indeed, they had been informed of the existence of the Agency's business office by either the CFDCs, local economic agents, or the Rimouski office with which they dealt previously.

*Management clarification. A more limited strategy was adopted since a large part of the program budget was set aside for implementation of previously identified initiatives; only two components of the program were "on demand" and could hope to reach a broad clientele.*

**Findings on promotion**

8. The detailed description on the Agency's Web site of the amounts allocated for components III and IV generated expectations from the CFDCs.

9. The promotional document from Head Office describing the CSPGIME was available a year and a half after the program began.

10. The business office had had a low media profile, so the Agency's program and programming were not very well known in the region.

11. Promotion of the program in the region was not adequate during the first few months after the business office in Gaspé opened. The Agency's target clientele had little knowledge of the terms and conditions of the CSPGIME.

***Recommendation***

B. Any promotional material on a new program should be available before the program launch and should highlight the program objective and its terms and conditions.

***Finding on promotion***

12. As soon as the business office opened, the substantial workload meant that the business office representatives did not have an adequate presence on different committees or local projects with other government bodies.

***Recommendation***

C. Participation by advisors should be increased on committees and in local projects to ensure that the Agency has an adequate presence in the field.

***Implementation of the components of the CSPGIME***

Files were allocated among the advisors on a geographical basis. The advisors subsequently agreed that it was easier to allocate files by sector of activity (eg., tourism, aquiculture, wind power, etc.).

**Component I**

Under this component, federal departments have the role of project promoters. Once the interdepartmental transfer has been made, it is these departments that are responsible for project implementation, reporting and the use of these funds. As far as the limited number of projects carried out under this component is concerned, an Agency advisor hypothesized that *“this component may have been a victim of circumstance, namely, the lack of resources from departmental partners, certain difficulties in meeting the horizontal challenge, lack of understanding of the component, and so on.”* Some business office advisors nonetheless have trouble clearly pinpointing

the details of this program component. But only the senior advisor in the business office works on files from this component.

### **Components II and V**

Enterprises and organizations wishing to receive assistance for a project under this component have to provide the Agency office with the following information: detailed description of the project, profile of and brief background to the enterprise, financial statements and financial projections associated with the project, any relevant environmental assessment information, any assistance received or to be received for the project from federal, provincial or municipal authorities and, finally, commitments made with respect to the project. The application is then forwarded to an advisor, who analyses it.

As to the evaluation of projects and the level of assistance granted, the analysis is conducted on the basis of different criteria: economic impact on the region, consistency of the project with the objectives of the program and the Agency's priorities, consistency of the project with the region's intervention priorities, recipient's strategic, technical and financial capability, and availability of funds. To approve a project, the advisor has to complete an analysis report, which is then submitted to the director of the business office. Projects evaluated at less than \$100,000 can be approved by the director himself, while projects of more than \$100,000 are forwarded to the Regional Operations Branch, which evaluates their acceptability and determines whether or not they are approved.

The business office advisors and director, as well as provincial government stakeholders, indicated that the eligibility criterion of capital costs requiring more than \$500,000 for component II should be lowered. In some sectors, such as the hotel industry, it is hard to qualify for this component, although the sector is very important in the region.

As to component V, it should be better defined so that the advisors are in a position to use it properly. Several advisors mentioned that they were not always able to use it because of the terms and conditions that apply to the CSPGIME that refer to the IDEA-SME program. These terms and conditions appear to impose more constraints than they actually do.

### **Components III and IV**

These components are managed by the CFDCs. But the sharing of roles and responsibilities between them and the business office in the implementation is not clear for everyone. In fact, there is a misunderstanding as to the CFDCs' role and responsibilities. For the representatives of the business office, the CFDCs should be "deliverers of services" for which the terms and

conditions are predetermined by the Agency. As to the CFDCs, they want a partnership relationship with the business office and autonomy in applying these components.

As to component III, it is the continuation of the Youth Strategy Fund on which the CFDCs were already working. Each CFDC received \$50,000 to invest in the form of loans to entrepreneurs in enterprises run by young people. But, according to the business office director, *“the fact that the CFDCs had the same budget should be reviewed in order to take into account the population they serve. In calculating the eligible amounts, a degree of logic is needed, in line with the number of enterprises in the geographical area and its population.”*

As to component IV, it was the CFDCs and the business office which specified the terms and conditions of its application. This component was directed toward offering technical assistance to entrepreneurs experiencing difficulties with human resources management, management of their operations or marketing. In addition to hiring a specialized resource to conduct follow-up on enterprises, the budget is used by the CFDCs to carry out local facilitation activities with an impact on the business community, the business climate, and the organization of events that can elicit entrepreneurship.

The business office is conscious that the implementation of components III and IV, in conjunction with the CFDCs, was harder than anticipated. Measures have been taken to improve relations with the CFDCs, in particular through a new allocation of advisors' work. Since early 2004, the CFDCs sense a greater openness from the business office with a view to improved relations.

***Finding on implementation of components***

13. Ambiguity as to the CFDCs' role in delivery of components III and IV had a negative impact on relations between the CFDCs and the Gaspé business office.

***Recommendation***

D. The Agency should review the CFDCs' overall role under components III and IV of the CSPGIME. The CFDCs' roles and responsibilities will have to be clearly defined for delivery of the *youth* and *empowerment of the local milieu* components.

***Finding on implementation of components***

14. The minimum capital cost for eligibility under component II is too high in relation to the scale of the region's projects. The terms and conditions of component V are interpreted as being more restrictive than they actually are.

***Recommendation***

E. The Agency should lower the \$500,000 minimum capital cost for component II so this component more closely reflects the actual situation in the region. The Agency should also clarify the terms and conditions of component V vis-à-vis the business office advisors.

***Follow-up on results carried out under the components***

According to the business office advisors, follow-up on the results of projects carried out under the CSPGIME is not very different from the follow-up conducted under the Agency's other programs. But, in view of the substantial number of files, the advisors point out that follow-up is not carried out as regularly as it should be.

Follow-up on results conducted on enterprises and organizations is primarily informal. For certain projects funded under the CSPGIME, Agency advisors sit on the boards of directors as observers. In the case of enterprises, the frequency of the follow-up varies by advisor. As to organizations, the information provided is not consistent, and it is hard to quantify activity results. So follow-up is not very regular, and is not well documented. The results in the medium term should then be better documented in order to measure the impact of the CSPGIME properly.

With respect to the CFDCs, the interviews conducted with the business office advisors indicated that the quality and quantity of the information conveyed to the business office vary from one CFDC to another. In this regard, the CFDCs point out that it is difficult to present reports detailing the number of activities carried out with CSPGIME funds without the business office having clearly defined what has to be counted as an activity.

Table 5 briefly presents the follow-up conducted for the five components of the contribution program.

**Table 5**  
**Follow-up on results conducted by component**

Component	Description of follow-up conducted	Recommendations on follow-up to be conducted
Component I	The follow-up consists in obtaining information on the progress of projects from promoters. Telephone follow-up is carried out and, before payment is made, a report is drafted at the business office on the use of the sums paid to the department and the progress of the project. Since this component consists in making transfers to other departments, follow-up on results is not mandatory.	There is no formal follow-up on results for this component. But qualitative and quantitative information could be gathered by the Agency on the completion of projects and on medium- and long-term results.
Component II	For this component, it is primarily financial follow-up that is carried out. Before the final project payment, where possible, the advisor responsible for payment visits the project promoter and photographs the work carried out or the machinery acquired through the financial assistance. This evidence is added to the file to ensure that the project is completed before the final payment is made.	At present, the advisors should be periodically checking the number of jobs created associated with each project. But the performance measurements used for projects with enterprises are inadequate for reporting on the results of the intervention. A tool should be used such as the Appendix E used for projects with NPOs.
Component III	For this component, the business office has produced a canvas indicating to the CFDCs the data that must be supplied. Follow-up on this component is carried out informally through meetings between CFDC directors and business office advisors. The business office receives the list of files accepted by the CFDCs' board of directors, and with each claim it receives the amount awarded, the name of the enterprise and the promoter's name. This follow-up is similar to that carried out under the Agency's Community Futures Program.	Follow-up should be formalized in order to ensure that it is carried out consistently and at regular intervals. Also, the canvas used is limited to short-term results, so it is impossible to link the results of projects and the results targeted by the program. A performance measurement framework for the Youth Strategy already exists for all the CFDCs, and the advisors should also apply it under this component of the CSPGIME. But it must be ensured that a distinction is made between the results obtained under the Youth Strategy and those obtained under the CSPGIME.

Component IV	As for component III, the business office has produced a canvas indicating to the CFDCs the data that must be provided. Follow-up on these components is also carried out informally through meetings between the CFDC directors and business office advisors. The CFDCs produce a quarterly report indicating the names of the enterprises met with, type of intervention carried out in the enterprise, whether a consultant has had to be hired, for how many days and, where applicable, the cost of the consultant. For activities associated with facilitation of the local economic milieu, the CFDCs produce a report indicating the type of facilitation activity carried out, description, date of completion, location, the CFDC's role (initiator or collaborator), the CFDC's total costs, and the number of participants.	Follow-up should be formalized in order to ensure that it is carried out consistently and at regular intervals. Also, the canvas used is limited to short-term activities and results, so it is impossible to link the results of projects and the results targeted by the program. The indicators used in the context of the Community Futures Program (CFP) could be helpful for documenting the results of this component. But it must be ensured that a distinction is made between the results obtained under the CFP and those obtained under the CSPGIME.
Component V	For this component, it is compliance with the contract (contract conditions) with the promoter that applies. If it is a project with an NPO, certain performance measurements (document entitled <i>Appendix E</i> ) are requested from the organization during the course of the project.	An Appendix E should always be used for projects with NPOs. As to projects with enterprises, a tool such as Appendix E should always be used, too. Once again, without this tool, performance measurements will be inadequate for reporting on the results of intervention.

***Review of follow-up on components***

15. It is hard to find out the results of activities for each of the components since there is no regular follow-up. Moreover, it is not carried out consistently.

***Recommendations***

F. The Agency should review the possibility of either hiring an economic advisor in the Gaspé business office to help guide advisors in performance measurement or consulting Quality and Review Directorate advisors more for assistance with the development of indicators and methods for monitoring contribution agreement results.

G. For components II and V, systematic use should be made of Appendix E (or a comparable tool). For components III and IV, the business office should explain clearly to the CFDCs the type of information to be compiled, so that this information is relevant and consistent from one CFDC to another. The business office and the CFDCs should agree to use performance measurement frameworks common to the five CFDCs. The business office should take its inspiration from the framework of the Youth Strategy for component III and use CFP indicators to document the results for component IV, while ensuring that a clear distinction is made between the results obtained under the CSPGIME and those obtained under the CFP.

H. The Agency should ensure that a standard is established for the frequency of results monitoring.

### **3.2.3 Review of implementation of the CSPGIME**

#### ***Review of establishment of the business office***

Three years after the business office began operating, the advisors and the director have a better understanding of the terms and conditions of application of the different components of the CSPGIME, the Agency's other programs and the local milieu in which they work. Also, the business office has had its business plan for 2002-2005 adopted; this plan, according to the director, is geared to their tools and the community served.

The difficulties encountered with respect to the establishment of the Gaspé office have nonetheless had no negative impact on client satisfaction in the long term. Despite a running-in period during which satisfaction levels fell, the Gaspé office improved its service delivery, as may be seen from the findings of the 2003-2004 yearly survey.<sup>25</sup>

#### ***Review of implementation of the contribution program***

Several activities were carried out under the program in order to inform, raise awareness and promote the CSPGIME. But this information was not quantified.

With respect to financial assistance and guidance, we have information primarily on the financial support offered to organizations and enterprises for the completion of projects. As to consultation activities for advice concerning

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<sup>25</sup> The level of satisfaction concerning *quality of services in general* fell from 96.1% in 1999-2000 to 77.8% in 2000-2001, and moved back up to 91.5% in 2003-2004.

the development of strategies, business or financing plans and other activities, we have little information. But the business office presented a series of anticipated results over three years in its 2002-2005 business plan for different Agency intervention targets.

The main information available to us on outputs comprises: number of projects by component, types of clientele, amounts invested by the Agency in the program, and total cost of projects. As Table 6 shows, as of November 30, 2003, 58 projects had been carried out under the CSPGIME, representing total assistance of more than \$95 million. Excluding the sums committed for the recovery of Gaspesia Paper, assistance granted under the CSPGIME amounted to just over \$15 million.<sup>26</sup>

**Table 6**  
**Breakdown of the number and value of projects approved by component under the program (January 1, 2001 to November 30, 2003)**

	NUMBER OF PROJECTS APPROVED	RECIPIENTS (CLIENTELE CONTACTED)	AMOUNT OF ASSISTANCE COMMITTED	TOTAL COST OF PROJECTS
Component I	4	Public organizations	\$3,160,000 <sup>1</sup>	--
Component II	16	Enterprises (16)	\$85,287,750 <sup>3</sup>	\$532,468,867 <sup>4</sup>
Component III	15	Young people	\$800,000	\$800,000
Component IV	7	CFDCs (four out of five CFDCs)	\$2,119,352	\$2,119,352
Component V	16	NPOs (6), CFDCs (5), associations (3), enterprises (2)	\$3,949,184	\$10,824,938
<b>TOTAL</b>	<b>58</b>		<b>\$95,472,286</b>	<b>\$545,413,157</b>

Source: CED, *CSPGIME Audit Report*, March 2004.

1. This sum represents interdepartmental transfers.
2. Two of the recipients refused funding.
3. The Agency committed \$80 million for the recovery of the Gaspesia Paper mill.
4. The total cost of the recovery project for the Gaspesia Paper mill was \$493,250,000.

<sup>26</sup> The annual breakdown of the number and value of projects approved under the program is presented in Appendix E.

## *Review of components*

**Component I** led to the completion of four projects. The amount of assistance awarded for this component was \$3.16 million, and came from interdepartmental transfers. This component led to the rebuilding of the wharf in Gaspé, thus avoiding its closure to the public. As to Forillon Park, the project saw the upgrading of certain infrastructure (rebuilding of a fishing harbour, rehabilitation of a Parks Canada building - Dolbel House, reconstruction of a bridge, and restoration of certain facilities). Under this component, a number of projects identified at the outset were not carried out, since they did not generate significant economic spinoffs.

Sixteen enterprises received assistance under **component II**. The total value of projects was \$532,468,867, including \$85,532,750 from the CSPGIME. Excluding the Gaspesia recovery project, assistance granted for projects amounted to \$5.5 million. Enterprises receiving assistance were able to acquire equipment, expand existing facilities or modernize machinery. The business office advisors noted that, after a few years, projects under component II were distributed among certain specific niches, particularly mariculture and wind power.

**Component III** led to the recapitalization of the Youth Fund. Thereby, the assistance awarded permitted more frequent intervention vis-à-vis young entrepreneurs by offering them startup capital. Thus, 15 projects were approved, for a total cost of \$800,000 in non-repayable contributions. Similarly, in the fishery sector, young people were able to acquire the family business.

**Component IV** funded the organization of activities with an impact on the business community, the business climate and the organization of events likely to elicit entrepreneurship, while paying special attention to the youth and knowledge economy niches. Four of the five CFDCs took part in this component by carrying out facilitation activities in the local milieu within the framework of seven projects approved by the business office. Nonetheless, despite total non-repayable contributions of \$2,119,184, the results in terms of the number of activities carried out by the CFDCs are not known, since follow-up on such intervention is very different from one CFDC to another.

**Component V** led to the funding of new initiatives, pilot projects which could not have been funded under the IDEA-SME program. This component also led to the completion of projects in new niches (marine biotechnology, wind power, mariculture, etc.). But this component would probably have been used more if the advisors had had more in-depth knowledge of the type of projects that could be carried out under this component. According to the director, the business office advisors and the CFDC representatives, the Agency should explain to

them more clearly what can be funded under this component so that greater use is made of it.

Under this component, 16 projects were carried out, for a total value of \$10,824,938, of which \$3,949,184 came from the CSPGIME. Among the projects implemented was completion of the expansion plan for the Musée de la rivière Cascapédia, Parc éolien du Renard and TechnoCentre éolien.

***Situation before and after CSPGIME intervention with respect to the amount of assistance and total value of projects approved in the region***

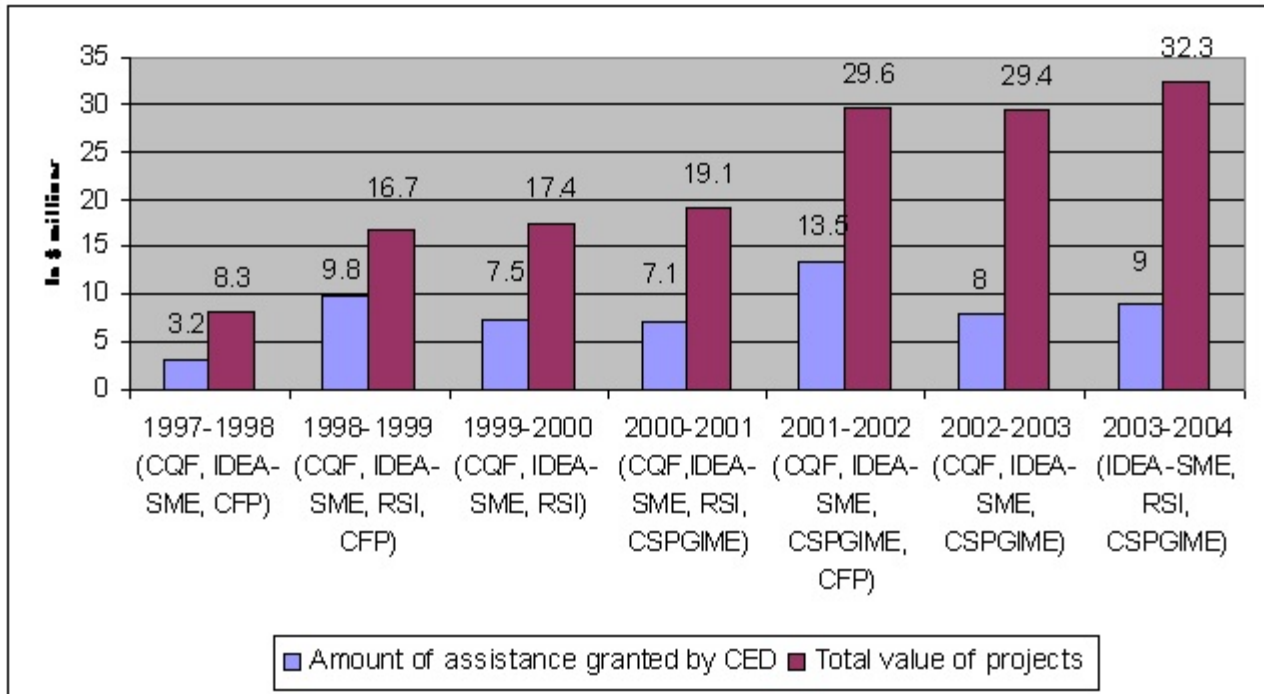
Figure 1 shows the amounts of assistance granted by the Agency and the total value of projects approved in the Gaspésie—Îles-de-la-Madeleine region for the years prior to the establishment of the business office (1997-1998 to 2000-2001) and since the establishment of the business office in Gaspé (2001-2002 to 2003-2004). This figure points to an increase in the amounts of assistance provided by the Agency in the region and in investment generated by projects (total value of projects funded).<sup>27</sup>

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<sup>27</sup> Data concerning the number of projects, amount of assistance and total value of projects approved by the Agency before and after the establishment of the Gaspé business office are reproduced in Appendix D. The number of projects, amounts of assistance and value of projects approved under the CSPGIME are reproduced in tabular form in Appendix E.

**Figure 1**

**Evolution of amounts of assistance committed by the Agency and total value of projects<sup>28</sup> for the Gaspésie—Îles-de-la-Madeleine region before and after establishment of the Gaspé business office<sup>29</sup>**



***Finding***  
16. Agency intervention in the Gaspé and the Magdalen Islands has intensified since the CSPGIME was launched.

<sup>28</sup> Data concerning Gaspesia Paper are not included in this figure.

<sup>29</sup> The CSPGIME was launched in October 2000.

## PART 4: CONCLUSIONS

The Gaspé business office and the CSPGIME were established in order to respond to major economic transformations being undergone by the Gaspé and the Magdalen Islands. The Agency is therefore working on development of this region's economy with partners from the local milieu and partners from the provincial and federal governments.

Despite a number of problems encountered during the establishment of the business office and the setting up of the components of the CSPGIME, the creation of this program and this business office generated several benefits for the region. Prominent among these are the proximity of the business office, increased investment in the region and the completion of projects in new sectors (through the CSPGIME and in co-operation with the Quebec government for the development of several major projects).

In addition, there is now a better understanding of the different components of the program not only by the advisors, but also by the local milieu. Also, in order to meet local needs, the business office set up a *Regional Strategic Initiative (RSI)* which is now helping to guide the business office's action toward enhancement of the economic environment and the knowledge economy. The RSI and the CSPGIME are complementary and make it possible to meet the community's needs more closely.

In light of the information gathered on the timeliness and implementation of the program, we derive the following findings and recommendations concerning the establishment of the Gaspé business office and the CSPGIME.

### Findings and recommendations

1. Generally speaking, the needs expressed by local economic agents in order to respond to the crisis situation being undergone by this region still exist. The federal government's special intervention in the economic development of the Gaspé and the Magdalen Islands is still timely and meets the needs expressed.
2. Intervention under component II (development of medium-sized enterprises) remains timely. But the eligibility criterion for enterprises

requiring minimum capital costs of \$500,000 is too high with respect to the projects of the region's SMEs.

3. According to the majority of economic agents met with, the presence of the Agency's business office is an asset for the region's economic development.
4. Generally speaking, CSPGIME intervention is complementary to the other types of intervention offered in the region, by either other federal programs or provincial government programs.
5. The business office's RSI partially corrected the problem associated with the \$500,000 minimum capital cost criterion for component II. That strategy's Special Small Business Initiative subcomponent makes it possible to intervene to meet the needs of the region's small enterprises for capital projects involving less than \$500,000 which are ineligible for the CSPGIME.
6. Inexperienced staff, in addition to substantial local pressure, led to delays in the processing of applications.
7. The training provided for Gaspé business office staff was not sufficient. Staff had no ongoing training or guidance program available to them.

**Recommendation:**

**A. The Agency should ensure, when setting up a new business office or new program, that a training program is provided and that all staff hired benefit from it. This recommendation is in line with the *CSPGIME Audit Report*.<sup>30</sup>**

8. The detailed description on the Agency's Web site of the amounts allocated for components III and IV generated expectations from the CFDCs.
9. The promotional document from Head Office describing the CSPGIME was available a year and a half after the program began.
10. The business office had had a low media profile, so the Agency's program and programming were not very well known in the region
11. Promotion of the program in the region was not adequate during the first few months after the business office in Gaspé opened. The Agency's target clientele had little knowledge of the terms and conditions of the CSPGIME.

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<sup>30</sup> Canada Economic Development, *Audit of the Canada Support Program for the Economy of Gaspé and the Magdalen Islands*, recommendation #6.

**Recommendation:**

**B. Any promotional material on a new program should be available before the program launch and should highlight the program objective and its terms and conditions.**

12. As soon as the business office opened, the substantial workload meant that the business office representatives did not have an adequate presence on different committees or local projects with other government bodies.

**Recommendation:**

**C. Participation by advisors should be increased on committees and in local projects to ensure that the Agency has an adequate presence on the ground.**

13. Ambiguity as to the CFDCs' role in delivery of components III and IV had a negative impact on relations between the CFDCs and the Gaspé business office.

**Recommendation:**

**D. The Agency should review the CFDCs' overall role under components III and IV of the CSPGIME. The CFDCs' roles and responsibilities will have to be clearly defined for delivery of the *youth and empowerment of the local milieu* components.**

14. The minimum capital cost for eligibility under component II is too high in relations to the scale of the region's projects. The terms and conditions of component V are interpreted as being more restrictive than they actually are.

**Recommendation:**

**E. The Agency should lower the \$500,000 minimum capital cost component II so this component more closely reflects the actual situation in the region. The Agency should also clarify the terms and conditions of component V vis-à-vis the business office advisors.**

15. It is hard to find out the results of activities for each of the components since there is no regular follow-up. Moreover, it is not carried out consistently.

**Recommendation:**

- F. The Agency should review the possibility of either hiring an economic advisor in the Gaspé business office to help guide advisors in performance measurement or consulting Quality and Review Directorate advisors more for assistance with the development of indicators and methods for monitoring contribution agreement results.**
  
  - G. For components II and V, systematic use should be made of Appendix E (or a comparable tool). For components III and IV, the business office should explain clearly to the CFDCs the type of information to be compiled, so that this information is relevant and consistent from one CFDC to another. The business office and the CFDCs should agree to use performance measurement frameworks common to the five CFDCs. The business office should take its inspiration from the framework of the Youth Strategy for component III and use CFP indicators to document the results for component IV, while ensuring that a clear distinction is made between the results obtained under the CSPGIME and those obtained under the CFP.**
  
  - H. The Agency should ensure that a standard is established for the frequency of results monitoring.**
16. Agency intervention in the Gaspé and the Magdalen Islands has intensified since the CSPGIME was launched.

APPENDIX A  
Action plan

Recommendations	Agency action	Scheduled completion date	Unit(s) responsible
<p><b>A. The Agency should ensure, when setting up a new business office or new program, that a training program is provided and that all staff hired benefit from it. This recommendation is in line with the <i>CSPGIME Audit Report</i>.</b></p>	<p>The opening of the Gaspé office and the hiring of staff had to be carried out in record time, and the Agency agrees that there may have been, to start with, some shortcomings with respect to training. Almost all the employees were hired from outside the Agency, and the Agency may have underestimated the needs. This being said, since that time we have taken numerous measures (Head Office employees in Gaspé and vice versa) in terms of both training and mentoring, and the shortcomings previously identified have disappeared, and no longer represent an obstacle to the smooth running of the office. All this will have to be borne in mind if we open a new office or when we implement any new program.</p>	NA	PMB
<p><b>B. Any promotional material on a new program should be available before the program launch and should highlight the program objective and its terms and conditions.</b></p>	<p>The Communications Branch completely agrees with this statement. However, preparation of promotional material depends on the information being available. In the case of the CSPGIME, the information was not available at the time of the launch.</p>	NA	Communications Branch
<p><b>C. Participation by advisors should be increased on committees and in local projects to ensure that the Agency has an adequate presence in the field.</b></p>	<p>The Agency agrees that employees' full participation in the "economic community" did not occur immediately after the office opened. It should be remembered that, to begin with, the office was overrun with applications for assistance, whereas it had only just opened. This increased participation is now in place, and the Gaspé office is now up to cruising speed, so the advisors can participate fully in development of the local milieu.</p>	COMPLETED	Gaspé office
<p><b>D. The Agency should review the CFDCs' overall role under components III and IV of the CSPGIME. The CFDCs' roles and responsibilities will have to be clearly defined for delivery</b></p>	<p>For more than a year now, as indicated in the action plan drawn up following the CSPGIME audit, the Gaspé office advisors responsible for the CFDCs have reiterated the ins and outs of these</p>	COMPLETED	PM

Recommendations	Agency action	Scheduled completion date	Unit(s) responsible
<b>of the <i>youth and empowerment of the local milieu</i> components.</b>	components to the personnel concerned in each CFDC.		
<b>E. The Agency should lower the \$500,000 minimum capital cost for component II so this component more closely reflects the actual situation in the field. The Agency should also clarify the terms and conditions of component V vis-à-vis the business office advisors.</b>	<p>The CSPGIME terminates on August 22, 2005 and will not be extended. Consequently, we consider it inappropriate at this point to take such steps as to ask Treasury Board for a change to component II, regardless of the fact that the comments in the evaluation may be “on the mark.” The Agency intends to continue its action through its other existing programs and will be in a position to guide the region in its economic development.</p> <p>In addition, to date, some 20 projects have been approved under component V, representing commitments of more than \$6 million. The Agency believes that the mentoring and the different training have enabled Gaspé office staff to understand the scope of the component more clearly and use it fully.</p>	NA	ROB

Recommendations	Agency action	Scheduled completion date	Unit(s) responsible
<p><b>F. The Agency should review the possibility of either hiring an economic advisor in the Gaspé business office to help guide advisors in performance measurement or consulting Quality and Review Directorate advisors more for assistance with the development of indicators and methods for monitoring contribution agreement results.</b></p>	<p>The Agency recognizes the importance for all business offices, including the Gaspé office, of guiding advisors properly. In our response to recommendation A, we mentioned the measures taken to equip the employees of the Gaspé office properly, with respect to performance measurement among other things. In addition, the director of the Gaspé office has ensured that the advisors work with the Quality and Review Directorate to perfect their skills in developing indicators and methods for monitoring results.</p> <p>As to the hiring of an economic advisor in the Gaspé office, the Agency is currently reviewing this question, which also applies to other offices. Any decision in this regard will have to take into account the needs and the resources available and will have to be the outcome of an in-depth review of the different options available to the Agency.</p>	<p>Summer 2006</p>	<p>PMB QITB</p>
<p><b>G. For components II and V, systematic use should be made of Appendix E (or a comparable tool). For components III and IV, the business office should explain clearly to the CFDCs the type of information to be compiled, so that this information is relevant and consistent from one CFDC to another. The business office and the CFDCs should agree to use performance measurement frameworks common to the five CFDCs. The business office should take its inspiration from the framework of the Youth Strategy for component III and use CFP indicators to document the results for component IV, while ensuring that a clear distinction is made between the results obtained under the CSPGIME and those obtained under the CFP.</b></p>	<p>The Agency has conducted a pilot project with the Softwood Industry and Community Economic Adjustment (SICEA) Initiative. All the letters of offer contained an Appendix E, for both NPOs and private enterprises. This initiative, initially planned for one year, lasted two years and terminated on March 31, 2005. The Agency now intends to examine the results of the pilot and evaluate whether it would be appropriate to extend the pilot to our other programs, or to develop a different method for gathering results.</p> <p>With respect to components III and IV and the CFDCs, the Agency reiterates its response to recommendation D.</p>	<p>Fall 2005</p>	<p>PMB</p>

Recommendations	Agency action	Scheduled completion date	Unit(s) responsible
<p><b>H. The Agency should ensure that a standard is established for the frequency of results monitoring.</b></p>	<p>The monitoring guide for contribution agreements was completed in November 2004. Its release was followed in winter 2005 by a training tour across the province. The guide covers various aspects, including each person's roles and responsibilities. With respect to responsibilities, the guide clearly establishes advisors' responsibility in terms of follow-up on files, at every level including results. The guide also suggests various time intervals for file follow-up, including regular contact with clients. No other action is required at this point.</p>	<p>NA</p>	<p>PMB</p>

**APPENDIX B**  
Background to the establishment  
of the CSPGIME

## Background to the establishment of the CSPGIME and main elements of Treasury Board decisions

BACKGROUND AND TB DECISIONS	MAIN COMPONENTS
<p><b>Summer 2000:</b> Consultation of main organizations in the region by the Secretary of State for the Agency</p>	<p>E. In May 2000, an interdepartmental panel was set up, on which 24 federal government agencies and departments participated in order to draw up a common regional intervention strategy.</p> <p>F. In summer 2000, the Secretary of State for the Agency visited the region and took part in a consultation with some regional organizations, namely, Community Futures Development Corporations (CFDCs) and chambers of commerce, and the region's Member of Parliament.</p> <p>G. Establishment of the Canadian Support Program for the Gaspésie Economy for a five-year period. It was stipulated that no application under this program could be accepted after August 22, 2005.</p> <p>H. The geographical area designated for the program covered at that time the following regional county municipalities (RCMs): Avignon, Denis-Riverin, La Côte-de-Gaspé, Le Rocher-Percé and Bonaventure.</p> <p>I. The proposed program focussed its priorities on: enhancement of federal infrastructure, development of medium-sized enterprises, youth, empowerment of the local milieu, and emerging initiatives.</p> <p>J. The Agency also planned, through this program, to offer its services as well as co-ordination of federal action in the region with a place of business "to serve notice of the special attention paid by the Government of Canada to citizens in face of the difficulties being experienced."</p> <p>K. Six human resources (director, two in communications and three to manage program delivery-related activities).</p> <p>L. The envelope set aside for this initiative could be higher than \$20 million, and the Agency was to make a new allocation of funds from within its regular envelope. The operating budget stipulated \$5 million for business office operations and \$15 million for contribution expenditures.</p>
<p><b>October 2000:</b> Opening of Agency business office in Gaspé</p>	<p>M. Administration of the CSPGIME required a business office to be opened, so the Agency decided to open an office in Gaspé.</p> <p>N. The Gaspésie—Îles-de-la-Madeleine region was previously served by the Agency office in Rimouski. However, the distance from the Agency's office posed a logistical problem.</p>
<p><b>Spring 2001</b></p>	<ul style="list-style-type: none"> <li>• The Îles-de-la-Madeleine regional county municipality is included in the geographical area designated for this program. The economic situation in the Magdalen Islands was comparable to that of the Gaspé: the jobless rate was 20% at that time, and this area's economy showed little diversification, relying essentially on tourism and fishing to drive its economic development.</li> <li>• The addition of the Magdalen Islands took place without any increase in the overall budget for the strategy (no additional grants and contributions budget), but the Agency received the authority to exceed the \$20 million mark for five years up to \$35 million.</li> <li>• The addition of the Magdalen Islands and the volume of work since the opening of the business office required additional human resources. In fact, four more people were added. The operating budget for the program was thus increased until 2005-2006 by a transfer of funds from the CSPGIME contributions budget.</li> </ul>

<b>Spring 2002</b>	<ul style="list-style-type: none"><li>• <b>Resumption of activity at a pulp and paper mill (Gaspesia Paper) using advanced technology in Chandler, on the Gaspé Peninsula.</b></li><li>• <b>The agreement negotiated with Gaspesia Paper was for \$80 million repayable by 2013-2014. This project came under Component II (development of medium-sized enterprises) of the CSPGIME.</b></li><li>• <b>The \$80 million comes, on the one hand, from a transfer of \$65 million in new budgets from the Canada Jobs Fund (CJF) to the CSPGIME and, on the other hand, from the Agency's reference levels for \$15 million.</b></li></ul>
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**APPENDIX C**  
**Summary of CSPGIME funding**

**Summary of CSPGIME funding<sup>31</sup>**  
**(In \$000's)**

<b>Fiscal year</b>	<b>Salary</b>	<b>Operating costs</b>	<b>Grants and contributions</b>	<b>Employer's contributions 20%</b>	<b>Total</b>
<b>2000-2001</b>	<b>225</b>	<b>230</b>		<b>45</b>	<b>500</b>
<b>2001-2002</b>	<b>690</b>	<b>527</b>	<b>2,500</b>	<b>138</b>	<b>3,855</b>
<b>2002-2003</b>	<b>690</b>	<b>527</b>	<b>38,500</b>	<b>138</b>	<b>39,855</b>
<b>2003-2004</b>	<b>690</b>	<b>527</b>	<b>42,000</b>	<b>138</b>	<b>43,355</b>
<b>2004-2005</b>	<b>690</b>	<b>527</b>	<b>11,500</b>	<b>138</b>	<b>12,855</b>
<b>2005-2006</b>	<b>690</b>	<b>527</b>	<b>500</b>	<b>138</b>	<b>1,855</b>
<b>TOTAL</b>	<b>3,675</b>	<b>2,865</b>	<b>95,000</b>	<b>735</b>	<b>102,275</b>

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<sup>31</sup> Following a second submission to Treasury Board, the value of the program may rise from \$20 million to \$35 million.

**APPENDIX D**  
**List of evaluation questions**  
**concerning the issues of the timeliness**  
**and implementation of the CSPGIME**

## **Evaluation questions:**

**The four evaluation questions concerning timeliness issues were as follows:**

- 1. What is the added value of CSPGIME compared with the Agency's other programs? What does the CSPGIME enable us to do that the other programs do not?**
- 2. Is the Agency's approach (objectives, components, nature of the intervention, opening of a business office) still timely? Does it meet clients' needs? What are SMEs' key needs? Does the added value of the business office justify the resources used?**
- 3. Is Agency intervention complementary to, or does it overlap with, intervention by departments and agencies of the federal government or the Quebec government? What effects does the initiative have on the other levels of government? Could these levels of government play a greater role?**
- 4. What is the added value of Agency intervention with respect to development of the region's economy? Is there a legitimate, necessary role for the government in the field of this program?**

**The 10 evaluation questions concerning implementation issues were as follows:**

- 1. What conclusions can be drawn from the implementation of this program?**
- 2. Were any problems encountered during the implementation of the program, in particular in the first component (infrastructure)? Have any changes been made?**
- 3. Were resources used efficiently? Were staff trained for implementation of intervention under the CSPGIME?**
- 4. Has Agency intervention in the Gaspésie—Îles-de-la-Madeleine region intensified since the establishment of the CSPGIME?**
- 5. Who were the main beneficiaries of Agency intervention? Are the clientele for each component being reached?**
- 6. To what extent are the clientele (beneficiaries and non-beneficiaries) satisfied with the delivery of services? (The data used to answer this question come from the Agency's yearly survey.)**
- 7. Is there a sharing of roles and responsibilities between the CFDCs and the Gaspé business office with respect to program delivery? If so, is this sharing of roles efficient and effective? What conclusions can be drawn from this co-operation? Are there any improvements to be made? What are the effects of this program on our intermediaries? Could their role be broadened?**
- 8. What were the main outputs of Agency intervention (by component)? To what extent do they contribute to the attainment of objectives?**
- 9. Which lessons can be drawn from the implementation of intervention (strong points and points for improvement)?**
- 10. How was the promotion of the different program components carried out (in terms of production activities)? What conclusions can be drawn from this?**

**APPENDIX E**  
**Number of projects, amount of assistance and**  
**total value of projects approved by the Agency**  
**before and after the establishment**  
**of the Gaspé business office**

**Number of projects, amount of assistance and total value of projects approved for the Gaspésie—Îles-de-la-Madeleine region before and after the establishment of the business office in Gaspé\***

PROJECTS APPROVED ANNUALLY FOR ALL PROGRAMS	BEFORE			AFTER		
	TOTAL NUMBER OF PROJECTS APPROVED	AMOUNT OF ASSISTANCE GRANTED CED	TOTAL VALUE OF PROJECTS	TOTAL NUMBER OF PROJECTS	AMOUNT OF ASSISTANCE GRANTED CED	TOTAL VALUE OF PROJECTS
1997-1998 (CQF, IDEA-SME, CFP)	86	3194601	\$8,303,615			
1998-1999 (CQF, IDEA-SME, RSI, CFP)	65	9763135	\$16,690,042			
1999-2000 (CQF, IDEA-SME, RSI)	70	7509946	\$17,428,982			
2000-2001 (CQF, IDEA-SME, RSI, CSPGIME) <i>The business office was set up in October 2000.</i>	60	7129710	\$19,087,369			
2001-2002 (CQF, IDEA-SME, CSPGIME, CFP)				98	13471640	\$29,623,492
2002-2003 (CQF, IDEA-SME, CSPGIME)				72	7984076	\$29,422,360
2003-2004 (to March 9, 2004) (IDEA-SME, SICEAI, RSI, MACPQ, CSPGIME)				116	11973962	\$37,773,183
Source: CED, Regional Operations Branch, Hermès financial system, from April 1, 1997 to March 9, 2004. * Data concerning Gaspesia Paper are not included in this table.						

**APPENDIX F**  
**Annual breakdown of sums invested**  
**under the CSPGIME**

**Annual breakdown of sums invested under the program from  
January 1, 2001 to March 9, 2004 - Components II, III, IV and V**

	AMOUNT OF ASSISTANCE GRANTED	NUMBER OF PROJECTS APPROVED
2000-2001	\$60 000	1
2001-2002	\$3,437,063	14
2002-2003	\$6,066,702	21
2003-2004 (March 9, 2004)	\$3,191,921	17
<b>TOTAL</b>	<b>\$12,755,686*</b>	<b>53</b>
<p>* Does not include the \$80 million for the Gaspesia Paper mill. Source: DEC, Regional Operations Branch.</p>		