

**EVALUATION OF THE SUSTAINABLE  
DEVELOPMENT STRATEGY 2003-2006**

**Departmental Performance Branch**

**Final Report**

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## EXECUTIVE SUMMARY

The Agency is required to prepare a new sustainable development strategy (SDS) and table it in Parliament in December 2006. It must also carry out a consultation process involving all of the stakeholders connected with the preparation of its SDS. Canada Economic Development has mandated Consulting and Audit Canada (CAC) to conduct an evaluation of the relevance, the implementation and the performance of the SDS 2003-2006, and, in parallel, to undertake an in-house consultation in preparation for the SDS 2006-2009.

CAC began by evaluating the outputs generated by the sustainable development projects funded by the Agency between September 1, 2003 and August 31, 2005. It then met with the staff and some clients during visits to eight business offices: Nord-du-Québec, Abitibi-Témiscamingue, Côte-Nord, Gaspésie-Îles-de-la-Madeleine, Québec-Chaudière-Appalaches, Mauricie, Outaouais and Montérégie. During these field visits, CAC met with 8 regional directors, 34 advisors and 27 clients, representing 14 enterprises and 13 intermediary organizations.

**Portrait of the sustainable development outputs** During the period September 1, 2003 to August 31, 2005, the Agency carried out 318 projects with a sustainable development content, accounting for about 15% of the projects funded by the Agency. The Agency's financial contribution amounted to \$66.2 million and the total cost of the projects was \$310 million.

In all, 40% of the sustainable development projects helped to optimize the targeted manufacturing process and 30% of projects were in the forest and wood processing sector.

The IDEA-SME program funded 63% of the sustainable development projects and contributed 43% of the funding. The regional strategic initiatives (RSIs) and the various adjustment programs (CATIP-CANtex, SICEAI, QFCAM and PCAEGIM) funded 37% of the projects, providing 57% of total funding.

SMEs accounted for 63% of the sustainable development projects and 46% of the Agency's overall financial contribution. Not-for-profit organizations handled 37% of the projects, receiving 54% of the financial contribution.

**Conclusions related to the relevance issue** **Notion of sustainable development:** The sustainable development strategy does not provide an operational definition of sustainable development, and the vision set out in the SDS has not been appropriated by the staff members. There is not a uniform understanding of the concept of sustainable development across the Agency, and this understanding is often too restrictive. The Agency should adopt an operational definition of sustainable development that advisors can use in their project analyses.

**Sustainable development approach in the regions:** Sustainable development has been integrated within the regional development approach to a greater extent in outlying regions than in central regions and urban centres. The business offices in outlying regions are making sustainable development a tool for use in growth-generating activities and they thus constitute an emerging business model. The next SDS should provide for regional reshaping and the application of differing regional approaches to sustainable development in the business offices.

**Conclusions related to the relevance issue (cont'd)**

**Leverage effect on sustainable development:** The sustainable development content of projects that was identified as corresponding to the SDS served as a factor in the Agency's decision to grant a financial contribution for many projects funded through RSIs, and for projects involving testing and experimentation, innovation and technology development. The SDS 2006-2009 should ensure that the Agency will have a leverage effect on sustainable development in the regions and make a real difference in terms of enabling SMEs and not-for-profit organizations to carry out promising projects.

**Linkage of the SDS with the strategic framework:** The Agency's new strategic framework provides opportunities for preparing the next SDS. Sustainable development could be enhanced in connection with the integrated regional development approach that is given priority, and the regional reshaping of interventions that is advocated would make it possible to put sustainable development into action. The *Cadre de politiques – Stratégie de développement durable 2006-2009* should be modified or rounded out with a view to: (1) spreading the expected results of the next SDS over five years; (2) providing an operational definition of sustainable development; (3) ensuring regional reshaping of interventions under the SDS.

**Conclusions related to the implementation issue**

**Organization of advisors' work:** The advisors will not be able to play a proactive role in supporting and liaising with their clients until they have access to guidance and support for the development of growth-generating projects in sustainable development. Implementation of the SDS should be enhanced by building the SD capacity of the advisors in the business offices.

**Project analyses carried out with the Hermès system:** Project analyses carried out with the Hermes system rarely include an integrated analysis of their sustainable development content. The relevant information could be stored in the pages of the project analysis module that deal with the type of activities, the project description and technology.

**Assessment of partnerships:** Most of the business offices do not use or barely use the sustainable development expertise of the federal partners with which the Agency has collaboration agreements. The services offered through existing partnerships with federal departments and agencies should be reviewed.

The intermediary organizations have begun to play a role in implementing differing regional approaches to sustainable development. Since every region has some intermediary organizations that can play a role in promoting sustainable development and providing support for businesses and regional stakeholders, the Agency should strive to increase the services offered and enhance the expertise of its regional partners.

**Assessment of assistance for businesses:** The potential for securing funding for sustainable development projects is only partly exploited in the regions, and the business offices are poorly equipped to identify and prioritize promising projects developed by businesses. The business offices should be able to provide businesses in their respective regions with assistance and liaison services in their search for funding to support sustainable development.

**Conclusions related to the implementation issue (cont'd)**

**Potential for improving in-house implementation:** If the Agency truly wants to implement a sustainable development approach in the business offices, it should allocate substantial resources including programming and support for advisors. To enhance internal implementation of the SDS, the Agency could: (1) set up training sessions to explain the selected definition of sustainable development; (2) integrate sustainable development procedures into the various components of its programming; (3) provide assistance and support to enable advisors and clients to put sustainable development into action; (4) improve internal communications and develop intervention tools for advisors.

**Conclusions related to the performance issue**

**Results achieved in sustainable development:** Realistically speaking, the advisors cannot be asked to evaluate the quantitative results that are achieved in projects aimed at increasing productivity. The Agency should put in place mechanisms for collecting and interpreting sustainable development data that are independent of the business offices.

**Progress achieved in relation to the internal component of the SDS:** The internal component is the most neglected aspect of the SDS in the Agency's day-to-day operations, particularly since no sustainable development training activities have been organized for the advisors and since staff awareness activities have been reduced to a minimum. The Agency should allocate the necessary resources for implementing the internal component of the SDS, by giving priority to training activities for advisors in the business offices.

**Attainment of the targets of the SDS 2003-2006:** The targets set for the objectives of the external component were found to be subject to interpretation, whereas many of the targets related to the internal component lacked relevance. In the next SDS, the Agency should provide more clearly formulated targets for the external component as well as targets that are better aligned with the priorities for the internal component.

The Agency's success in implementing sustainable development is tied to the efforts of the advisors in the business offices. The Agency should earmark substantial resources in order to allow the business offices to adapt their interventions to regional realities and to be proactive in their dealings with clients. With these goals in mind, the CAC has prepared recommendations intended to help guide preparation and implementation of the SDS 2006-2009.

1. CAC recommends that the Agency modify and round out the *Cadre de politiques – Stratégie de développement durable 2006-2009* by incorporating the pertinent findings of this evaluation and the internal consultation.
2. CAC recommends that the Agency take concrete steps to empower the staff and promote sustainable development within the organization during fiscal 2006-2007, the final year of implementation of the SDS 2003-2006.
3. CAC recommends that the Agency set aside resources that will enable it to improve implementation of the SDS 2006-2009 by adopting the measures identified in the conclusions of this evaluation and the internal consultation.

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## LIST OF ACRONYMS

AAFC	Agriculture and Agri-Food Canada
CAC	Consulting and Audit Canada
CATIP	Canadian Apparel and Textile Industries Program
CESD	Commissioner of the Environment and Sustainable Development
EC	Environment Canada
IDEA-SME	Program aimed at encouraging innovation, entrepreneurship development and exports among SMEs
NPOs	Not-for-profit organizations
NRC	National Research Council of Canada
PCAEGIM	Programme canadien d'appui à l'économie de la Gaspésie et des Îles-de-la-Madeleine
QFCAM	Quebec Fishing Communities Adjustment Measures
RSI	Regional strategic initiatives
SICEAI	Softwood Industry and Community Economic Adjustment Initiative
SDS	Sustainable development strategy
SMEs	Small and medium-sized enterprises

## 1. PURPOSE, BACKGROUND AND METHODOLOGY USED FOR THE EVALUATION AND INTERNAL CONSULTATION

Like all the departments and agencies listed in Schedule 1 of the *Financial Administration Act* and in the schedule of the *Auditor General's Act*, Canada Economic Development (the Agency) is required to prepare and table a sustainable development strategy (SDS) in Parliament every three years. The next SDS is due to be tabled in December 2006. Federal departments and agencies are also required to consult all stakeholders in the course of preparing their SD strategies. Accordingly, the Agency has mandated Consulting and Audit Canada (CAC) to conduct an evaluation of the SDS 2003-2006 and, in parallel, to carry out an internal consultation for the SDS 2006-2009.

The evaluation has been conducted in keeping with the procedures and criteria set out in key Treasury Board Secretariat documents that are listed at the end of this report. CAC sought to attain the results targeted in the document of January 2005, entitled *Guide for the Development of Results-based Management and Accountability Frameworks*:

Evaluation studies generate accurate, objective and evidence-based information to help managers make sound management decisions, demonstrate success, show ongoing relevance and develop more cost-effective alternatives to service delivery.<sup>1</sup>

The mandate to evaluate the SDS 2003-2006 was carried out in two phases: (1) phase 1 involved evaluating the outputs generated by the sustainable development projects funded by the Agency between September 1, 2003 and August 31, 2005; (2) phase 2 involved evaluating the relevance, implementation and performance achieved in the external and internal components of the SDS 2003-2006, which was done during the field visits to business offices. The internal consultation mandate in anticipation of the SDS 2006-2009 was essentially carried out at the time of the field visits to business offices. It involved meeting with staff members (regional directors and advisors), some corporate services representatives and members of the SDS 2006-2009 working group.

Phase 1 of the evaluation mandate consisted in collecting data on the outputs generated during the period from September 1, 2003 to August 31, 2005. A list of projects with a potential sustainable development content was drawn up using projects that had been identified as SD projects in the Hermès system, as well as those not identified as such but which in our view had potential sustainable development content. A project analysis matrix was developed to guide the analysis work to be done using the Hermès system. The analyses of all projects with sustainable development content were interpreted in order to obtain a description of the project and to explain the expected environmental outcome, which was used to assign one (or two) environmental efficiency indicators to the different projects. At the end of phase 1, CAC submitted a binder containing the cumulative table of sustainable development projects and the project fact sheets, along with the synthesis tables for each region.

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<sup>1</sup> TREASURY BOARD SECRETARIAT (2005), *Guide for the Development of Results-based Management and Accountability Frameworks*, page 14.

Phase 2 of the evaluation mandate involved the field visits to the business offices. An evaluation framework was developed using the results-based logic model for the Agency's SDS results. The evaluation framework for the SDS is outlined in Appendix A. It sets out evaluation questions corresponding to the relevance, implementation and performance issues. The relevance issue relates to the usefulness of the Agency's sustainable development interventions and draws on the vision of sustainable development and the goals and objectives of the SDS. The implementation issue focuses on the Agency's ways of doing things and relates to the structures and resources as well as the activities carried out as part of the SDS. The performance issue centres on the results attained by the Agency and relates to the targeted outputs and the expected results of the SDS.

A scenario of evaluation and internal consultation meetings was used as a framework for the visits to business offices. The field visits provided an opportunity to meet with the regional director and advisors, together with a selection of clients in eight business offices: Nord-du-Québec, Abitibi-Témiscamingue, Côte-Nord, Gaspésie-Îles-de-la-Madeleine, Québec-Chaudière-Appalaches, Mauricie, Outaouais and Montérégie. In all, 8 regional directors, 34 advisors and 27 clients corresponding to 14 businesses and 13 intermediary organizations participated in the meetings.

## 2. DATA COLLECTION ON OUTPUTS

### Portrait of sustainable development outputs

- The Agency carried out 318 projects with sustainable development content during the period from September 1, 2003 to August 31, 2005, which accounts for about 15% of the projects funded by the Agency. The Agency's financial contribution amounted to \$66.2 million and the total cost of the projects was \$310 million.
- In all, 40% of the sustainable development projects contributed to the optimization of a manufacturing process and 30% of the projects were carried out in the forest and wood processing sector.
- The IDEA-SME program funded 63% of the sustainable development projects and contributed 43% of the funding. Regional strategic initiatives and the various adjustment programs (CATIP-CANtex, SICEAI, QFCAM and PCAEGIM) funded 37% of the projects and contributed 57% of the funding.
- SMEs carried out 63% of the sustainable development projects and received 46% of the Agency's total financial contribution. The not-for-profit organizations carried out 37% of the projects and accounted for 54% of the financial contribution.

Phase 1 of the evaluation mandate consisted in querying the Hermès system in order to prepare a portrait of the Agency's sustainable development outputs. We identified 318 projects with a sustainable development content during the period September 1, 2003 to August 31, 2005. All the relevant data are in the binder containing the cumulative table of sustainable development projects, the project fact sheets and the summary tables for the different regions.

Projects with sustainable development content can be estimated to make up 15% of all projects funded by the Agency, taking into account that a total of 2,081 new contribution agreements were approved between April 1, 2003 and March 31, 2005 (1,110 in 2003-2004 and 971 in 2004-2005), based on the *Performance Report for the Period Ending March 31, 2005*.<sup>2</sup>

All the business offices have a minimum portfolio of projects with sustainable development content; projects aimed at increasing productivity are by far the most common type, accounting for some 30% (95/318) of the total. It should be noted that testing, experimentation and support for commercialization projects are carried out by SMEs and NPOs alike. Whereas SME projects usually produce results in the short term, NPOs often undertake applied studies that are likely to have links with SMEs in a subsequent knowledge transfer phase. Table 1 in Appendix B gives a breakdown of sustainable development projects by type of project for the period September 1, 2003 to August 31, 2005.

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<sup>2</sup> CANADA ECONOMIC DEVELOPMENT (2005), *2004-2005 Estimates. Performance Report for the Period Ending March 31, 2005*, page 25.

The sustainable development projects that the Agency helped fund during the two years in question cost a total of about \$310 million; the Agency's financial contribution for all 318 projects amounted to \$66.2 million, or roughly 21% of the total. Most of the projects funded fall under the IDEA-SME Program; however, the Regional Strategic Initiatives (RSI) and the adjustment programs (CATIP-CANtex, SICEAI, QFCAM and PCAEGIM) provided most of the funding earmarked for sustainable development. Although most of the projects that received funding were submitted by small and medium-sized enterprises (SMEs), most of the funding went to not-for-profit organizations.

Roughly 63% (201/318) of the projects were funded through the IDEA-SME program and about 37% (117/318) were funded through RSIs and adjustment programs. In monetary terms, the Agency provided about 43% of the funding (\$28.5M) for projects funded under the IDEA-SME program and about 57% of the funding (\$37.7M) for projects funded through RSIs (\$30.2M) and adjustment programs (\$7.5M). Roughly 63% (199/318) of the projects generated funding for SMEs and about 37% (119/318) generated funding for NPOs. In monetary terms, however, the contribution to SMEs was roughly 46% (\$30.2M) and the contribution to NPOs was about 54% (\$35.9M).

Table 2 in Appendix B gives a breakdown of the financial contributions earmarked for sustainable development by business office for the period September 1, 2003 to August 31, 2005. Table 3 in Appendix B provides a breakdown of sustainable development clients by business office for the period September 1, 2003 to August 31, 2005.

More than two-thirds (about 68% = 215/318) of the projects to which the Agency allocated funding correspond to three sectors of activity: about 40% (128/318) of the projects related to the optimization of a manufacturing process; some 30% (94/318) of them concerned forestry and wood processing; and about 22% (69/318) related to agricultural/horticultural production and the agri-food industry (Note: Many of the projects related to more than one of the three sectors). Projects related to marine resources (about 8% = 25/318) and projects centring on mineral resources and mine wastes (some 3% = 9/318) are not very common. In all, 80% of the projects concerning marine resources (20/25) involved the Bas-Saint-Laurent and Gaspésie-Îles-de-la-Madeleine business offices, whereas projects concerning mineral resources and mine wastes were carried out almost exclusively (8/9) in the Abitibi-Témiscamingue Business Office. Table 4 in Appendix B gives a breakdown of sustainable development projects for the different sectors of activity during the period September 1, 2003 to August 31, 2005.

The goal of the project analysis using the Hermès system was to assign one or two environmental efficiency indicators to each project (Note: For budgetary reasons, indicators were assigned to the projects carried out during the period September 1, 2003 to March 31, 2005). Of the 233 projects with sustainable development content carried out during this period, some 80% (187/233) received a qualitative indicator and some 25% (57/233) a quantitative indicator (a few projects were assigned both types of indicator).

The most frequently assigned qualitative indicators relate to the development of environmental technologies, products or processes (about 34% = 112/333). Quantitative indicators were assigned to projects aimed at increasing productivity in over 95% of cases (55/57); they centre mainly on optimization of inputs (raw materials: about 40% = 36/89) and reduction in outputs (wastes: about 28% = 25/89). Table 5 in Appendix B provides a breakdown of SD projects by type of environmental efficiency indicator for the period September 1, 2003 to March 31, 2005.

From a quantitative standpoint, the analysis of projects using the Hermès system showed that the sustainable development outputs generated attained most of the targets set for the external component of the SDS 2003-2006, despite the fact that there was still a whole year left between the end of the period studied (August 31, 2005) and the end of SDS implementation. Specifically, the outputs that were generated satisfy the Agency's commitments to (1) encourage and help SMEs adopt sustainable development practices in their operations and (2) promote the development, dissemination and sharing of SD knowledge to help develop and strengthen knowledge-based competitive advantages. The Agency's commitments to the development and commercialization of SD innovations were on track as at August 31, 2005.

The next section concerns the evaluation of the relevance, implementation and performance of the SDS 2003-2006, with a focus on determining to what extent the SDS helped to generate sustainable development outputs.

### 3. FINDINGS AND CONCLUSIONS OF THE EVALUATION AND INTERNAL CONSULTATION

#### 3.1 Relevance issue

The relevance issue concerns the relevance of the Agency's sustainable development interventions and draws on the vision of sustainable development and the goals and objectives of the SDS. Appendix A presents the results-based logic model and the evaluation questions for the relevance issue. Based on meetings held during field visits to business offices and with corporate services representatives, we can draw certain conclusions about the extent to which the concept of sustainable development is being acted on, the SD approach that is being applied in the regions and the leverage effect that funding has had on sustainable development. Furthermore, a review of internal documents made it possible to assess the linkage of the SDS with the Agency's strategic framework.

#### Key Points Related to the Relevance Issue

- The SDS does not provide an operational definition of sustainable development, and the vision set out in the SDS has not been internalized or appropriated by the staff. The understanding that employees have of the concept of sustainable development is not consistent across the Agency and it is often overly restrictive.

The integration of sustainable development in the regional development approach is more advanced in the outlying regions than in central regions and urban centres. The business offices in outlying regions are in the process of making sustainable development a tool for use in growth-generating activities; they constitute an emerging business model.

- The SD content of projects identified as corresponding to the SDS was a factor in the Agency's decision to provide funding for many projects funded through RSIs, as well as for testing and experimentation projects and technology innovation and technology projects.
- The Agency's new strategic framework provides opportunities for the preparation of the next SDS. More specifically, greater emphasis could be given to SD considering that the prioritized integrated regional development approach and the advocated regional reshaping of interventions should make it possible to put SD into action.

#### Concept of sustainable development

The analysis of projects that was carried out using the Hermès system revealed that the precise meaning to be given the concept of sustainable development is not clear to the advisors in the business offices. We added or withdrew projects from the initial list of projects identified as involving SD in the Hermès system using three criteria. The presence of one criterion allowed us to confirm or add a project to the list of SD projects; and the absence of one criterion led to the project being withdrawn from the list. The criteria we used are as follows: exploitation and secondary or tertiary processing of a resource (forest, mine, marine or agricultural); the optimization or use of raw materials and the reduction of waste in a production process; and the development and commercialization of environmental technologies, products and processes.

It was found that just over 60% of the 318 projects were correctly identified by the advisors at the time of the analysis done using the Hermès system. Roughly 16% (52/318) of the projects (they had not been identified as SD projects by advisors) were ones added to the final list of 318 projects drawn up upon completion of data collection related to outputs, whereas 22% (74/334) of projects (mistakenly identified as SD projects) were withdrawn from the initial list of 334 projects generated by the Hermès system.

SD awareness has increased considerably since the previous SDS evaluation completed three years before the present evaluation. However, understanding of the concept of sustainable development is not consistent among the business offices, nor is it uniform within a given business office. During our field visits to some business offices, we noted a narrow interpretation of the concept and hence of the potential for securing funding for projects with direct SD content or associated effects from the Agency's programs.

The vision of sustainable development that is set forth in the SDS 2003-2006 has not been appropriated by and is not truly understood by Agency staff. At present, the different components of sustainable development are being implemented in different ways within the Agency, particularly in relation to the management and development of natural resources, the optimization of production processes through increased productivity and the development and commercialization of environmental technologies, products and processes. The evaluation found that, in most of the business offices visited, the advisors were mostly or totally unaware of the link that often exists between sustainable development and productivity, such as that found in many projects involving optimization of the use of raw materials or a reduction in waste generation during the manufacturing process.

The people we met with during the evaluation would like to see the Agency adopt a definition of SD that hierarchizes the relationships between its economic and environmental pillars and that delineates the area occupied by its social pillar. They were adamant that the Agency's definition should highlight the close link between regional development and sustainable development.

In our view, the Agency should adopt an operational definition of sustainable development that identifies the characteristics of the different components that advisors should consider in their project analyses in order to determine whether a project has sustainable development content. In Chapter 7 (Sustainable Development Strategies) of the *2005 Report of the Commissioner of the Environment and Sustainable Development*, the Commissioner (CESD) provides a definition of sustainable development that the Agency could draw on and adapt for its mandate and its regional development approach:

Sustainable development – It is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It is based on the efficient and environmentally responsible use of natural, human, and economic resources. It integrates social, economic, and environmental considerations into decisions and actions. This includes sustaining our natural resources, protecting the health of Canadians and ecosystems, and improving our quality of life and well-being.<sup>3</sup>

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<sup>3</sup> COMMISSIONER OF THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT (2005), *2005 Report of the Commissioner of the Environment and Sustainable Development Report. Chapter 7: Sustainable Development Strategies*, page 5.

## **SD approach in the regions**

The extent to which sustainable development has been appropriated varies among the business offices and depends on the regional economic base. We found that, in a number of business offices, the administrative region encompasses several subregions having a different economic base and therefore different sustainable development issues. In general, the integration of sustainable development into the regional development approach is more advanced in the outlying regions than in the central ones and in urban centres. The evaluation showed that the business offices in the outlying regions are in the process of making sustainable development a tool for use in growth-generating activities. In this regard, they constitute an emerging business model of the integration of SD within the regional development approach.

The next SDS should provide for regional reshaping and allow for differing regional approaches to sustainable development in the business offices. This flexibility has the advantage of enabling business offices to link the Agency's SDS to their regional intervention strategy, and therefore to set specific objectives for the territories involved and to prioritize the regional means to be put in place to attain the objectives defined in the SDS. Stakeholders have recommended that each business office set up a regional pilot project during the next SDS and that it be adapted to potential niches for the different types of territories.

A number of regional directors have a clear vision of the sustainable development opportunities that exist in the non-urban part of their regions and the approach they can use to ensure that the SDS makes a difference there. Some regional directors have begun to apply an integrated SD approach in the field, whereas a virtual approach is used in other business offices. Several business offices have tapped into their RSIs or the adjustment programs they administer in order to secure significant financial contributions for projects with sustainable development content.

A number of business offices already have a clear vision of the SD potential of their region and they have adopted a structuring approach to SD which includes a social component in some cases. Understanding of SD potential is more advanced in the business offices in outlying regions, but it is also beginning to take shape in several central regions.

The Abitibi-Témiscamingue Business Office has participated for many years in the development of a long-range regional vision of sustainable forest management (through an integrated approach to increasing yield) and of development in the mining sector. On the North Shore, the business office is contributing to local initiatives aimed at encouraging sound harvesting of the forest resource and it has played a central role for several years in implementing a social development project for communities on the Lower North Shore. The Gaspésie-Îles-de-la-Madeleine Business Office is playing a lead role in efforts to develop the region's wind energy potential and has helped to fund diversification and revitalization programs for communities.

The business offices in the central regions could certainly integrate SD into their regional development approach to a greater extent and make it a tool for use in growth-generating activities, as the business offices in outlying areas have done. It is conceivable that the Agency-wide adoption of an operational definition of SD could prompt the business offices in the central regions to identify SD issues that are specific to their regions. The business offices in several of the central regions visited (Montérégie, Mauricie and Chaudière-Appalaches) have begun to develop a regional development approach that incorporates sustainable development.

The Montérégie Business Office provides a good example of the potential for adapting the SDS to local needs and mobilizing stakeholders in a particular subregion. Because of the financial support granted to intermediary organizations through its RSI, the business office is able to participate actively in the implementation of an integrated SD approach in the Bas-Richelieu region, in association with major stakeholders such as the municipality of Sorel-Tracy and the main manufacturer of the region. In Mauricie, the business office has helped to develop a regional intervention strategy for identifying the sectors that have the greatest ability to promote technology transfer and that generate environmental impacts associated with their operations. Finally, the Chaudière-Appalaches Business Office supports the efforts of the regional intermediary organizations to establish an energy efficiency network for wood processing enterprises aimed at bringing down production costs by reducing energy consumption.

The key sustainable development issues facing the outlying regions are as follows: forest management, development of wind energy potential and sustainable ocean technologies. The secondary and tertiary wood processing sectors and the development of the hydrogen industry are of concern to both the outlying and central regions. We noted the relevance of the Agency's financial support for projects to develop alternative energy sources, in particular, development of the wind energy industry in the regions and demonstration of the potential offered by the hydrogen sector, although this evaluation report was not aimed at questioning the implementation methods used by the selected intermediary organizations. It appears that the Agency could play a much more significant role in encouraging projects linked to energy efficiency in production processes and developing the potential of the agricultural sector and the agri-food industry.

Finally, this evaluation revealed that, under the guidance of the Governmental Affairs Branch in the National Capital region, an integrated sectoral approach to SD is emerging in the Agency, which is founded on broad partnerships involving private and public sector stakeholders. This type of integrated approach should definitely be emphasized in the next SDS.

### **Leverage effect on SD**

*The Act to establish the Economic Development Agency of Canada for the Regions of Quebec (Economic Development Agency of Canada for the Regions of Quebec Act)*, which was assented to in June 2005, states that the Minister shall “guide, promote and coordinate the policies and programs of the Government of Canada in relation to the development and diversification of the economy of the regions of Quebec.”<sup>4</sup> Field visits to the regions revealed that the business offices are major regional development players and they could very well play a structuring role in sustainable development.

With regard to projects coded as fitting in with the SDS, we found that sustainable development content was a factor in the Agency's decisions regarding whether to provide financial assistance for a large number of projects funded through RSIs, and also for testing and experimentation projects and innovation and technology development projects. However, the great majority of other types of projects identified as corresponding to the SDS would have been awarded funding even in the absence of the SDS.

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<sup>4</sup> GOVERNMENT OF CANADA (2005), *An Act to establish the Economic Development Agency of Canada for the Regions of Quebec*, paragraph 4(3) (a).

The size of the financial assistance provided for sustainable development projects appears to be a significant indicator of the leverage effect exerted by the Agency. Analysis of projects by the Hermès system showed that funding is distributed among a large number of projects and that few projects of SMEs or NPOs receive sizeable contributions.

Of the 199 projects submitted by SMEs, 65% (129/199) received a financial contribution of less than \$100,000 and only 3% (6/199) received a contribution greater than \$500,000. Furthermore, of the 119 projects submitted by NPOs, 73% (87/119) received a financial contribution of less than \$100,000 and 13% (15/119) received a contribution greater than \$500,000. Table 6 in Appendix B shows the size of the SD financial contribution by type of client for the period September 1, 2003 to August 31, 2005.

From the findings of our visits to the business offices, it appears that the SDS 2006-2009 should seek to ensure that the Agency will have a leverage effect on sustainable development and make a real difference in the regions. Accordingly, the Agency could acknowledge and encourage the supportive role that advisors play in the regions with intermediary organizations and companies; this role extends beyond their work of analyzing projects and dealing with claims. Such an approach would enable the Agency to harness the full potential of the promising projects put forward by companies and intermediary organizations and therefore enhance the effectiveness of the SDS.

### **Linkage of the SDS with the strategic framework**

The Agency is in the process of finalizing a *Cadre de politiques-Stratégie de développement durable 2006-2009*, which is aimed at linking the next SDS with the Agency's strategic framework. This is a good move and a route that a number of federal departments appear to be taking.

The Agency's strategic planning is detailed in three recent documents: *Orientations stratégiques 2006-2011*, which includes a strategic framework, the *2005-2006 Report on Plans and Priorities* and the *Performance Report for the Period Ending March 31, 2005*. The new strategic framework provides opportunities for the preparation of the next SDS, in particular, through its emphasis on an integrated approach to regional development and regional reshaping of the Agency's actions.

The new strategic framework sets out the legislative context and mission statement, the development situation and approach and strategic targets and objectives. What is important for the SDS is that the strategic framework asserts the Agency's decision to implement an integrated approach to regional development (by integrating economic, social, cultural and environmental considerations) of which sustainable development is a component, and it identifies two strategic targets: community vitality and the competitiveness of SMEs and the regions.

The strategic planning also provides clear directions with respect to regional reshaping of interventions, the development of partnerships with intermediary organizations and the range of tools to be prioritized in regional development. The Agency will emphasize a regional reshaping approach (by considering economic, social, cultural and environmental needs and potential in territorial strategies) according to five types of territories (Montreal metropolitan area; the urban centres of Quebec City and Gatineau; the central regions; the outlying regions; and vulnerable communities). The Agency will also focus on partnerships with intermediary organizations (that

have demonstrated an ability to establish knowledge-sharing networks and that can increase the leverage effect of the Agency's interventions with SMEs) and on the diversification of intervention tools (support and advice, information and references, and funding) in regional development.

Finally, strategic planning clearly positions sustainable development in the Agency's intervention approach, by specifying that the Agency [Translation] "intends to play a strategic role in advancing understanding and espousal of sustainable development principles among SMEs in the regions of Quebec and its various partners, both private and public, in ways consistent with financial, economic and social viability."<sup>5</sup> The objectives and outcomes pursued in the SDS 2006-2009 will be an integral part of the Agency's strategic directions for 2006-2011.

From our discussions with representatives of the Policy and Planning Branch, it appears that the *Cadre de politiques – Stratégie de développement durable 2006-2009* should be modified or rounded out in order to:

1. Spread the expected results of the next SDS over five years, in keeping with the implementation period for the *Orientations stratégiques 2006-2011*.
2. Provide an operational definition of sustainable development that fits in with the Agency's mandate and its regional development approach.
3. Ensure regional reshaping of the SDS, as discussed in the *Orientations stratégiques 2006-2011*, taking into account the different types of regions in the strategic framework but not requiring that a given business office adopt a position relative to all five strategic objectives linked to the two strategic targets of the policy framework.

The Agency's SDS 2006-2009 should adopt a template that is more in keeping with the CESD's expectations, particularly with regard to the role, vision, goals and objectives of the SDS and the associated measurement of performance. Appendix C contains a summary of the CESD's September 2005 review of the SDS 2003-2006.

## Conclusions

- **Concept of sustainable development**

The SDS does not provide an operational definition of sustainable development and the vision outlined in the SDS has not been appropriated by Agency personnel. Understanding of the concept of SD is not consistent across the Agency and tends to be overly restrictive. The Agency should adopt an operational definition of sustainable development that the advisors can use in their project analyses.

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<sup>5</sup> DÉVELOPPEMENT ÉCONOMIQUE CANADA (2006), *Les orientations stratégiques de l'agence – Cadre stratégique*, page 7.

- **SD approach in the regions**

The integration of sustainable development into the regional development approach is more advanced in the outlying regions than in the central regions and the urban centres. The business offices in the outlying regions are striving to make SD a tool for use in growth-generating activities and are developing their business model accordingly. The next SDS should provide for regional reshaping and allow for differing regional approaches to SD in the business offices.

- **Leverage effect on SD**

The sustainable development content of projects was a factor in the Agency's decisions about whether to provide financial assistance for a large number of projects funded through RSIs, as well as for testing and experimentation projects and innovation and technology development projects. The SDS 2006-2009 should ensure that the Agency will have a leverage effect on sustainable development and make a real difference in relation to promising projects undertaken by SMEs and NPOs.

- **Linkage of the SDS with the strategic framework**

The Agency's new strategic framework provides opportunities for preparing the next SDS. In particular, sustainable development could be enhanced in connection with the integrated regional development approach that is given priority, and the regional reshaping of interventions that is advocated would make it possible to put sustainable development into action. The *Cadre de politiques – Stratégie de développement durable 2006-2009* should be modified or rounded out with a view to: (1) spreading the expected outcomes of the next SDS over a five-year period; (2) providing an operational definition of SD; (3) providing for regional reshaping of the SDS.

### 3.2 Implementation issue

The implementation issue centres on the Agency's approaches to SD and is related to the structures and resources as well as the activities carried out as part of the SDS. Appendix A presents the results-oriented logic model and the evaluation questions for the implementation issue. Data collection on outputs permitted the preparation of an assessment of project analyses carried out with the Hermès system. Furthermore, certain conclusions can be drawn from our discussions with the business offices and with corporate service representatives concerning the organization of the advisors' work, the situation of partnerships and assistance and support for businesses, as well as the potential for improving implementation within the Agency.

#### Key Points of the Implementation Issue

- The advisors will not be able to play a proactive support and liaison role with their clients until they have access to guidance and support services for the development of growth-generating SD projects.
- Project analyses performed with the Hermès system rarely contain an integrated analysis of sustainable development content.
- Most of the business offices do not use or barely use the sustainable development expertise possessed by federal partners with which collaboration agreements exist.
- Intermediary organizations have begun to play a role in implementing differing SD approaches in the regions.
- The potential for securing funding for SD projects is only partly exploited in the regions, and the business offices are not well equipped to identify and prioritize promising projects developed by enterprises.
- Improving the implementation of the SDS within the Agency will necessitate (1) training in sustainable development; (2) integration of sustainable development procedures within the different programming components; (3) guidance and support for advisors and clients; and (4) more effective internal communications and the development of intervention tools.

#### Organization of advisors' work

During the visits to the business offices, two pre-requisites for improving the regional advisors' efforts to implement the SDS were identified: an increase in the support available to advisors in relation to SD and acknowledgment of the non-financial activities carried out by advisors with regard to sustainable development.

It is essential to provide advisors with access to guidance and support related to sustainable development. At present, discussions related to the analysis of the SD components of projects are limited to the business offices and to corporate services in Montreal. The evaluation found that most of the advisors will not be able to assist clients (intermediary organizations and enterprises) proactively in the area of SD until they have access to guidance and support services for the development of growth-generating projects. The Operational Planning Branch has just hired a professional staff member who will be partially assigned to this task.

The advisors met during the field visits said that the work they are called on to do related to sustainable development (as with other aspects of programming probably) extends well beyond analyzing projects and dealing with claims. When asked whether the Agency allocates sufficient human and financial resources to SD, they systematically pointed up the failure to acknowledge the non-financial work done within the Agency (which one regional director estimated to represent at least 50% of the advisors' workload). It appears, moreover, that non-financial work accounts for an even greater percentage of the workload related to community competency building projects and of the workload of small business offices located far from large urban centres. Table 7 in Appendix B lists the non-financial activities that advisors carry out, including those related to SD; the list was drawn up during discussions with advisors at the business offices.

### **Project analyses carried out with the Hermès system**

In the course of collecting data related to outputs, we interpreted the analyses of all projects with sustainable development content. The project fact sheets provide a description of each project and identify the expected environmental outcome, which was the basis for allocating one (or two) energy efficiency indicators. Project analyses carried out with the Hermès system rarely include an integrated analysis of SD content, and the relevant information is scattered over many pages and difficult to locate.

From the standpoint of sustainable development, project analyses can be characterized as follows: (1) identification of the SD content is incomplete much of the time; (2) the content and level of detail of the information on SD content that is provided on a given page of the Hermès system vary significantly for similar projects.

We found that the advisors in a few business offices provide more consistent and relevant information about the SD content of their projects. More detail is generally used in project analyses for projects that receive a large financial contribution, particularly those involving intermediary organizations.

Overall, we observed that three pages of the Hermès system project analysis module are especially useful for identifying the SD content of a project: the pages concerning the types of activities, the project description and the technology. The Agency should encourage the advisors to make more effective use of these three pages in identifying the SD content of projects, the context involved, the targeted objectives and the expected results.

The SDS page of the Hermès system was modified significantly in June 2005, and the Agency prepared a users' guide for identifying, analyzing and monitoring sustainable development projects. Since we did not assess many project analyses performed using the new SDS page in the Hermès system because our data collection related to outputs during the period from September 1, 2003 to August 31, 2005, we cannot say how effectively the new SDS page in the Hermès system is being used.

If an advisor indicates in the project analysis module that a project will help to meet one of the Agency's SDS commitments, the new SDS page of the Hermès system provides a three-pronged approach. To begin with, the advisor should identify the strategic result and the SDS objective to which the project corresponds. The advisor should then select a quantitative or qualitative eco-efficiency indicator for the expected outcome of the project. Third, for a quantitative indicator, the advisor is expected to enter the starting data for the project and the estimated outcome at the

end of the project; there is also a field for comments about the expected result and the eco-efficiency indicator. At the time of the final payment, the advisor is supposed to enter data on the result attained in the SDS page of the claims module.

Provided the information on the SD content of projects is upgraded for all the advisors on the pages dedicated to the type of activities, the project description and technology, we believe that the Agency could capitalize on the potential that the Hermès system offers for providing information and feedback concerning SD on-line, and that it could, for example, be used in individualized training programs and for an interactive mutual assistance network.

### **Assessment of partnerships**

- **Federal departments and agencies**

The Agency has established partnerships with three federal departments and agencies with a view to enhancing implementation of its SDS: (1) a memorandum of understanding with the NRC has been in effect since 2000; (2) a collaboration agreement with Environment Canada (EC), Quebec Region has existed since June 2001; (3) a memorandum of understanding was signed with AAFC in September 2004. Whereas the partnership with EC relates specifically to the Agency's SDS objectives, the other two arrangements have a broader scope and are considered to encompass sustainable development.

As far as sustainable development is concerned, most of the business offices barely use or do not use the broad expertise of the federal partners with which the Agency has collaboration agreements. The Agency should therefore review the services available through the partnerships developed with federal departments and agencies. All of the business offices should harness the expertise offered by federal partners to a greater extent and use their assistance to tap into other federal funding sources related to sustainable development.

At present, none of the business offices that we visited have a sustainable development arrangement with AAFC and only three out of the eight offices (Mauricie, Québec-Chaudière-Appalaches and Montérégie) have frequent contacts with EC officials. According to an assessment of the collaboration agreement with EC that ended in 2004, roughly 75% of EC interventions involved six business offices, namely Estrie, Mauricie, Québec-Chaudière-Appalaches, Montérégie, Île-de-Montréal and Saguenay-Lac-Saint-Jean.<sup>6</sup>

NRC is the only federal partner that is involved in promoting SD in all the regions; its industrial technology advisors are very active in the field. The Canada Revenue Agency is also involved but to a lesser extent; it provides tax credits for R&D projects with sustainable development content. Indeed, provincial (e.g. the Quebec Department of Economic Development, Innovation and Exports and the Department of Agriculture, Fisheries and Food) and regional stakeholders (e.g. regional conferences of elected officials) carry on more networking with regional business offices.

- **Intermediary organizations**

We chose the intermediary organizations that we would meet during the field visits with a view to identifying promising SD projects in a given region or sector of activity. In our view, these organizations' projects satisfied this criterion in nearly all cases, and exemplary business

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<sup>6</sup> ENVIRONNEMENT CANADA, RÉGION DU QUÉBEC (2005), *L'innovation technologique au service de l'environnement. Bilan de l'entente Développement économique Canada-Environnement Canada*, 41 pages.

practices were identified. Project analyses based on the Hermès system show that in all regions the Agency helps to provide funding for intermediary organizations that carry out promising SD projects, including those of business offices that were not visited during the evaluation study.

The business offices already play an important role in assisting several intermediary organizations; this is an example of the non-financial activities carried out by advisors in the area of sustainable development. A number of representatives of intermediary organizations with whom we met underscored the proactive approach that Agency advisors adopt in relation to their development efforts. Furthermore, the intermediary organizations have begun to play a role in the implementation of differing regional approaches to SD.

In the course of the visits to business offices, we had an opportunity to see that there are some organizations in all the regions visited that are playing (or show potential to play) a liaison role between the Agency and SMEs and a role in providing businesses with support and advice related to sustainable development. More specifically, the college-level technology transfer centres, which exist in all the regions visited, represent a promising vehicle that could be used by the Agency to a much greater extent to achieve this goal. It should be noted that the 32 college-level technology transfer centres are grouped together in the Réseau Trans-Tech.

### **Assessment of assistance for businesses**

We chose the businesses that we would meet during the field visits with a view to identifying promising SD projects in a given region or sector of activity. In our view, the projects of these businesses satisfied this criterion in nearly all cases, and exemplary business practices were identified. However, the business offices are poorly equipped to identify and prioritize promising SD projects developed by companies.

The funding potential for businesses' SD projects is only partially exploited in the regions. We believe that many of the businesses could secure additional federal funding through Agency programs or other federal programs; however, the business offices rarely play a proactive role in harnessing this potential. Consequently, the business offices should assess the potential for securing financial contributions through the Agency's programs or assist clients in their search for funding from other federal programs, such as Sustainable Development Technology and Technology Early Action Measures (TEAM). Not surprisingly, we found that Agency clients are much more familiar with provincial programs than with federal funding sources.

Our meetings in the Gaspé region revealed that a number of businesses that have completed the testing and experimentation or technology development phase now have marketing needs that could be handled by the Secrétariat à la mise en marché de la Gaspésie et des Îles-de-la-Madeleine, an intermediary organization that has received a financial contribution and a loan of personnel from the Agency. The people we talked to in a number of business offices would like to see the Agency's approval process take the form of a three-year "framework agreement," which would include a pre-established budgetary envelope that would be disbursed in instalments, without requiring a new request from the company each time or a new project analysis by the advisor. To illustrate this aspect, the president of one of the companies met with mentioned the inflexible nature of the Agency's programs: the budgetary items of the contribution agreement are based on the company's forecasts, which are often modified as needs change. This prevented the client from using the entire contribution allocated by the Agency.

### **Potential for enhancing in-house implementation**

From the outset, everyone we met with affirmed that if the next SDS is to make a difference in the regions, the Agency's senior management must make a clear commitment to this effect. Beyond the official approval of the document, other communication mechanisms should be deployed to convey senior management's commitment with regard to the SDS.

The dominant message relayed during our in-house meetings was that the Agency must stop paying lip service to sustainable development and take concrete action. In other words, the SDS must not be merely an optional approach; it must become a tool that makes a difference in the field. If the Agency truly wants to implement an SD approach in the business offices, it must allocate considerable means consisting of programming and support for advisors – these means should be equivalent to those just invested to implement social economy measures. The people we spoke to want the Agency to: (1) provide for training to explain the adopted definition of sustainable development; (2) integrate sustainable development procedures into the different programming components; (3) make supervision and support available to enable advisors and clients to put sustainable development into action; (4) improve internal communications and develop intervention tools for advisors.

- **Training**

It is recommended that the adopted definition of sustainable development be actively explained and repeated in all the business offices. The definition could be disseminated in the context of SD training, whose primary objectives would be to enable advisors to identify projects that have sustainable development content. To this end, the Agency could incorporate the evaluation observations and conclusions into the guide prepared in 2004 for Hermès system users as an aid in the identification, analysis and monitoring of SD projects. The training could also cover adapted analysis tools and be based on the analysis of issues representative of the different types of projects encountered. More specifically, it is recommended that the training comprise modules tailored to the five types of territories identified in the Agency's 2006-2011 strategic orientations.

- **Program terms and conditions**

It is recommended that the Agency integrate SD procedures in the various programming components, as this would result in clear guidelines regarding the definition of sustainable development selected by the Agency and help to establish the boundaries of sustainable development for a given project. According to the advisors, a reference framework like this would help to make sustainable development a decision-making factor and promote support for growth-generating projects that meet specific analysis criteria.

Three SD procedures were explored during our field visits to the business offices. First, it was recommended that new activities eligible for a financial contribution be established, for example: business diagnostics aligned to sustainable development; and, in the case of industrial plants, environmental portraits (audits) compiling baseline data that can be used to quantify the results attained in productivity projects. Second, it was recommended that the eligible contribution (currently \$200,000) for the purchase of new equipment be increased in the context of productivity projects. Third, it is recommended that a non-repayable portion be introduced for SMEs as an incentive for projects providing a demonstrable environmental benefit, similar to what is provided for under the textile industry adjustment program. (Note that some advisors are opposed to such an approach, as they view repayable contributions for SMEs as a guarantee of the seriousness of projects.)

- **Assistance and support**

It is recommended that the Agency provide assistance and support to enable advisors and businesses to put sustainable development in action. Two approaches have been put forward which are no doubt complementary: (1) assistance and support to be offered through corporate services in Montreal and (2) assistance and support that would be available at the regional level through existing intermediary organizations, with SD resources provided by the business offices (some people have said that these regional SD assistance organizations could function like the ORPEX programs, which were set up to help companies with export issues).

- **Communication and intervention tools**

The Agency should improve internal communication and develop intervention tools for the advisors. With regard to improving communication, the Agency needs to take steps to decompartmentalize information and promote communication activities. For example, it should develop guidelines for the contents of Hermès system pages that are relevant to sustainable development in order to make them comparable. A number of models put in place for other issues can be considered. The Agency could adopt an approach similar to the working groups set up to identify the challenges and the intervention potential specific to each of the five territories defined in the 2006-2011 strategic orientations. For issues requiring special expertise (e.g. wind energy), it is recommended that the Agency develop a pan-regional structure modeled on the mirror committees that already exist in the area of entrepreneurship, innovation and market development.

As regards the intervention tools that need to be developed, we believe that the Agency should acquire diagnostic tools to help the advisors raise companies' awareness of sustainable development and ask the right questions when the project analyses are prepared. Three types of tools were recommended for this purpose. First, drawing inspiration from the tools developed by Enviroclubs, a comprehensive tool could be developed to identify the environmental functions of a company in addition to its business functions (for example, procurement, production, commercialization); this would make it easier to show the link between reducing costs and environmental protection. Second, the Agency should develop analysis grids that are specific to each activity sector and each type of project and can be used to identify the main SD components of projects. Third, we recommend that the Agency develop winning business models in a few targeted sectors (for example, energy sectors) and, accordingly, that it prepare case studies of the conditions for success and lessons learned in implementing sustainable development.

## **Conclusions**

- **Organization of the advisors' work**

The advisors will not be able to play a proactive assistance and liaison role with their clients until they have access to assistance and support services for the development of growth-generating SD projects. Implementation of the SDS can be enhanced through capacity building efforts targeting advisors in the business offices.

- **Project analyses performed with the Hermès system**

Project analyses performed with the Hermès system rarely contain an integrated analysis of the sustainable development content. Pertinent information could be entered on the pages of the project analysis module that deal with the type of activities and the description of the project and the technology.

- **Assessment of partnerships**

Most of the business offices do not tap into the SD expertise possessed by federal partners with which the Agency has collaboration agreements. A review should be undertaken to identify the services offered through partnerships with federal departments and agencies.

Intermediary organizations have begun to play a role in implementing differing regional approaches to sustainable development. Since in every region there are some intermediary organizations that can help to promote SD and assist companies and regional stakeholders, the Agency should seek to increase the services offered and the expertise of its regional partners.

- **Assessment of assistance for businesses**

The funding potential for businesses' SD projects is only partially exploited in the regions, and the business offices are poorly equipped to identify and prioritize promising projects developed by companies. The business offices should be able to provide companies in their regions with assistance and liaison services to support their search for SD funding.

- **Potential for enhancing in-house implementation**

If the Agency truly wants to implement an SD approach in the business offices, it must allocate considerable means in terms of programming and support for advisors. To improve implementation of SD, the Agency can: (1) provide for training to explain the adopted definition of sustainable development; (2) integrate sustainable development procedures into the different programming components; (3) make supervision and support available to enable advisors and clients to put sustainable development into action; (4) improve internal communications and develop intervention tools for advisors.

### 3.3 Performance issue

This issue centres on the SD results attained by the Agency and, more specifically, the targeted outputs and the expected outcomes of the SDS. Appendix A contains the results-based logic model and the evaluation questions for the performance issue. The data collected with regard to outputs will be used in preparing a report on the quantification of SD results. Appendix A presents the results-based logic model and evaluation questions for the performance issue. Based on the visits to business offices and meetings with corporate services representatives, we can make observations about the progress achieved in relation to the internal component of the SDS, the results achieved by Enviroclubs and the attainment of the SDS 2003-2006 targets.

#### Key Points Related to the Performance Issue

- Advisors cannot reasonably be expected to obtain from clients the data that would enable them to calculate the quantitative results of productivity projects.
- The internal component is the poor cousin of the SDS in the Agency's day-to-day operations, particularly because no training activities have been organized for advisors, and awareness activities for staff have been reduced to a minimum.
- The targets for the external component of the SDS leave a lot of room for interpretation, whereas the targets for the internal component lack relevance in many cases.

### Quantification of the SD results

The evaluation led to a better appreciation of the difficulties inherent in quantifying the results attained by SD projects that have granted been funding by the Agency. As explained earlier, one (or two) eco-efficiency indicator(s) (qualitative or quantitative) were assigned to each project; the quantitative indicators related almost exclusively to projects aimed at increasing productivity. We found that the advisors should be able to assign a qualitative indicator to projects with SD content, as long as they are aware of the usefulness of doing so and are given the requisite training and support.

However, although the advisors are currently responsible for gathering data from clients, they cannot reasonably be expected to obtain such data as would enable them to calculate the quantitative results of productivity projects. If the Agency wants to have quantitative results data, it will have to put in place mechanisms for collecting and interpreting SD data that are not tied to the business offices; this will require the development of a diagnostic tool adapted to the potential SD content of productivity projects.

Our inventory of projects derived from the Hermès system confirms that the project analyses contain no data useful for quantifying the results attained, that is, data for the start of a project and the end of the project. We thought that the business diagnostics carried out before funding is granted to productivity projects would contain data related to the inputs and outputs of the production process. Our visits to the business offices (in particular, Abitibi-Témiscamingue, Côte-Nord, Québec-Chaudière-Appalaches and Outaouais) allowed us to make two observations in this regard.

First, we observed that it would be very difficult to quantify the results attained for equipment installation projects in terms of optimizing inputs or reducing the use of outputs in a given company's production process. Two examples of enterprises met with during our visits clearly illustrate this issue. First, for a project undertaken by a farm in Abitibi-Témiscamingue, the enterprise could not realistically be expected to quantify the reduction in energy consumption resulting from a newly installed automatic management and control system for a generator that converts methane to electricity. Second, for a wood flooring plant in the Outaouais region, it would not be feasible to calculate the increase in the quantity of wood produced as a raw material through reorganizing the routing of raw timber during the manufacturing process.

Secondly, we observed that the business diagnostics carried out in productivity projects are actually organizational and commercial diagnostics and do not contain information useful for documenting the SD content. Abitibi-Témiscamingue is the region for which project analyses using the Hermès system provided a quantitative indicator in most cases. We carried out a business diagnostic analysis for six of the nine projects concerned in that region. Four contained no data that could be used to identify the environmental results attained, and two contained fragmentary data giving rise to indices that might make it possible to identify environmental outcomes.

Nevertheless, information on environmental results should be readily available with the Agency's diagnostic tool called the *Comprehensive Diagnostic Model for the Productivity and E-business Components*. The model has nine elements corresponding to the business process of a company, and SD information could easily be combined with data on purchasing and shipping as well as manufacturing. According to the advisors in the Québec-Chaudière-Appalaches Business Office, the Agency could integrate SD data in the business diagnostic by harnessing the diagnostic approach developed for e-businesses. This diagnostic is carried out free of charge by e-business development advisors working for the e-business advisory service of the Comité interchambres in the region; it is funded in part by the business office.

## **Progress achieved in relation to the internal component of the SDS**

- **Targets of the internal component**

The evaluation showed that two outputs targeted by the SDS 2003-2006 are not very realistic and have therefore been abandoned, because the Agency has no control over the means of implementation or the advocated means proved to be ineffective. The first output consisted in implementing a multiproduct recycling program at work places, in a situation where Public Works and Government Services Canada was in charge of negotiations with the building owners. The second output related to the installation of a pollution control system in the Agency's automobiles. According to EC, the findings related to the performance of these systems were inconclusive.

In March 2006, six responsibility centres were served by the multiproduct recycling program, i.e. corporate services in Montreal and Gatineau as well as the Québec-Chaudière-Appalaches, Centre-du-Québec, Côte-Nord and Gaspésie-Îles-de-la-Madeleine business offices; pick-up and recycling of materials was organized by employees at the Outaouais Business Office. Meanwhile, seven vehicles were equipped with a pollution control system (two vehicles in

Saguenay–Lac-Saint-Jean and one in each of Centre-du-Québec, Gaspésie, Outaouais, Côte-Nord and Abitibi-Témiscamingue).

Furthermore, it emerged from our meetings with corporate service representatives that there are two priority areas for Agency commitments under the next SDS and that the Agency could exercise control over implementation methods: reducing paper use and greening the automobile fleet. The evaluation showed that the Agency could set targets by compiling baseline data and that decisions are starting to be made that will undoubtedly lead to results over the coming years.

- **Internal greening**

First, with regard to reducing paper use, many of the people we met with said that the Agency should review the way it does things in the context of routine operations. Instinctively, they felt that the first step should be to adjust formatting for the project analyses generated by the Hermès system, as this would cut down on paper use significantly. The Agency should take into consideration that, although a tool may be intended for on-screen use, most advisors end up working with paper copies.

In 2005, two business offices (Île-de-Montréal and Laval–Laurentides–Lanaudière) and two branches (Operational Planning Branch and Policy and Planning Branch) established a server-based method of instituting double-sided printing; a similar procedure has been in place for a few years at the Saguenay–Lac-Saint-Jean Business Office. In addition, baseline data on paper use for all the Agency’s responsibility centres have been compiled for fiscal 2004-2005. Agency employees used about 5.3 million sheets of paper in 2004-2005, with about 67% of this total attributed to corporate services in Montreal. Table 8 in Appendix B provides a breakdown of paper use by responsibility centre in 2004-2005.

Second, results have already been attained with regard to greening the Agency’s automobile fleet. In March 2006, 6 out of a total of 19 vehicles ran on gas or electricity (two vehicles in Outaouais and one in each of Mauricie, Montérégie, Laval–Laurentides–Lanaudière and Québec–Chaudière-Appalaches) and one vehicle (in Bas-Saint-Laurent) could run on either ethanol or propane.

Data compilation is under way for fiscal 2004-2005 to generate baseline data on the various means of transport (Agency vehicles, rented vehicles, personal vehicles and public transportation) that Agency employees used for business travel. In light of these data, several people recommended that the Agency develop a business travel policy setting out objectives for reducing its environmental footprint. The use of videoconferencing technology is one of the means suggested for reducing travel, along with providing incentives for renting hybrid vehicles, which would help to promote this sector of the automobile market in the regions.

- **Staff training, awareness and mobilization**

The SDS 2003-2006 targeted several outputs related to staff training and awareness. The evaluation revealed that no training activities were organized for advisors during the implementation period for the present SDS and that information and awareness activities for employees have been reduced to a minimum. Five articles on sustainable development have been published in the quarterly employee newsletter, Kaleidoscope, and the SDS is mentioned briefly during orientation sessions for new employees. A number of people we met with in the business

offices and corporate services expect the Agency to adopt a much more proactive awareness approach, for example, by encouraging employees to rise to the “One-Tonne Challenge,” which encourages people to reduce their personal greenhouse gas emissions or to devote their annual volunteering day to SD activities.

Recognition of sustainable development has increased markedly since the previous SDS evaluation three years ago, in spite of the absence of training and the limited in-house awareness efforts. Sustainable development is now integrated into the thinking of regional directors and a majority of the advisors met at the regional offices. It appears that one of the Agency’s strengths is that it has a critical mass of people who attach importance to sustainable development, and this should enable it to carry out concerted actions in the business offices and within corporate services.

This formed the basis for the recommendation that a green network be created within the Agency to promote information sharing and dissemination and best practices among the advisors in the different business offices. In our view, a green network such as this could be established by involving the members of the SDS 2006-2009 working group.

In conclusion, the internal component appears to be the poor cousin of SDS in the Agency’s day-to-day operations. To remedy this situation, many of the people we met during our field visits suggested that senior management at the Agency should practice what it preaches and, toward this end, they endorsed the internal greening commitments of the next SDS and expressed support for implementing new approaches in day-to-day operations.

The Agency should allocate the requisite resources for implementing the internal component of the SDS, starting with training for staff in order to enable the business offices to fully exploit the SD potential in the regions. The Agency should also align its efforts to reduce paper use and to green the automobile fleet with the federal government priorities for the internal component of the next SDS. The priorities related to green procurement and vehicle fleet management are detailed in a document made public in March 2006, entitled *Greening Government Operations: Guidance for Organizations Developing Sustainable Development Strategies (2007-2009)*.

### **Results achieved by Enviroclubs**

The results have been validated and compiled for Enviroclubs that had been set up by the end of fiscal 2004-2005. These 10 Enviroclubs, serving a total of 122 enterprises, generated recurring annual savings of \$60,000 per project, on average, with a return on investment period of about 15 months. Enviroclubs have been set up in Centre-du-Québec (in 2000), Saguenay–Lac-Saint-Jean (in 2001, 2002 and 2003), Portneuf (in 2003), Beauce (en 2003), Estrie (in 2003), Montérégie (in 2003 and 2004) and Île-de-Montréal (in 2004). Four other Enviroclubs were established during fiscal 2005-2006, but the results achieved have not yet been calculated. These four Enviroclubs serving a total of 46 enterprises have been set up for Île-de-Montréal, Montérégie, Bas-Saint-Laurent and Côte-Nord. Table 9 in Appendix B presents the environmental and economic results attained by the 10 Enviroclubs in operation as at March 2005.

According to the Operational Planning Branch, the immediate effects of these 10 Enviroclubs can be illustrated by several simplified indicators. On a day-to-day basis, the reduction in resource utilization is equivalent to: (1) fossil fuel use consisting of 21,800 barrels of oil,

(2) heating of 59 houses with electricity, (3) the water consumption of 8,000 people and (4) wood use consisting of 3,100 cords of wood. In terms of pollution control, the reduction in resource use is equal to: (1) the greenhouse gas emissions generated by 4,000 intermediate size cars and (2) the hazardous waste load from 40 trucks.

### **Attainment of targets of the SDS 2003-2006**

The Agency demonstrated conclusive results with regard to the targets of the external component of the SDS, but it achieved less progress toward those targets for the internal component. The following table summarizes the progress achieved toward the targets of the SDS 2003-2006 based on the evaluation findings.

### Attainment of Targets of the Sustainable Development Strategy 2003-2006

SDS Objectives	2003-2006 targets	Target Status		
		Reached or exceeded	On-track	Not reached
<b>EXTERNAL COMPONENT OF THE SUSTAINABLE DEVELOPMENT STRATEGY</b>				
<b>Encourage and help SMEs adopt sustainable development practices in their operations</b>				
<ul style="list-style-type: none"> <li>• Set up Enviroclubs</li> </ul>	10 clubs since 2000	✓		
<ul style="list-style-type: none"> <li>• Sensitization of SMEs to new business practices related to sustainable development</li> </ul>	500 SMEs since 2000	✓		
<ul style="list-style-type: none"> <li>• Productivity projects are carried out through pollution prevention efforts</li> </ul>	120 projects	✓		
<b>Promote the development and marketing of SD innovations</b>				
<ul style="list-style-type: none"> <li>• experimentation, demonstration and development of innovative products, technologies and services in sustainable development</li> </ul>	40 SME projects		✓	
<ul style="list-style-type: none"> <li>• sustainable development innovations are introduced into international markets</li> </ul>	25 SME projects		✓	
<b>Promote the development, dissemination and sharing of knowledge about sustainable development to help develop and strengthen knowledge-based competitive advantages</b>				
<ul style="list-style-type: none"> <li>• financial support for university research centres, institutions and chairs involved in sustainable development</li> </ul>	15 projects	✓		
<b>INTERNAL COMPONENT OF THE SUSTAINABLE DEVELOPMENT STRATEGY</b>				
<b>Empower employees</b>				
<ul style="list-style-type: none"> <li>• disseminate a common definition of SD</li> </ul>	-			✓
<ul style="list-style-type: none"> <li>• develop an integrated tool for identifying, analyzing and monitoring SD</li> </ul>	-	✓		
<ul style="list-style-type: none"> <li>• train managers and advisors in SD</li> </ul>	-			✓
<ul style="list-style-type: none"> <li>• develop SD mentoring</li> </ul>	-			✓
<b>Promote sustainable development</b>				
<ul style="list-style-type: none"> <li>• sensitize staff to best practices and organize special activities</li> </ul>	-			✓
<ul style="list-style-type: none"> <li>• promote employee teleworking</li> </ul>	-			✓
<ul style="list-style-type: none"> <li>• talk about SD during employee orientation sessions</li> </ul>	-	✓		
<b>Advance internal greening</b>				
<ul style="list-style-type: none"> <li>• multiproduct recycling program</li> </ul>	12 business offices			✓
<ul style="list-style-type: none"> <li>• Agency vehicles equipped with hybrid engines or pollution control system</li> </ul>	20 vehicles		✓	
<b>Ensure greater accountability for the environment</b>				
<ul style="list-style-type: none"> <li>• documentation of environmental results attained (performance indicators)</li> </ul>	-		✓	
<b>Strengthen partnerships</b>				
<ul style="list-style-type: none"> <li>• partnerships with federal departments and agencies</li> </ul>	-	✓		
<ul style="list-style-type: none"> <li>• partnerships with intermediary organizations</li> </ul>	-	✓		

The evaluation showed that most of the targets of the external component had been attained or exceeded as at August 31, 2005, after the SDS had been under way for 17 months. This is true for targets linked to the objectives that involve (1) encouraging and helping SMEs to adopt SD practices in their operations and (2) promoting development, dissemination and sharing of SD knowledge in order to help develop and strengthen knowledge-based competitive advantages. It appears that the targets linked to the objective of promoting the development and commercialization of SD innovations were on-track, with one year remaining for the implementation of the SDS. It also appears that the objectives and targets of the external component should be formulated more clearly, since they leave room for interpretation.

As regards the internal component, the evaluation found that the partnerships forged with federal departments and agencies as well as with intermediary organizations in the regions continue to bear fruit. In addition, the Agency has demonstrated progress in relation to environmental accountability. However, the Agency has fallen short in its efforts to empower the staff and promote sustainable development, particularly with regard to employee training, awareness raising and the implementation of internal greening measures. The targets for the internal component were found to lack relevance in many cases.

In our view, the Agency should devote the final year of the current SDS to putting in place priority measures for SD training for staff. In addition, it should develop more clearly formulated targets for the external component of the next SDS and targets for the internal component that are better aligned with priorities, especially those relating to SD training and awareness for employees.

## **Conclusions**

- **Quantification of SD results**

Advisors cannot reasonably be expected to obtain from clients the data that would enable them to quantify the results attained in productivity projects. If the Agency wants to have quantitative results data, it will have to put in place mechanisms for collecting and interpreting SD data that are not tied to the business offices.

- **Progress achieved under the internal component of the SDS**

The internal component is the poor cousin of the SDS in the Agency's day-to-day operations, particularly because no SD training has been organized for the advisors, and SD awareness activities have been reduced to a minimum.

- **Attainment of targets of the SDS 2003-2006**

The targets set for the objectives of the external component of the SDS leave room for interpretation, and the targets for the internal component lack relevance in many cases. For the next SDS, the Agency needs to come up with more clearly formulated targets for the external component and targets that are better aligned with priorities for the internal component.

#### 4. RECOMMENDATIONS ARISING FROM THE EVALUATION AND INTERNAL CONSULTATION

The evaluation of the SDS 2003-2006 and the internal consultation undertaken in preparation for the SDS 2006-2009 showed that the Agency's success in implementing sustainable development is tied to the advisors in the business offices. Consequently, the Agency should set aside considerable means to enable the business offices to tailor their interventions to regional realities and to be proactive in their dealings with clients. It is to this end that CAC has formulated recommendations that should aid with the preparation and implementation of the SDS 2006-2009.

1. CAC recommends that the Agency modify and round out the *Cadre de politiques – Stratégie de développement durable 2006-2009* in order to:
  - Spread the expected results of the SDS over five years.
  - Develop an operational definition of SD in keeping with the integrated regional development approach set out in the *Orientations stratégiques 2006-2011*.
  - Provide for regional reshaping of the SDS to permit differing approaches to SD in the business offices.
  - Establish more clearly formulated targets for the external component of the SDS, and targets that are better aligned with priorities for the internal component.
2. CAC recommends that the Agency take concrete measures to empower the staff and promote in-house sustainable development during fiscal 2006-2007, the final year of implementation of the SDS 2003-2006, with a view to:
  - Disseminating in the business offices the operational definition of sustainable development to be used in project analyses.
  - Initiating SD training for all the business offices based on the use of adapted analysis tools, and providing ongoing training activities.
3. CAC recommends that the Agency adopt the necessary means to enhance implementation of the SDS 2006-2009, by taking steps to:
  - Provide assistance and support that will enable advisors in the business offices to put SD into action.
  - Offer assistance and liaison services to help companies in the regions with their search for funding sources for SD projects.
  - Increase the services offered and build the expertise of regional intermediary organizations in sustainable development.
  - Review the SD services offered in the context of partnerships with federal departments and agencies so that all the business offices can tap into those services.
  - Allocate the resources required to implement the internal component of the SDS.
  - Put in place mechanisms to collect and interpret the quantitative results of productivity projects.
  - Integrate sustainable development procedures into the various programming components.

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## **APPENDIX A**

### **EVALUATION FRAMEWORK FOR THE SUSTAINABLE DEVELOPMENT STRATEGY**

**CANADA ECONOMIC DEVELOPMENT – EVALUATION OF THE SUSTAINABLE DEVELOPMENT STRATEGY 2003-2006**

**Evaluation Framework (Final Version)**

RESULTS-BASED LOGIC MODEL		ISSUES AND EVALUATION QUESTIONS
<b>AGENCY VISION OF SD (raison d'être)</b>	The Agency has adopted an SD definition that reflects its economic development mandate and the different issues facing the regions. This cost-effective SD approach comprises the following elements: (1) sound management, effective and sustainable use of resources; (2) protection of the environment, rehabilitation and revitalization of degraded environments; (3) reclamation of wastes; (4) productivity through pollution prevention and eco-efficiency; (5) development of environmentally friendly technologies and alternative products; (6) greater equity between regions. The Agency pointed out that the eco-efficiency approach adopted by companies and natural resource development in the regions enable cost-effective SD.	
<b>GOALS OF THE SDS</b>	<b>External component</b>	<b>Internal component</b>
	Play a strategic role in advancing understanding and espousal of SD principles among SMEs in all the regions of Quebec and among its partners, both private and public, in ways consistent with financial, economic and social viability	Make the SDS a tool that will help the Agency integrate SD concerns to a greater extent in day-to-day operations
<b>OBJECTIVES OF THE SDS</b>	<p>Enterprise development through SD :</p> <ol style="list-style-type: none"> <li>1. Encourage and help SMEs adopt SD practices in their operations (including the Enviroclubs)</li> <li>2. Foster the development of SD innovations</li> <li>3. Promote the marketing of SD innovations</li> <li>4. Promote the growth of local and regional SMEs likely to embrace SD</li> </ol> <p>Integration and application of SD principles by regional economic players:</p> <ol style="list-style-type: none"> <li>5. Increase the ability of local stakeholders to encourage the emergence of SD projects</li> <li>6. Develop regional assets that are compatible with SD principles</li> <li>7. Promote the development, dissemination and sharing of SD knowledge</li> </ol>	<ol style="list-style-type: none"> <li>1. Empower staff with regard to SD</li> <li>2. Promote SD within the organization</li> <li>3. Continue internal greening</li> <li>4. Ensure greater environmental accountability</li> <li>5. Strengthen existing partnerships and more effectively co-ordinate efforts with federal partners in Quebec</li> </ol>
		<p><b>RELEVANCE</b></p> <ul style="list-style-type: none"> <li>• Should the Agency's SDS be more strategic and have aims that go beyond internal and external activities?</li> <li>• Is the SDS in keeping with the Agency's mandate and does it contribute to the attainment of the strategic objectives related to regional economic development?</li> <li>• Are the Agency's SD interventions complementary or do they duplicate the efforts of other federal government agencies or other levels of government?</li> <li>• Are the objectives of the Agency's SDS relevant in terms of meeting the needs of SMEs and the regions? (P)</li> <li>• Is the Agency's SDS aligned with the SD priorities of the federal government?</li> <li>• Does the SDS allow the Agency to have a leverage effect on the economic development of the regions and SMEs?</li> <li>• Could the Agency act on lessons learned and exemplary practices to do things differently from the standpoint of relevance of the SDS? (P)</li> </ul>

**Evaluation Framework (Final Version) (cont'd)**

RESULTS-BASED LOGIC MODEL			ISSUES AND EVALUATION QUESTIONS
STRUCTURES AND RESOURCES (inputs)	<ul style="list-style-type: none"> <li>• Sharing of roles and responsibilities for SD</li> <li>• Selection of priority sectors by business offices (regional intervention strategies)</li> <li>• Management committees and the SD committee</li> <li>• Partnership agreements for SD (federal agencies and intermediary organizations)</li> <li>• Resources (financial and human) earmarked for implementation of the SDS</li> </ul>		<p><b>IMPLEMENTATION</b></p> <ul style="list-style-type: none"> <li>• Are the organizational structures and decision-making processes, at the corporate level and in business offices, effective in attaining the objectives set out in the SDS?</li> <li>• Did the Agency carry out the right activities to achieve the objectives for the internal component of the SDS? (P)</li> <li>• Have the partnerships with federal agencies contributed significantly to the attainment of the objectives set out in the Agency's SDS? (P)</li> <li>• Have the partnerships with intermediary organizations contributed significantly to the attainment of the objectives set out in the Agency's SDS? (P)</li> <li>• Do advisors generally consider the potential sustainable development content of a given project in their project analyses?</li> <li>• Are the human and financial resources earmarked for sustainable development sufficient to enable the Agency to achieve the objectives set out in the SDS?</li> <li>• Should the Agency implement new approaches and introduce adjustment measures to improve implementation of the SDS?</li> <li>• Could the Agency act on lessons learned and exemplary practices to implement different approaches in implementing the SDS? (P)</li> </ul>
	ACTIVITIES	<p align="center"><b>External component</b></p> <ul style="list-style-type: none"> <li>• Identification, analysis and tracking of SD projects</li> <li>• Performance measurement of SD projects</li> <li>• Financial contributions to SD projects by SMEs</li> <li>• Financial contributions to SD projects by NPOs (business assistance organizations and development organizations)</li> </ul>	

### Evaluation Framework (Final Version) (cont'd)

RESULTS-BASED LOGIC MODEL			ISSUES AND EVALUATION QUESTIONS
<b>TARGETED OUTPUTS (products and services generated by activities)</b>	<p style="text-align: center;"><b>External component</b></p> <ul style="list-style-type: none"> <li>• Number of SD projects processed and funded by the Agency ①</li> <li>• Number of promising projects for SD</li> <li>• Number of SD projects carried out with partners</li> <li>• Total amount of the Agency contribution to SD projects</li> <li>• Total amount generated for the Quebec economy by SD projects</li> </ul>	<p style="text-align: center;"><b>Internal component</b></p> <ul style="list-style-type: none"> <li>• Number of training sessions and participating advisors</li> <li>• Number of awareness activities carried out and participating advisors</li> <li>• Number of promotional activities carried out</li> <li>• Number of offices that have multiproduct recycling (2003-2006 targets: 12 offices)</li> <li>• Number of vehicles equipped with a pollution control system (2003-2006 target: 20 vehicles)</li> </ul>	<b>PERFORMANCE</b>
<b>EXPECTED RESULTS (impacts of outputs)</b>	<p><i>Quantitative aspects:</i></p> <ul style="list-style-type: none"> <li>• Reduction in raw material use</li> <li>• Reduction in water use</li> <li>• Reduction in energy consumption</li> <li>• Reduction in waste generation</li> </ul> <p><i>Qualitative aspects:</i></p> <ul style="list-style-type: none"> <li>• Reclamation of resources and wastes</li> <li>• Development of environmental technologies, products and processes</li> <li>• Commercialization of environmental technologies, products and processes</li> <li>• Substitution of less polluting or more efficient products</li> <li>• Dissemination of SD knowledge</li> <li>• Development of regional assets compatible with SD</li> <li>• Improvement in environmental management</li> <li>• Reduction in environmental nuisances for the community</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of a common SD definition within the Agency</li> <li>• Increase in the advisors' ability to identify, analyze and track SD projects</li> <li>• Improvement in SD results attained through partnership agreements</li> <li>• Improvement in the quality of SD information disseminated by the Agency</li> <li>• Improvement in internal greening efforts in the business offices and at headquarters</li> </ul>	<ul style="list-style-type: none"> <li>• Do the SD results that were attained correspond to the commitments made by the Agency in the SDS? (P) (*)</li> <li>• Is the Agency able to demonstrate the environmental results (quantitative or qualitative) achieved by the SD projects to which it contributes funding? (P) (*)</li> <li>• Do the advisors incorporate relevant information on the SD content of projects in their project analyses? (*)</li> <li>• Can the Agency demonstrate the integrity of the data relayed concerning results achieved by SD projects? (P) (*)</li> <li>• Has the Agency's contribution to SD projects had a significant effect in terms of increasing activities involving the implementation of new business practices, the development and commercialization of innovations and the development of natural resources?</li> <li>• Are the Agency's advisors able to identify the expected environmental results and choose an eco-efficiency indicator during the project analysis stage?</li> <li>• Could the Agency act on lessons learned and exemplary practices in order to implement different approaches in the performance measurement of the SDS? (P)</li> </ul>

## Evaluation Framework (final version) (cont'd)

### Notes

(P) = Questions resulting from the service proposal

(\*) = Answers resulting from analysis of the data collected

① 2003-2006 targets: establishment of about 10 Enviroclubs, completion of productivity–pollution prevention projects in 120 SMEs, sensitization of 500 SMEs to new business practices linked to SD. Completion of 40 SD innovation development projects, 25 SD innovation commercialization projects and 15 SD knowledge building, dissemination and sharing projects.

## **APPENDIX B**

### **EVALUATION SUMMARY TABLES**

**Table 1 – Breakdown of SD Projects by Project Type (September 1, 2003 to August 31, 2005)**

Business Offices	Total Number of Projects	Type of Projects						
		Productivity	Regional Strategic Initiatives	Integration and Application of SD Principles	Adjustment Programs (*)	Testing and Experimentation (**)	Innovation and Technology Development	Support for Commercialization (**)
Abitibi-Témiscamingue	31	10	7	0	4	4	4	2
Bas-Saint-Laurent	40	6	5	3	16	4	4	2
Côte-Nord	15	2	1	3	2	5	2	0
Operational Planning Branch	5	2	0	0	0	1	2	0
Estrie	26	15	2	5	0	3	1	0
Gaspésie-Îles-de-la-Madeleine	30	0	6	11	6	6	1	0
Île-de-Montréal	19	12	0	1	3	0	2	1
Laval-Laurentides-Lanaudière	35	13	8	2	2	5	0	5
Mauricie et Centre-du-Québec	21	9	3	2	3	0	3	1
Montréal	28	7	3	7	0	2	1	8
Nord-du-Québec	4	0	1	1	0	1	1	0
Outaouais	12	5	3	0	0	1	2	1
Québec-Chaudière-Appalaches	35	10	8	1	0	3	5	8
Saguenay-Lac-Saint-Jean	17	4	4	2	1	2	2	2
<b>TOTAL</b>	<b>318</b>	<b>95</b>	<b>51</b>	<b>38</b>	<b>37</b>	<b>37</b>	<b>30</b>	<b>30</b>

(\*) CATIP-CANtex, SICEAI, QFCAM, PCAEGIM

(\*\*) Testing and experimentation and support for commercialization projects are carried out by SMEs and by NPOs. SME projects generally produce results in the short term, whereas NPO projects often consist of applied studies likely to have linkages with SMEs in a subsequent phase of knowledge transfer.

**Table 2 – Breakdown of Financial Contributions for SD by Business Office  
(September 1, 2003 to August 31, 2005)**

Business Offices	Financial Contribution						
	Cost of Projects		Source of Funds			Type of Clients	
	CED	Total	IDEA-SME	RSI	Adjustment programs (*)	SMEs	NPOs
Abitibi-Témiscamingue	\$7,468,104	\$24,325,487	\$1,495,012	\$5,541,066	\$432,026	\$1,803,137	\$5,664,967
Bas-Saint-Laurent	\$7,825,900	\$26,258,663	\$2,259,489	\$3,669,650	\$1,896,761	\$3,654,495	\$4,171,405
Côte-Nord	\$1,939,919	\$9,943,047	\$649,052	\$1,250,000	\$40,867	\$345,418	\$1,594,501
Operational Planning Branch	\$2,101,156	\$4,938,893	\$2,101,156	-	-	-	\$2,101,156
Estrie	\$3,786,404	\$20,761,390	\$3,060,854	\$625,550	\$100,000	\$3,385,280	\$401,124
Gaspésie-Îles-de-la-Madeleine	\$7,547,488	\$34,862,615	\$329,099	\$3,256,183	\$3,962,206	\$3,738,429	\$3,809,059
Île-de-Montréal	\$2,197,819	\$8,808,846	\$1,668,252	-	\$529,567	\$1,627,411	\$570,408
Laval-Laurentides-Lanaudière	\$4,032,654	\$13,259,426	\$3,123,887	\$812,095	\$96,672	\$2,976,905	\$1,055,749
Mauricie et Centre-du-Québec	\$3,651,611	\$16,225,187	\$2,037,555	\$1,306,868	\$307,188	\$3,476,738	\$174,873
Montréal	\$8,075,873	\$34,966,853	\$5,202,789	\$2,873,084	-	\$2,549,232	\$5,526,641
Nord-du-Québec	\$1,067,997	\$2,539,900	\$969,735	\$98,262	-	\$750,000	\$317,997
Outaouais	\$1,538,890	\$5,814,483	\$1,202,940	\$335,950	-	\$1,118,500	\$420,390
Québec-Chaudière-Appalaches	\$9,190,124	\$87,707,683	\$2,626,695	\$6,471,408	\$92,021	\$3,262,766	\$5,927,358
Saguenay-Lac-Saint-Jean	\$5,785,263	\$20,323,387	\$1,748,723	\$3,836,900	\$199,640	\$1,588,750	\$4,196,513
<b>TOTAL</b>	<b>\$66,209,202</b>	<b>\$310,735,860</b>	<b>\$28,475,238</b>	<b>\$30,077,016</b>	<b>\$7,656,948</b>	<b>\$30,277,061</b>	<b>\$35,932,141</b>

(\*) CATIP-CANtex, SICEAI, QFCAM, PCAEGIM

**Table 3 – Breakdown of SD Clients by Business Office**  
**(September 1, 2003 to August 31, 2005)**

Business Offices	Total Number of Projects	Type of Clients	
		SMEs	NPOs
Abitibi-Témiscamingue	31	20 (65%)	11 (35%)
Bas-Saint-Laurent	40	24 (60%)	16 (40%)
Côte-Nord	15	8 (53%)	7 (47%)
Operational Planning Branch	5	0	5 (100%)
Estrie	26	21 (81%)	5 (19%)
Gaspésie-Îles-de-la-Madeleine	30	10 (33%)	20 (67%)
Île-de-Montréal	19	16 (84%)	3 (16%)
Laval-Laurentides-Lanaudière	35	22 (63%)	13 (37%)
Mauricie et Centre-du-Québec	21	18 (86%)	3 (14%)
Montréal	28	17 (61%)	11 (39%)
Nord-du-Québec	4	1 (25%)	3 (75%)
Outaouais	12	6 (50%)	6 (50%)
Québec-Chaudière-Appalaches	35	25 (71%)	10 (29%)
Saguenay-Lac-Saint-Jean	17	11 (65%)	6 (35%)
<b>TOTAL</b>	<b>318</b>	<b>199 (63%)</b>	<b>119 (37%)</b>

**Table 4 – Breakdown of SD Projects by Activity Sector  
(September 1, 2003 to August 31, 2005)**

Business office	Total: 3 sectors	Activity Sectors		
		Optimization of manufacturing process	Forestry and wood processing	Agricultural/horticultural production and agri-food industry
Abitibi-Témiscamingue	19	11	12	5
Bas-Saint-Laurent	28	18	19	6
Côte-Nord	10	4	3	3
Operational Planning Branch	4	2	2	-
Estrie	22	16	12	5
Gaspésie-Îles-de-la-Madeleine	13	4	7	5
Île-de-Montréal	14	14	1	1
Laval-Laurentides-Lanaudière	29	17	12	10
Mauricie et Centre-du-Québec	14	12	6	4
Montérégie	17	7	2	12
Nord-du-Québec	-	-	-	-
Outaouais	13	5	6	4
Québec-Chaudière-Appalaches	18	11	8	9
Saguenay-Lac-Saint-Jean	14	7	4	5
<b>TOTAL</b>	<b>215</b>	<b>128</b>	<b>94</b>	<b>69</b>

**Table 5 – Breakdown of SD Projects by Type of Eco-Efficiency Indicator  
(September 1, 2003 to March 31, 2005)**

<b>Breakdown for Qualitative Indicators</b>	
<b>Indicators</b>	<b>Number of projects</b>
Development of environmental technologies, products and processes	112
Reclamation of resources and waste	46
Commercialization of environmental technologies, products or processes	45
Improvement in environmental management (including the reduction of nuisances for communities)	38
Dissemination of knowledge about sustainable development (including competency building)	38
Development of regional assets compatible with sustainable development	22
Development or use of an alternative source of energy	16
Substitution of less polluting or more efficient products	16
<b>Breakdown for Quantitative Indicators</b>	
<b>Indicators</b>	<b>Number of projects</b>
<b>Raw materials</b>	<b>36</b>
Natural resource use	15
Reuse or reclamation of production wastes	15
Other materials used	6
<b>Wastes</b>	<b>25</b>
Solid waste generation	3
Production waste generation	20
Hazardous waste generation	2
<b>Energy</b>	<b>17</b>
Electrical energy consumption	4
Natural gas consumption	3
Heating or other oil consumption	3
Other energy source consumption	7
<b>Water</b>	<b>10</b>
Water consumption	4
In-plant wastewater treatment	3
Wastewater discharge to sewer	3
<b>Other</b>	<b>1</b>
Quantity of old parts from reused industrial equipment	1

**Table 6 – Financial Contribution for SD by Type of Client  
(September 1, 2003 to August 31, 2005)**

Business Office	Total Number of Projects	Size of Financial Contribution					
		\$100,000 -		\$100,001–\$499,999		\$500,000 +	
		SME	NPO	SME	NPO	SME	NPO
Abitibi-Témiscamingue	31	18	6	2	2	0	3
Bas-Saint-Laurent	40	18	13	5	1	1	2
Côte-Nord	15	8	6	0	0	0	1
Operational Planning Branch	5	0	1	0	3	0	1
Estrie	26	11	5	10	0	0	0
Gaspésie-Îles-de-la-Madeleine	30	7	17	1	2	2	1
Île-de-Montréal	19	13	2	3	0	0	1
Laval-Laurentides-Lanaudière	35	9	11	13	2	0	0
Mauricie et Centre-du-Québec	21	11	3	5	0	2	0
Montérégie	28	8	7	9	1	0	3
Nord-du-Québec	4	0	2	1	1	0	0
Outaouais	12	3	5	3	1	0	0
Québec-Chaudière-Appalaches	35	16	5	9	3	0	2
Saguenay-Lac-Saint-Jean	17	7	4	3	1	1	1
<b>TOTAL</b>	<b>318</b>	<b>129</b>	<b>87</b>	<b>64</b>	<b>17</b>	<b>6</b>	<b>15</b>

**Table 7 – Non-Financial Activities Carried Out by Advisors**

- Direct and indirect efforts to get clients interested (meetings, presentations).
- Discussions and meetings with potential clients before submission of application.
- Travel for meetings with clients and internal activities.
- Visits to client businesses.
- Visits to local organizations to identify courses of action (eg, CRE, LDC).
- Phone calls to identify contacts or gather information for clients.
- Assistance and advisory services for clients.
- Design and dissemination of tools for SMEs.
- Monitoring of agreements with partners (eg, CFDC).
- Participation in organizing local, regional and provincial events (eg, information and awareness sessions).
- Participating in booths during regional events.
- Participation in training days organized by intermediary organizations.
- Participation in boards of directors and general meetings of intermediary organizations.
- Drafting of ministerial correspondence.
- Participation in internal meetings (eg, business plan and RSI).
- Participation in horizontality meetings with federal departments and agencies.
- Networking and meetings with provincial agencies and local stakeholders.
- Participation in corporate focus days and in-house training sessions.

**Table 8 – Paper Use in Responsibility Centres in 2004-2005**

<b>Responsibility Centres</b>	<b>Sheets of paper used</b>
Montreal Corporate Services (including the Nord-du-Québec Business Office)	3,575,000
Île-de-Montréal Business Office	275,000
Gaspésie-Îles-de-la-Madeleine Business Office	180,000
Saguenay-Lac-Saint-Jean Business Office	159,000
Abitibi-Témiscamingue Business Office	154,500
Québec-Chaudière-Appalaches Business Office	145,500
Outaouais Business Office	133,500
Côte-Nord Business Office	133,500
Estrie Business Office	130,000
Laval-Laurentides-Lanaudière Business Office	113,500
Bas-Saint-Laurent Business Office	107,500
Montérégie Business Office	107,500
Mauricie et Centre-du-Québec Business Office	78,000
Gatineau Corporate Services	17,500
<b>TOTAL</b>	<b>5,310,000</b>

Source: Resource Management Branch

**Table 9 – Results Achieved by Enviroclubs Existing in March 2005**

Indicators	Results
<b>INPUTS</b>	
Contribution of agencies	
• Canada Economic Development	\$1.71M
• Environment Canada	\$0.99M
• National Research Council of Canada	\$0.56M
• Businesses	\$7.49M
• Other	\$0.02M
Total cost	\$10.77M
<b>ACTIVITIES</b>	
Number of Enviroclubs	10
<b>OUTPUTS</b>	
<b>Number of participants</b>	122
<b>Types of projects carried out</b>	Improvement in operations: 41 Improvement in process, technology: 31 Use and on-site recycling: 22 Environmental Management System (EMS) components: 14 Change in products and services: 7 Change in raw materials: 6
<b>Types of industries</b>	Forests, wood processing, furniture: 31 Mineral and metal processing: 21 Food and beverages: 17 Chemicals and polymers: 17 Machinery and transportation equipment: 14 Textiles and clothing: 9 Other: 7
<b>IMMEDIATE IMPACTS</b>	
Reduction in resource use	
• Fossil fuel (oil equivalent)	3.5M litres/year
• Electricity	1.5 GWh/year
• Water	1M m <sup>3</sup> /year
• Wood	11,300 m <sup>3</sup> /year
Pollution reduction	
• Greenhouse gas emissions (in CO <sub>2</sub> equivalent)	19,000 tonnes CO <sub>2</sub> eq./year
• Discharge of hazardous wastes	800 tonnes/year
• Use of chemicals	182 tonnes/year
Total recurring savings	7.1M/year
Recurring savings by project	\$60,000/year
Total of recurring savings (present value)	30.3M
Period of return on investment ①	1.2 years

Source: Operational Planning Branch

① The return on investment period is based on the total of project costs and recurring savings.

## **APPENDIX C**

### **SUPPLEMENTARY INFORMATION**

### Expectations of the Auditor General of Canada

One of the mandates of the Commissioner of the Environment and Sustainable Development (CESD) is to evaluate the quality of sustainable development strategies and to track progress achieved in sustainable development. In Chapter 7 of its *2005 Report of the Commissioner of the Environment and Sustainable Development – Sustainable Development Strategies*, the CESD evaluated the Agency's SDS 2003-2006 as follows.

EXPECTATIONS		EVALUATION
Criteria	Description	
Role and place	The role of the strategy and how it fits with other plans and strategies is clearly indicated.	Does not meet expectations
Vision	A vision for sustainable development is included.	Partly meets expectations
Goals and objectives	Goals and objectives clearly express the long-term results to be attained.	Does not meet expectations
Liaison	Targets and actions are clearly linked to goals and objectives.	Does not meet expectations
Clearly defined targets	Targets are clearly stated and understandable.	Meets expectations
Measurable targets	Targets provide a deadline and a clear deliverable. The strategy indicates the direction and extent of intended change in the expected results.	Does not meet expectations
Lessons learned from 2001	Lessons learned from the 2001 strategy are specified.	Meets expectations
Changes made to the 2004 strategy	Changes between the 2001 and 2004 strategies are specified.	Meets expectations

Source: COMMISSIONER OF THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT (2005), *2005 Report of the Commissioner of the Environment and Sustainable Development. Chapter 7: Sustainable Development Strategies*, pages 20 and 22.