**Date:** 6th August 2018

**To:** Jon Gruber, Ian Calaway, Cora Touchstone

**From:** Steven Yang

**Re:** Canadian Federal R&D Funding Sources: Canada Economic Development for Quebec Regions

**1. Background**

The Canada Economic Development for Quebec Regions (CED) is a Canadian Federal agency that has the responsibility of promoting economic expansion in Quebec by promoting small or medium-sized enterprises. Under its Act, which came into effect on October 5, 2005, the object of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate.

**2. Canada Economic Development for Quebec Regions R&D Funding**

CED’s key program in supporting innovation and the development of SME’s is its Enterpise Development Program. This program is designed to support the development of Quebec businesses throughout their life cycle. Businesses—particularly SMEs—drive economic development and are known for generating significant economic activity and for creating jobs in communities. CED contributes to the renewal of the Quebec business pool by supporting business succession and the emergence of new businesses. It also helps to enhance the competitiveness of existing businesses and to support their sustainability by improving their performance through the development of their production, innovation, marketing and export capabilities. In this program, CED mainly targets businesses directly or through NPOs that support them. It promotes business development through its grants and contributions program: the Quebec Economic Development Program (QEDP).

An example of an enterpise the recieved assistance from CED is Neopharm Labs. In 2017, Neopharm Labs recieved 750,000 dollars from CED, which will go towards the acquisition of a laboratory information management system (LIMS) that will increase the number of analyses conducted by the business, while offering commercial clients the option to monitor the analyses remotely. Neopharm Labs is an analytical testing laboratory that specializes in the analysis of pharmaceuticals and nutraceuticals.[[1]](#footnote-1)

**3. Interesting Features and Potential Natural Experiments**

In 2008, CED decided to make the terms and conditions of its Community Diversification program more flexible late in FY 2008-2009 (e.g. changes in eligible levels of assistance, costs and promoters).This change helped broaden the targeted clientele and eligible activities and expenditures so as to cater more closely to enterprises’ and communities’ needs. In that way, CED could achieve its goal even during the economic crisis of 2008.

In 2015, CED supported start-up projects, and considers that it contributes to the renewal of the pool of enterprises in Quebec in 2015–16. The reason for this was the aging entrepeneur population in Quebec and the resulting declining entrepeneur numbers.[[2]](#footnote-2)

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| **CED Annual Expenditures Towards Enterprise Development (in millions CAD)[[3]](#footnote-3)** | | | | | | | | | | | |
|  | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Planned Spending** | 117.8 | 119.1 | 126.8 | 94.8 | 107.3 | 116.4 | 147.7 | 152.5 | 146.6 | 151.1 | 158.8 |
| **Actual Spending** | 107.3 | 114.5 | 93.5 | 107.4 | 125.8 | 130 | 130.5 | 147.6 | 146.5 | 147.5 | 176.3 |
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1. <https://markets.businessinsider.com/news/stocks/neopharm-labs-pursues-its-growth-strategy-1008441737> [↑](#footnote-ref-1)
2. <http://www.dec-ced.gc.ca/docs/dpr-2015-2016-eng.pdf> [↑](#footnote-ref-2)
3. <https://www.canada.ca/en/treasury-board-secretariat/services/departmental-performance-reports.html> [↑](#footnote-ref-3)