

Chapter 3

Assessment of rural policy in Québec

This chapter assesses provincial policies targeting rural development and features good practices introduced to cope with the rural development challenges in Québec. The first section presents the evolution of rural policy in Québec. The next section assesses the policies and governance arrangements put in place under the province's Politique nationale de la ruralité (national policy on rurality). The final section broadens the policy assessment to include sectoral policies implemented by the provincial government that affect rural development.

Key points

- **Québec’s place-based rural policy applies to a large part of the territory and is focused on social development and land occupancy.** It is part of a societal vision of “rurality” shared by different levels of government and the civil society. Social development and community capacity building are seen as preconditions for economic development. Dynamic occupancy of rural land is a societal choice to maintain the current settlement structure, even if efficient use of public resources for service provision is difficult in barely sustainable communities.
- **Rural policy is led by a non-sectoral ministry (MAMROT) which is independent from agriculture and economic development.** It co-operates with provincial partner associations to ensure implementation and monitoring. The supralocal administrative level (regional county municipality, MRC) is the core unit of policy implementation in order to shift decision-making power downward and create supralocal functional territories.
- **Development is stimulated through three key elements:** *i)* place-based partnership agreements (“rural pacts”) between the provincial government and MRCs that support local community capacity building; *ii)* rural development agents who are among the central actors for promoting the emergence of rural initiatives and integrating policy with other measures; and *iii)* innovation programmes such as the rural laboratories whose value is to think “out of the box”. The rather limited rural policy budget proves that decentralised territorial policies can be effective with small budgets if they are compatible with local aspirations. The provincial budget seems increasingly to consider the spatial dimension of policies. MAMROT has a strong position in monitoring, but external evaluation could be enhanced as a way to demonstrate the effectiveness of the approach.
- **Multi-level governance is strong, but requires further integration.** There is broad horizontal co-ordination by the central level, but integrating social and economic policy and adapting sectoral programmes to rural conditions remains challenging at the local level. The province’s vertical co-ordination between administrative levels is strong, but the federal level acts in parallel to many provincial programmes. The strengthened role of MRCs facilitates local-level horizontal co-ordination.

- **Sectoral policies affecting rural Québec pose specific challenges.** Land policy aims to avoid urban sprawl, but it risks constraining economic activities in more remote parts of the rural territory. While there have been some changes at the federal level, provincial agricultural support is still partly linked to commodity output and distorts markets. Local economic development measures are comprehensive but the institutional separation from MAMROT weakens policy outcomes. Natural resource management is only gradually enhancing regional and local actors' involvement.
- **Rural policies in a broader sense address challenges related to health, education, employment and migration.** While health and education encounter cost and service delivery problems, mostly due to demographic changes, low population density and the size of Québec's territory, employment policy tries to implement a territorial approach that responds to specific labour market needs. The demographic challenges are also at the core of efforts to attract youth and immigrants to rural areas.

Introduction

Rural policy in Québec is strongly determined by a specific provincial government policy which targets the place-based vitalisation of rural areas and is founded on the principles of land occupancy, territorial equity and community capacity building: The *Politique nationale de la ruralité* (“PNR” or “rural policy”, hereafter) is a multisectoral policy which takes account of the diversity of rural communities. At the outset the PNR reflects the assumption among OECD countries that social cohesion and community capacity building are a precondition for strengthening socioeconomic development in rural areas. The central PNR policy document expresses the political consensus in Québec that rural communities are an essential element of the province’s dynamism (Government of Canada, 2006a). It affirms the reasoning supported by the experience of many OECD countries that rural regions, like intermediate or urban regions, provide valuable opportunities for overall growth and development.

Responsibility for rural development is shared through a contract between the government of Québec (“the government”, hereafter) and elected municipal representatives who manage the regional county municipalities (MRCs). Other local, regional and provincial organisations and institutions are involved in this arrangement, its implementation and monitoring. Whereas the provincial government decides on the general policy directions, elected representatives at the supralocal and local level are

the principal actors for designing and implementing rural development measures.

3.1 Evolution of rural policy

The evolution of rural policy in Québec demonstrates a societal consensus on “rurality”

The evolution of Québec's rural policy shows an important degree of consensus among politicians, government officials at all levels, academia and civil society. Consultation between the government and non-profit, private and local public actors has long been a part of the political process, with a view to a broad societal consensus. However, sector-based support for agriculture and natural resource industries has dominated rural development for a long time.

As in any country or region, the context in which Québec carries out its rural policy is decisive, as it constrains policy choices. With the emergence of the welfare state in the 1960s, during the period known as the *Révolution tranquille*, politics in Québec started to take into account the development of public educational, health and social services, while public attention to rural areas declined. As society turned towards modernisation, it turned its back on many of its traditional pillars, among them rural society. Reforms were mostly implemented in a top-down, sectoral policy approach driven by provincial priorities and focused on support for agriculture, fishery, forestry and mining, along with assistance to different types of manufacturing. However, with the decline of family-based farming in the second half of the 20th century, it became clear that sector-wide economic measures alone could not address major public concerns about the well-being and sustainability of rural areas.

In the 1980s regional development policies started including people-based policies through consultation mechanisms between the government and civil society. This was facilitated by the existence of a regional and a local administrative level (Box 3.1): 10 administrative regions were created in the 1960s and split into 17 units in the 1980s. These regions nominally sat over 1 300 (today about 1 100)¹ local municipalities which were at the centre of these regional development efforts. Nonetheless, governance on an intermediate level remained very weak; the province and municipalities were the only important levels.

To better co-ordinate territorial development, strengthen cohesion among municipalities and capture efficiencies through scale economies, a supralocal level was introduced in the 1980s with the *Loi sur l'aménagement*

et l'urbanisme. Over time, the MRCs (Box 3.1) changed citizens' idea of their local territory and assumed responsibility for spatial planning, territorial development and public services. For the first time, local residents and stakeholders were involved in issues that went beyond local matters. At the same time, the government published a policy document for regional development, "The choice of regions". Its first aim was to set a bottom-up development approach (Government of Québec, 1983). Gradually, MRCs have assumed responsibility for local economic development and employment support. To this end, the government created local development centres (CLDs) as a key local economic development structure. Since 2004 they legally depend on MRCs and are co-financed by the state (with a share of 71% in 2007-08; Government of Québec, 2009a) and municipalities (29%).

In the 1990s a rural focus was added to this regional development approach. As the standard local economic development approach was unable to revitalise rural communities sustainably, civil society pushed public debate on the future of rural areas beyond the usual support for agriculture, forestry and fisheries. In contrast to many OECD countries, this process was supported by leading figures of a dominant professional farmers' trade union, the *Union des producteurs agricoles* (UPA).² Together with non-agricultural organisations, co-operatives and credit unions active in rural areas it played a critical role in initiating this development through events such as the "States general of the rural world" in 1991. Again in contrast to other OECD jurisdictions, this organisation had the confidence and the strength to ensure that increases in rural development spending would not come at the expense of a reduction in support to farmers.

Leading civil organisations, in particular the rural advisory body *Solidarité rurale du Québec* (SRQ), played a significant role in the elaboration of a specific rural policy. Several documents published by SRQ together with propositions emerging from the provincial government's work in the 1990s and 2000s set the basis for Québec's rural policy. They proved to be decisive in promoting a multisectoral approach towards implementing place-based policies instead of uniform province-wide interventions. Thus, rural policy was the outcome of an evolution of rural development initiatives that were led not only by the public administration but also by civil society. Contrary to institutional structures created *ex post* to favour horizontal co-ordination with civil organisations, Québec's situation has benefited from civil society's sentiment of ownership of rural policy from the beginning.

Specific rural policy measures found their way onto the government's political agenda. For the first time, the government budget for 1997-98 included concrete measures for a rural policy targeting local capacity building. Based on this experience and the above-mentioned territorial

governance framework, Québec passed a specific rural policy (the first PNR) in late 2001. It focused on the responsibility of local representatives for development planning and on building social capital and cohesion in rural communities as a force to partner with the province on different territorial levels of government. A cross-party consensus to support rural development through a specific policy is demonstrated by the fact that the first PNR (2002-07) and the second (2007-14) were decided by different political parties.

A single ministry was responsible for rural policy and regional economic development policy during the first PNR, but the institutional framework has changed. Jurisdiction over regional economic development was reorganised in 2003, with control over CLDs being assigned to the ministry in charge of economic development, while rural policy under the PNR, together with regional and local development, was placed under the responsibility of the ministry of municipal affairs and of regions (see 3.2.2). Although the CLD mandate covers more than rural areas, separating the CLDs from rural and regional policy involves the risk of weakening the subsequent PNR policy approach.

3.2 Rural policy measures and governance

Québec has opted for a territorial approach to rural development that is largely in line with the OECD's New Rural Paradigm (OECD, 2006) and helps rural areas address the perception of inevitable decline. The policy integrates a number of elements that can offer lessons of good practice for other governments. This section analyses the main policy and governance issues characterising Québec's PNR, in particular the PNR for 2007-14 (Government of Québec, 2006a) in the context of the shift leading to a New Rural Paradigm.

This paradigm shift has been observed in the rural policy of many OECD countries, which now reflects the idea that rural areas can make positive contributions to national economies and to visions of society. There is now a common understanding that rural policy can no longer be reduced to sector-based agricultural policy given the dramatic reduction in farm employment, the diversity of rural regions, and significant opportunities for growth and development in emerging non-farm economic sectors and niche markets. To embrace the new rural policy challenges faced by many countries, innovative governance mechanisms have been developed to enhance co-ordination across sectors and levels of government, as well as between public, private and non-profit stakeholders. Moreover, new policy instruments with a significant territorial and place-based focus are being created to identify and capitalise on rural areas' competitiveness, local assets

Box 3.1. Territorial administrative divisions of Québec

Below the provincial level of government, Québec has three administrative levels: the regional level (17 administrative regions), the supralocal level (86 MRCs and 14 equivalent bodies), and the local level (over 1 100 municipalities):

Regional level: The provincial territory is divided into 17 **administrative regions** which provide a framework for provincial government activities. Provincial ministries and government bodies have regional directorates which meet in a consultative body called the Regional Administrative Conference (CAR). Moreover, Conferences of Elected Officials (CRÉ) act in each region as the government's privileged consultative body on regional development matters. Most members of CRÉ boards are elected municipal representatives. Administrative regions vary in their geographic features, natural resources and economically useable territory. The smallest regions (Laval and Montréal) have a surface area of less than 500 km², but most have between 7 000 km² and 35 000 km². The four northern regions of Abitibi-Témiscamingue, Saguenay – Lac-Saint-Jean, Côte-Nord, and Nord-du-Québec stand out with a population density of less than three inhabitants per km² and an area of between 57 000 km² (Abitibi-Témiscamingue) and 718 000 km² (Nord-du-Québec, comparable to Chile and larger than France).

Supralocal level: In the 1980s, Québec established a supralocal administrative level which groups together municipalities of different sizes in a “community of interest”. These **MRCs** have responsibilities for spatial planning and territorial development, including the administration of “unorganised territories” (territories outside of municipalities). MRCs are in charge of tasks such as: *i*) managing land use by creating a “land use and development scheme”, which is revised every seven years; *ii*) planning waste management, fire protection and civil defence; *iii*) watching over the functioning of watercourses; *iv*) preparing evaluations for municipalities; and *v*) selling buildings for property tax default. MRCs are also responsible for local economic development, since they are in charge of the management of CLDs. The population of MRCs differs greatly between fewer than 10 000 and more than 100 000 and so does the surface area. Out of the 100 units at this level, only 86 are MRCs, 14 are similar units with the same competences. The rural territory of Québec as defined for this report comprises 91 MRCs or similar units.

Local level: The lowest administrative division is the municipal level. In 2006, Québec had around 1 140 cities and local **municipalities**. Out of these, more than 1 100 municipalities and non-organised territories as well as 34 Indian reservations compose the rural territory that is integrated into the 91 MRCs or equivalent bodies mentioned above. Québec has significantly more municipalities than other Canadian provinces which might be due to local residents' strong sense of belonging to their territories. Previous governments have reduced the number of municipalities by mergers but, as a result of local tensions, some merged municipalities decided to reconstitute themselves into their former territory.

Source: OECD (2009), “Questionnaire for the Integration of the Background Report”, internal working document with information provided by MAMROT, Directorate for Public Governance and Territorial Development, OECD.

and knowledge, as well as to tap diverse potentials for development. The OECD has described this evolution as a paradigm shift in rural development policies generating a New Rural Paradigm whose defining characteristics are a focus on places rather than sectors and an emphasis on investments instead of national transfers and subsidies (Table 3.1).

Table 3.1. **The New Rural Paradigm**

	Old approach	New approach
Objectives	Equalisation or entitlement, farm income, farm competitiveness	Competitiveness of rural areas, exploitation of local assets and unused resources
Key target sector	Agriculture (sector-based)	Various sectors of rural economies (e.g. rural tourism, manufacturing, ICT industry, etc.)
Main tools	Subsidies	Investments
Key actors	National governments, farmers	All levels of government (supra-national, national, regional and local), various local stakeholders (public, private, non-governmental organisations (NGOs))

Source: OECD (2006), *The New Rural Paradigm: Policies and Governance*, OECD Publishing, Paris.

3.2.1 Principles, objectives, and scope

The PNR is a territorial approach to rural development based on the principles of territorial equity, community capacity building and dynamic land occupancy. With its comprehensive territorial approach, the policy reflects an understanding that decline is not inevitable, that opportunities for growth exist in all territories, and that their development should be promoted by central (or federal) and regional (or provincial) governments (OECD, 2009e). The PNR principles reflected in four strategic policy objectives address the challenge of mobilising and strengthening rural communities. Economic development measures are not a main focus of the policy.

Social capital and local community capacity are seen as preconditions for stronger development...

As its first principle, the PNR focuses on territorial equity associated with local community capacity as a precondition for socioeconomic development in rural areas. Québec's policy differs from that of many OECD countries which first promote economic development as a means to

enhance social capital. Because the basic unit for the PNR is the MRC, it was important to find a way to encourage people to think of the MRC, and not just their municipality, as their community. The two strategic policy objectives related to this principle are: to unlock the potential of all human, cultural and physical resources present in rural areas; and to maintain a balance between quality of life, social environment, natural environment and economic activities. The latter illustrates the focus on sustainability and the harmonisation of economic, ecological and social concerns. Even if this remains theoretical, as rural policy does not yet offer a quantifiable measure for an optimal equilibrium between the factors mentioned, it promotes an innovative perception of rural development.

Local stakeholders commit to collaborating through capacity building and the participation of citizens and groups in collective projects to create a sense of community.³ The government tries to strengthen a sense of belonging and connections among people and groups as a basis for socioeconomic development efforts. Indeed, a sense of community and social cohesion can create a distinctive basis for a rural community's attractiveness and capacity to innovate, whereas economic success is often based on unique characteristics that cannot be easily transmitted to other areas, such as the availability of natural resources or proximity to an urban core.

The benefits of a focus on territorial equity are difficult to measure. The government has developed a methodology for measuring local development through an index composed of different socioeconomic variables (Box 3.2). The PNR is also committed to producing a vitality index to be used by rural communities, which, once established, should capture the dynamics and mobilisation of a community.

... and dynamic land occupancy is a societal choice to maintain the settlement structure.

The societal choice of land occupancy by dynamic rural communities is well reflected in the PNR. In light of population ageing, out-migration of young people, and significant demographic change (see Chapter 2), the different measures aim at two strategic policy objectives: to revitalise and integrate rural populations; and to ensure the continuity of rural communities. To achieve these objectives, which are part of Québec's larger societal project, key policy elements are new social, economic and cultural activities, a new way of using resources and the integration of new rural residents through in-migration. There is a consensus along the political spectrum and among civil institutions that the province should maintain the

Box 3.2. A development index to determine devitalised rural communities

In the framework of Québec's rural policy, devitalised rural municipalities receive additional financial support from the government. To determine “devitalisation”, the government is establishing a development index composed of socioeconomic variables such as population change in the municipality, the unemployment rate, the share of income from transfer payments, average household income, and the share of residents over 15 years with less than nine years of schooling.

Municipalities are defined as “devitalised” if their development index is below 0 and as “very devitalised” if it is below -5. Accordingly, an action plan targeting very devitalised municipalities was implemented in 2008 which focuses on a vision for the future and includes sectoral measures for economic diversification as well as infrastructure and basic public service investments.

However, since the index is calculated at the municipal level and the population base is small, the calculation is rather unstable with results varying greatly from one year of reference to another.

Source: OECD (2009), “Questionnaire for the Integration of the Background Report”, internal working document with information provided by MAMROT, Directorate for Public Governance and Territorial Development, OECD.

current settlement structure in its vast and sparsely populated rural territories, even if delivery of many public services is increasingly costly in many remote communities which are difficult to sustain. This objective goes beyond nationalistic rhetoric and has become a distinct and stable policy trait which favours the successful implementation of the PNR.

The policy does not provide explicit arguments for the government's strategic focus on land occupancy. It is difficult to find means of properly evaluating the benefits of a strategy that views territorial occupation as the goal of policy intervention. The application of cost-benefit analysis is challenging as it seems hardly possible to properly quantify the benefits of occupying land. Policies based on unquantifiable objectives have a higher risk of generating rent-seeking since it is easy for beneficiaries to lobby for further intervention by arguing that the objective has not yet been achieved. Apart from quantifiable justifications, the principle may be linked to the political and societal objective of strategically ensuring the conservation of the province's landscape or of facilitating the access to resources which are often located in remote rural areas (Jetté-Nantal, 2008).

Rural policy is a territorial approach that applies to a large part of rural Québec except the north

Instead of selecting specific territories, the PNR applies to all of rural Québec's territory. The policy's area of application is determined by the government's definition of "rural territory" and in 2005 included 1 011 rural municipalities, 34 aboriginal communities and so-called "non-organised territories" outside of the continuously inhabited *écoumène* (see Chapter 2). An MRC's rural territory is defined in each rural pact (see 3.2.3) and discussed with its elected representatives. The total area comprises around 1.9 million residents in predominantly rural, intermediate and peri-urban territories. By contrast, like the 31 urban agglomerations, most areas of the vast northern region of Nord-du-Québec are not concerned by the rural policy, following the signing of territorial treaties in the 1970s between the government and three aboriginal groups (Box 3.3).

Box 3.3. Policies for the north of Québec

Apart from six small localities of the region Nord-du-Québec, Québec's vast and predominantly rural north (regions north of the 49th parallel) is not affected by the government's rural policy. This is mainly because the government and three aboriginal groups (First Nations) signed territorial treaties during the 1970s which determine each party's responsibilities and have since signed complementary development agreements. Beyond rural policy, governments have outlined an overall development policy for these areas. In doing so, they have to consider in a sensitive way the stipulated competences of the local jurisdictions involved.

Whereas plans outlined by the government to launch a development policy for Nord-du-Québec were finally not completed, the Ministry of Natural Resources and Wildlife (MRNF) is currently in charge of elaborating a new inter-ministerial development policy for the north (*Plan Nord*). It mainly targets the social development of aboriginal and other local populations, resource-based economic development (hydroelectricity, forestry and mining), and sustainable development. Moreover, the plan schedules collaboration between different government bodies on wider economic sectors such as tourism, including rural tourism and tourism linked to aboriginal people. The policy will apply to the northern territories of the province, including Nord-du-Québec and the northern parts of Saguenay – Lac-Saint-Jean and Côte-Nord.

Source: OECD, based on information provided by the Government of Québec.

Québec's rural policy is based on the potential of people and places and tries to integrate the historically deep-rooted sectoral and more recently introduced territorial approaches to development. Its scope goes beyond a “niche policy” solution designed for limited rural areas such as the European Commission's LEADER programme, yet it does not constitute a “grand plan” solution which aims to integrate all policies for rural areas into a comprehensive strategy such as Mexico's “Special Concerted Programme” (on the scope of rural policy, see Box 3.4).

Box 3.4. The scope of rural policy

As identified in the New Rural Paradigm (OECD, 2006), two opposing policy models aim to define an appropriate scope of rural policy:

The “grand plan” solution at one extreme aims at integrating all policies and programmes directed to rural areas into a broad and co-ordinated strategy. This approach has a strong effect, and involves considerable amounts of money and a large number of people. However, it also involves considerable risks of failure and inaction, as it is difficult to have a broad policy framework that includes both the policy's nature (territorial policy *versus* general sectoral policy) and the territory's nature (rural *versus* non-rural). Moreover, institutional leadership and co-ordination raise challenges as a large number of institutions and policies are supposed to be integrated.

The “niche policy” solution at the other extreme is characterised by policies that are designed for a limited number of regions and generally have very limited budgets. Besides the European Commission's LEADER, many OECD countries have opted for this model. Niche policies are often separate from other regional policies such as urban development and sectoral policies. This and limited funding risks producing policy results with modest social and economic impact.

To achieve a balanced compromise between those two suboptimal policy models, OECD countries have discussed a rural policy framed by a comprehensive and well-funded regional policy which provides an umbrella for co-ordinated urban and rural development policies while addressing relevant rural-urban linkages such as public service delivery, infrastructure, market access and supply chains, commuting, and flows of goods and services. This would be accompanied by mechanisms to assess and review sectoral policies for their impact on different types of regions.

Source: OECD (2006), *The New Rural Paradigm: Policies and Governance*, OECD Publishing, Paris; OECD (2008), *OECD Rural Policy Reviews: Finland*, OECD Publishing, Paris.

3.2.2 Institutional framework

The PNR's institutional framework represents a balance between central rule setting and decentralised implementation. It targets the mobilisation of local communities and the strengthening of the supralocal and local levels of government.

The ministry in charge of rural policy is separate from agriculture and economic development...

Québec's rural policy is institutionally separate from the ministries of agriculture and economic development, an unusual situation among OECD countries. The notion of “rural” is country-specific and often strongly influenced by pre-existing agricultural and economic development policy frameworks. In Québec, these policy frameworks are dealt with separately in sectoral ministries. Whereas the separation from agriculture has existed since the beginning of a proper rural policy, making it easier to embrace the inter-sectoral dimension of rural development, the split from regional economic development was only decided recently (see 3.1).

The policy is led by the Ministry of Municipal Affairs, Regions, and Land Occupancy (MAMROT). Like the first PNR, the second was prepared by an inter-ministerial committee involving different government bodies, with consultation of local actors through field work done by SRQ and the participation of rural development agents recruited by local and supralocal administrations (see 3.2.3). The inter-ministerial rural committee continues its work and brings together 18 ministries led by MAMROT's internal directorate for rural development.

Beside MAMROT, rural policy also relies on local stakeholders and several partner associations for policy conceptualisation, design, implementation, monitoring and evaluation. The policy includes a network of publicly funded partner associations which declare, at the beginning of the second PNR policy document (Government of Québec, 2006a), their commitment to promote the policy and overall rural sustainability. Grouped together in a committee of rural partners (*Comité des partenaires de la ruralité*), which is headed by MAMROT, these associations include: the advisory body SRQ, the Québec federation of municipalities (FQM), the Union of Québec's Municipalities (UMQ), and the Association of Québec's Local Development Centres (ACLDQ) (Box 3.5).

Box 3.5. The four partner associations for rural policy

The government has concluded a formal understanding with four provincial partner associations to ensure implementation and monitoring of its rural policy. As members of the committee of rural partners, they have obligations to promote policy measures. This committee can make recommendations to MAMROT for adapting policy measures to the specificities of rural areas:

Solidarité Rurale du Québec (SRQ) has agreed to a partnership with MAMROT at least until 2014 which includes CAD 5.6 million of funding under the second PNR (2007-14). In return, it commits to providing research and technical advice to the government and rural areas, to facilitating the correct implementation of PNR measures and to offering training to rural development agents. By observing government actions and interacting with the government as an advocate for rural interests, SRQ plays a role similar to the Commission for Rural Communities (CRC) in England, United Kingdom, which is the key supervisory body for verifying “rural proofing”.

The **Québec Federation of Municipalities (FQM)** and the **Union of Québec's Municipalities (UMQ)** are the two main organisations representing elected municipal officials. FQM represents 950 small municipalities with fewer than 8 000 inhabitants, and brings together 7 000 elected representatives and 87 MRCs. FQM and UMQ offer training to local elected representatives on local development, community participation and the implementation of rural pacts. They also call MAMROT's attention to municipal officials' concerns, for instance regarding land occupancy, urban-rural linkages or Internet service delivery.

The **Association of Québec's Local Development Centres (ACLDQ)** encompasses all CLDs, their elected municipal officials and other collective representatives. The association deals mainly with two governmental institutions: the Ministry of Economic Development (MDEIE) which is legally in charge of CLDs, and MAMROT. ACLDQ encourages CLDs to contribute their resources to the PNR, to support the work of rural development agents and to promote access to CLD development funds for enterprises located in rural areas.

Source: OECD, based on interviews with the partner associations.

... and aims to empower MRCs as the supralocal level of government.

The 91 regional county municipalities, or equivalent bodies for the rural territory, are the core unit of rural policy intervention and local decision making. Whereas many governments have difficulties devolving power to supralocal or regional levels, the concentration of powers at the MRC level illustrates Québec's efforts to create functional regions above the relatively

strong municipal level. [note reorganisation] This shift of decision-making power is essential for effective place-based rural policy, particularly given the longstanding deficiencies in local governance which have been the Achilles heel of the country's rural development efforts (OECD, 2002). For regional and local development policy to be effective, Canada has to overcome continuing federal-provincial jurisdictional challenges, and this is best facilitated by strong local governance. The federal government is not involved in the PNR's institutional framework, policy design, implementation and budget. As specified in Canada's Constitution, local governments have an exclusive relationship with provincial governments, and provinces are more strongly involved than the federal level in local territorial organisation, development and service delivery (Box 3.6). Among the provinces Québec has been the most protective of its rights under the division of powers in the Constitution and places the greatest limits on federal activity in the province.

Box 3.6. Jurisdiction over local governments in the Canadian Constitution

In Canada, the federal government is not allowed to make laws relating to municipal institutions and to deal directly with local governments. As the Constitution of Canada gives provinces sole responsibility, the federal level does not play any role in defining the size of municipalities, their number or political competences.

Accordingly, Québec's MRCs and their elected municipal officials have an exclusive relationship with the government of Québec which is more strongly involved than the federal government in local territorial organisation, development and service delivery in rural areas. Federal-provincial negotiations are needed if the federal level plans to distribute financial subsidies to Québec's municipalities, MRCs and other government bodies mainly financed by the province.

Source: Constitution Acts, 1867 to 1982.

The MRCs' central role and their collaboration with municipalities illustrate the policy's decentralised approach. MRCs and municipalities have room to manoeuvre in planning and implementing policies and adapting them to local circumstances. To do so, they mobilise non-profit actors and civil society and carry out the initiatives as stipulated in a supralocal working plan for the period 2007-14. The municipal level is in charge of

implementing rural policy measures on the local level. Even if MRCs are the government's main counterpart for rural policy, many projects are realised directly by municipalities. Nonetheless, all municipal mayors meet at the MRC level to co-ordinate rural policy measures and plan collectively.

MRCs are the key level for rural policy implementation, but they are governed and largely financed by the municipal governments that compose them. MRCs depend on property tax transfers from municipalities and intergovernmental transfers from the province. Property represents 57% of municipalities' budget; it can be up to 70% if compensation taxes for government properties and specific tariffs are added. In rural areas, the relative weight of property taxes is higher owing to the lack of administrative authority to collect other types of revenue. The funding situation in MRCs reflects a tendency apparent in many countries: governments accept that rural development requires devolution of responsibility to local authorities, but are reluctant to provide direct financial capacity. However, if revenues at the supralocal level are unstable over a lengthy period of time, relevant investments may not be undertaken.

MRCs are led by a council and a prefect elected by mayors or by direct election. The council is a board of mayors of all the municipalities within the MRC and sometimes other elected officials. One of the mayors is elected by the others as prefect. Given the absence of a single dominant population centre in an MRC, the risk that a prefect would also be the mayor of a large urban municipality and might marginalise smaller communities is limited: in almost all rural MRCs, the number of rural municipalities (and thus their votes in the council) is larger than the urban membership. However, if there is a dominant municipality with more than 50% of the MRC's total population, it has a right of veto in the decision-making process. Also, large municipalities often have better administrative capacity than smaller ones, and this can strengthen their influence on MRC policy. To facilitate better coherence with the PNR, the legislation has been modified to permit MRC councils to establish an alternative distribution of votes regarding rural pacts (see 3.2.3). For example, if municipalities with larger populations agree to be excluded from decisions on rural pacts, the MRC council can vote to allow this. In addition, 13 MRCs are currently experimenting with direct elections of prefects. This system which allows people other than mayors to become MRC leaders might eventually be extended to all MRCs, but the government encounters resistance as people ready to assume more responsibilities may be lacking.

The empowerment of MRCs represents an effort to avoid localism and to encourage broader groups than municipalities to work together. Most (though not all) MRCs reach the critical mass required for PNR-funded projects, thus facilitating a focus on territorial development. MRC decision

making encourages political mobilisation and planning beyond the limited territory, population size and social capital of municipalities. Neighbouring communities within an MRC have incentives to work as allies and to find ways to link their respective interests. This is a good approach, but one that creates challenges as many municipalities still have a local development agenda that is not co-ordinated with other communities in the MRC. Small-scale interventions on the local level risk having limited impact on the regional economy if there is no common vision and insufficient co-operation between communities. However, this may change once the dynamics of community mobilisation extend beyond local borders. In a few cases, municipalities have implemented projects that can negatively affect adjacent municipalities in the MRC: this has occurred in cases where municipalities used public funds and rural policy measures to attract firms from within the same MRC instead of concentrating on local assets and mobilisation.

Administrative regions have largely remained administrative units for the government and are only marginally involved in rural policy. MAMROT's regional directorates co-ordinate with those of other ministries in regional administrative conferences (CARs). Regional conferences of elected officials (CRÉs) have become the government's main counterpart for elaborating five-year regional development plans. Moreover, they provide a consultation role for MRCs and municipalities and administer a regional development fund that supports selected projects that go beyond across MRC boundaries. CRÉs are not a regional government but a co-ordination body for local governments and the civil society. As members of CRÉ boards are not directly elected by the citizens, they are in a relatively weak position compared to regional directorates. They cannot impose their regional development strategy on lower administrative levels nor can they adapt policies to place-based needs. Representatives include MRC prefects and mayors of large, often urban, municipalities. Given the under-representation of rural jurisdictions, a rural commission has been created in the Abitibi-Témiscamingue region to help the CRÉ and MRCs develop large rural projects such as high-speed Internet connections.

3.2.3 Policies

Social and local community development is stimulated through rural pacts with MRCs,...

As an innovative tool that is coherent with the OECD's New Rural Paradigm, the government and each of the 91 MRCs have signed a "rural pact" targeting social and human capital and community capacity building. The second PNR's rural pacts (*pacte rural*) are contractual, place-based

commitments for 2007-14 which establish each party's responsibilities and involve the decentralised management of large parts of the funds by MRCs. Rural pacts include technical and financial support for community development projects in municipalities and MRCs provided by MAMROT. For community development, groups of citizens and representatives of local-level institutional actors actively participate in the well-being of their community (Girard, 2009). In Québec, the participatory planning process occurs in local development committees which bring together diverse groups (civil society representatives, local businesses and credit co-operatives, and institutional actors and elected officials) to frame and commit to a vision for development. Initiatives such as the LEADER programme of the European Commission and its national equivalents in EU member countries (Box 3.7) are similar efforts to promote place-based local partnerships beyond administrative boundaries that are coherent with the New Rural Paradigm (OECD, 2006).

Québec invests significantly more in community capacity building than other Canadian provinces. This investment can be seen as a consistent reaction to the experience of many countries in which local economic development policies have not been successful. Failure has often been due to the lack of parallel social and local community development measures. The objective is to provide a basis for future action using existing social and human capital and capacity and to fill in major gaps. This is in line with the idea that regions should promote their own growth by mobilising local assets and resources to capitalise on their specific competitive advantages (OECD, 2009e).

Contracts, such as the rural pact, allow for a high degree of flexibility, but carry the risk that policy principles may not be followed. The diversity of application allows governments to reorganise rights and duties without requiring a constitutional or legislative change. Since the policy is based on existing administrative structures, no legislative modifications have been necessary in Québec, unlike Spain, for example, which opted for a law to establish a new national framework for rural policy (OECD, 2009c). There is no provision to ensure that region-specific government objectives are addressed (Jetté-Nantel, 2008), although trends in rural areas demonstrate the need for a differentiated approach; whereas social and cultural development measures are often crucial in intermediate rural regions and those close to urban centres, economic development is more important in remote predominantly rural and single-industry communities, even though in Québec the latter also increasingly stress concern for broader quality of life.

Box 3.7. Experience with community development through place-based local partnerships

Like Québec's PNR approach, the **European Commission's LEADER programme** recognises that a long-term commitment to programmes by both the central government and local communities is required, as changing outlooks on development takes time. In three stages (LEADER I, LEADER II and the current LEADER+ running from 2000-06 and from 2007-13), the LEADER programme is a hybrid rural/regional policy for specific target areas. LEADER works as a bottom-up approach to decision making and management responsibilities, adopts a multisectoral vision and favours multi-level governance arrangements between transnational, central and local governments. LEADER brings public and private stakeholders together in local action groups (LAGs) which are responsible for project selection and implementation of local development strategies as agreed with the Commission. Norms regulating the LAGs limit the share of public administrators and elected officials to no more than 49% of the LAG's executive council. The European Commission provides most of the public financing for LEADER programmes, with a smaller share coming from national and regional levels of government.

Among the national equivalents to LEADER, Germany and Spain are particularly interesting.

The **German Active Regions** (*Regionen Aktiv*) programme is a hybrid policy approach in which the Federal Ministry of Agriculture, in addition to its funding and monitoring roles, is in charge of providing services and capacity building (technical assistance, research, communication, etc.). Regional actors define a community-based strategic view and programme and formulate business plans, and 18 model regions have participated in these partnerships with a minimum share of 50% for actors from NGOs. A specific structure called "regional management" provides day-to-day monitoring, consultancy for project applicants, and management of regional networks.

Unlike LEADER, **Spain's PRODER** programme allows for agrarian investments and puts less emphasis on innovative and transferable actions. While its first phase was limited to regions with a GDP per capita below 75% of the EU average, the second (2000-06) was opened to the entire Spanish territory. Public funds dedicated to this second phase totalled EUR 827.7 million (of which 63% provided by the EU). While there are no new LEADER and PRODER groups in Spain for the 2007-13 European programming period, existing LAGs will remain and become responsible for managing the measures coming through Axis 4 of the Common Agricultural Policy's (CAP) second pillar.

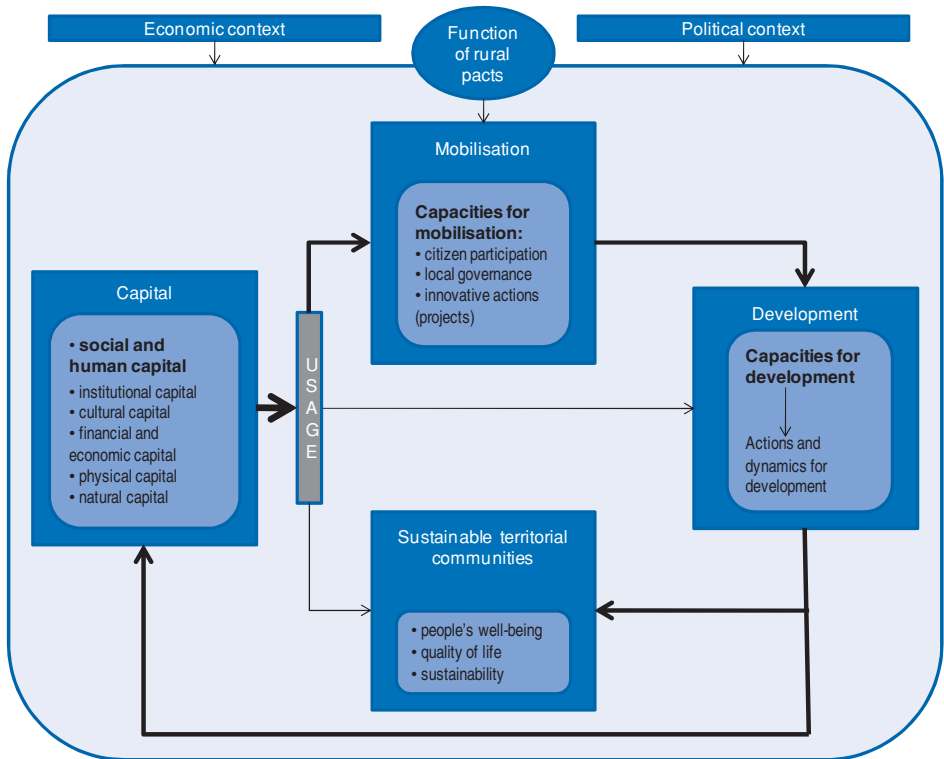
Source: OECD Rural Policy Reviews.

An internal evaluation of the first PNR (Government of Québec, 2007) found two different perspectives on the rural pacts at the MRC level. While some MRCs follow the government's view of rural pacts as a proactive strategy to strengthen the development capacity of actors and communities, others limit their role to establishing a functional mechanism for the distribution of funds, comparable to the modalities for local investment funds. Only the first group of MRCs will use rural pacts as a long-term approach involving a sustainable consultation process and appropriate use of development agents to mobilise and accompany communities in their development efforts. A similar phenomenon has been observed with the EU's LEADER initiative (OECD, 2006); some target areas perceived the programme as an opportunity to mobilise actors through proactive and place-based development whereas others saw it as partial compensation for their rural territories' structural disadvantages. To avoid any misunderstanding and react to inaccuracies in the first round of rural pacts, the second PNR has more explicitly included indicators for success in every rural pact.

Perceiving rural pacts as a proactive strategy is an opportunity to strengthen social cohesion and the sense of belonging to a territory. There is a lack of cohesion in many territories, as factors such as family-based farming, the Catholic Church or large extraction companies in single-industry communities no longer have the influence they had in the past. Intensive farming and a focus on scale have led to agricultural concentration, which has resulted in fewer and larger farms and contributed to the devitalisation of rural communities. The Catholic Church was long a major factor of community life but has lost importance with the drop in the number of worshippers. And large companies in single-industry communities no longer possess the cultural and territorial attachment that allows them to structure communities as a result of closures, reductions in employment or transnational mergers. Measures such as the rural pacts or the annual “Day of Rurality” (*Journée de la ruralité*)⁴ organised by MAMROT, its rural partners and a selected MRC can contribute to strengthening the understanding of “rurality”, social cohesion and a sense of belonging.

Québec's rural pact approach puts the mobilisation of communities and their sustainability at the centre of policy objectives in order to create social and human capital and is represented in Figure 3.1. Even though the figure refers to the first PNR, it is generally applicable to the role still given to rural pacts.

Figure 3.1. Causal model of rural development: the function of rural pacts



Source: Based on Government of Québec (2007), *Éléments d'évaluation de la politique nationale de la ruralité 2002-2007. Eléments de suivi de la politique 2007-2014*, December.

Private projects are excluded from direct rural pact funding, so that non-profit organisations are the main counterparts for project definition and development. Projects are multisectoral with activities ranging from education and training, agri-food and culture to health care and intergenerational linkages. MRCs and municipalities are free to choose appropriate and concrete implementation steps, priorities and projects. This encourages innovation by local actors.

The impact of rural pacts on mobilisation and investment in rural communities has been significant. During the first PNR (2002-07), rural pacts generated more than 4 700 projects and more than 35 000 residents (to November 2007) participated in local development committees on the MRC and municipal level. With support of CAD 83.7 million, these rural pact

projects generated total investments of CAD 506.4 million, *i.e.* CAD 1 leveraged CAD 6.1. According to the government, more than 7 600 jobs have been maintained or created by the projects (Government of Québec, 2007). In the second PNR, the first 1 613 projects, with support of CAD 30.1 million, have generated total investments of CAD 243.7 million, *i.e.* CAD 1 leveraged CAD 8.1 (Government of Québec, 2009b).

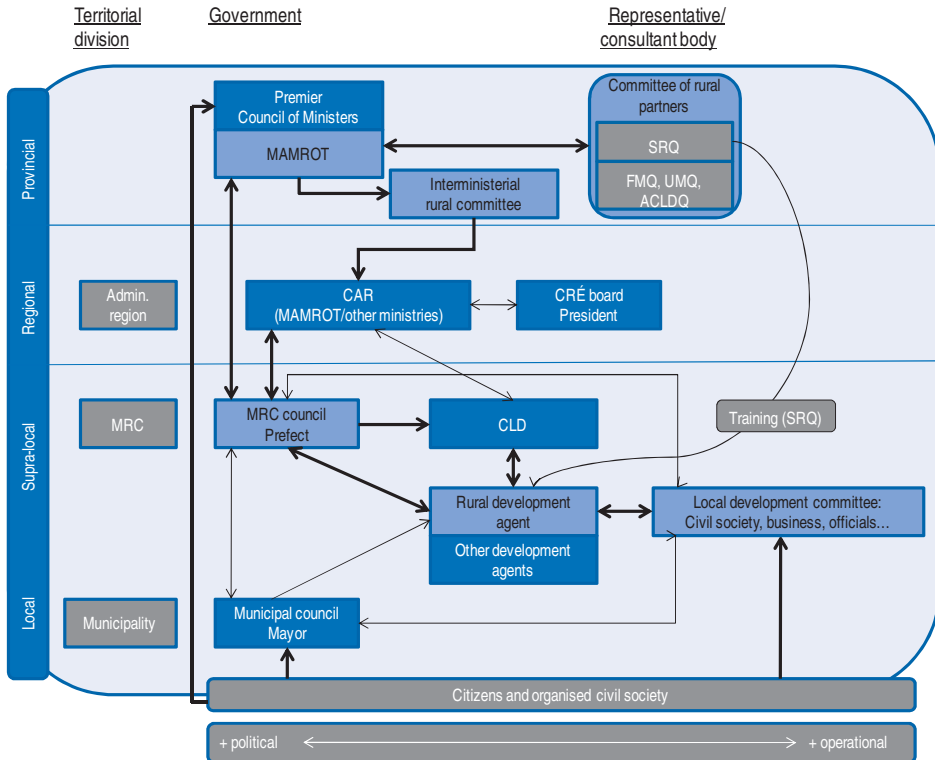
Many projects aim to provide non-commodity outputs in the form of local pure public goods. This particular category is characterised by the fact that the goods are non-rival, but largely excludable to outsiders, as benefits mainly accrue to residents of a small jurisdiction, such as a municipality (OECD, 2001). Most of the public and collective goods targeted by Québec's PNR are local in nature, given the spatial dimension of rural Québec. They involve a high level of social and human capital, the use and non-use by residents of natural and cultural amenities and the positive externalities linked to them (visual landscape, cultural heritage), effective local governance institutions, and quality of life, defined as an attractive place to live and work and the related positive image (Petrick, 2006). Although private businesses are not supported by rural pacts, the framework conditions and public and collective goods created by rural pacts also benefit firms and may spur entrepreneurship.

... a network of rural development agents,...

Rural development agents are essential for creating a vision for local development and assisting in policy implementation and monitoring. They support local committees and project promoters in developing rural pact projects, facilitate knowledge sharing, and contribute to monitoring the rural pact. MRCs or CLDs can hire the agents financed by the government of Québec's rural pact commitments. MRCs do not have to delegate project management tasks to CLDs, but they often do so. Many CLDs in turn assign these tasks to the rural development agents, who are generally administratively integrated in the CLD structure. MRCs make annual assessments of their work. The 136 current agents get annual update training organised by the advisory body SRQ and financed by MAMROT. This training includes annual meetings of agents from all over Québec but also an interactive online portal which facilitates the exchange of experiences.

Figure 3.2 shows the importance of rural development agents, local development committees and MRCs as key local figures within Québec's approach to rural policy. The actors and key bodies for PNR implementation on the provincial level are represented in light blue.

Figure 3.2. Implementation of Québec's *Politique nationale de la ruralité* (PNR)



Source: OECD, based on Government of Québec, MAMROT.

The commitment, qualification and experience of rural development agents, along with a competitive salary, are important for their success. It is the agents' responsibility to link local project developers with MRCs and municipalities, but also to develop connections between project developers and the funding instruments available in CLDs. Since successful local development depends on a community's capacity to facilitate connections across different socioeconomic groups (Freshwater, 2004), the agents also have a major role to play in building bridges between social and economic development and creating teams of people and groups within a given territory who otherwise do not necessarily interact. Finally, the experience collected by the network of rural agents is important for the government's

efforts to further develop the PNR. In this regard the network's advice was considered when preparing the second rural policy. The funding provided by MAMROT is a critical element; as determined in the rural pact document, MRCs receive annual funding for each agent in the amount of CAD 25 000 (2007-08), increasing to CAD 28 154 in 2013-14. This and earlier salary increases may help reduce the high turnover of agents during the first PRN. The obligation of MRCs to co-finance this sum in order to attract qualified agents is crucial. After evaluating the first PNR, the government decided to give additional financial support to MRCs with more than ten devitalised municipalities (according to the development index, see 3.2.1) so they can hire additional agents (Government of Québec, 2007).

...and specific programmes targeting local-level innovation and knowledge development.

Specific research and development (R&D) measures in the PNR promote innovation, expertise and knowledge sharing in rural regions. These measures target private enterprises, co-operatives, the social economy and non-profit organisations and aim at disseminating experience about new ways to develop and provide services to other communities and leaders. The three main programmes for this purpose are the rural laboratories, speciality products and working groups. They are directly administered by MAMROT and the committee of rural partners (Government of Québec, 2007).

Pilot projects supported as a rural laboratory are selected by the committee of rural partners and have to target innovative ventures in a diverse range of sectors, often following co-operative or community models. Laboratories can be supported with a maximum amount of CAD 100 000 annually for up to six years. In 2009-10, 33 laboratories have been funded with CAD 2.5 million (Government of Québec, 2009b). The promotion of speciality products aims at stimulating the development of original local and regional products in the sectors of agri-food, agro-forestry (timber and non-timber forest products), arts and crafts, and culture. Funding should allow producers to better control product marketing and pricing, and ideally generate high value-added products which help producers keep more financial benefits in the rural region. Limited and partial funding, up to a maximum of CAD 25 000 per product, limits the risk of rent seeking by applicants. Since the beginning, 172 projects have been selected with support of CAD 3.6 million, which generated a total investment of CAD 22.4 million. The objective is to launch 480 products by 2014.

Complementing the rural policy's R&D component, a rural future fund is managed by MAMROT to support working groups which explore future development in emerging sectors. These working groups, endowed with a

budget of CAD 350 000 to CAD 450 000 over three years, bring together private, public and community actors as well as academia in a search for promising activities. The fund (*Fonds d'initiative pour l'avenir rural*) supports the working groups' activity, a few specific R&D expenses, and projects to experiment with selected initiatives. Currently, working groups are active in six fields: local energy production; rural areas' multi-functionality; use of information and communication technology (ICT) in rural communities; rural-urban complementarities; devitalised municipalities; finding market niches for rural speciality products (agro-food, non-timber forest products, arts and crafts). The working groups aim at bringing new opportunities, ideas and tools to rural communities and leaders to trigger further local efforts.

After adopting the second PNR, the government decided to introduce a programme for high-speed Internet access. This programme targets rural residents, organisations and enterprises and will have financing of CAD 24 million (2009-13). Later in 2009, the federal government (Industry Canada) launched a programme for high-speed Internet in rural Canada (see Chapter 1). Increased access to ICT and particularly to broadband Internet contributes to rural areas' quality of life and enhanced competitiveness. Besides better opportunities to attract and retain businesses, diverse health, educational and cultural services can be accessed through broadband Internet. Attracting immigrants becomes easier if migrants can access non-governmental offerings in their native language; this has so far often been limited to urban communities. Although 74.6% of Québec's households have Internet access and 61.8% possess intermediate or high-speed Internet (CEFRIQ, 2008), these figures are significantly lower for the territory outside of the nine cities with more than 100 000 inhabitants⁵ and in particular for predominantly rural regions, where only 57% of households have Internet and 76% of these are intermediate or high-speed Internet (MAMROT).

3.2.4 Budgets

The provincial budget increasingly considers the spatial dimension of policies...

There seems to be an increasing focus on spatial policies in the allocation of the provincial budget. Targeted funding by provincial ministries to rural residents and territories has increased more than the overall level of expenditures by these ministries. These results emerge from an accounting exercise conducted by Québec authorities in the framework of this report. Québec does not yet have an integrated “rural budget” given the

relatively recent territorial division into what is considered “rural” and “urban”. Several OECD countries have already combined funds coming from different ministries into a multisectoral “rural budget”. Countries that have been innovative in this respect include the Netherlands (OECD, 2008a), Mexico (OECD, 2007) with the Special Concerted Programme (PEC) which groups each ministry's budget directed to programmes with a rural scope, and China which summarises spending on *sannong* issues concerning agriculture, rural communities and farmers (OECD, 2009b). These budgets can be difficult to establish as the number and scope of programmes change regularly, thus complicating comparisons over time. Nonetheless, the “rural budget” is an innovative tool for presenting the evolution of public expenditure and making the government's rural development efforts more transparent.

In Québec, rural expenditures include narrow rural policy measures, such as provincial support for agriculture and agri-food businesses, and rural, community and regional development funding and support for enterprises in rural areas, but also broader policy measures affecting rural areas such as education, health and employment services, infrastructure, transport and housing. Rural expenditures increased from CAD 6 341 million in 2001 to CAD 8 027.5 million in 2006, a rise of 26.6%, whereas total ministerial expenditures increased by 23.9% (see Annex 3.A1).

As in many OECD countries, by far the most important provincial transfer programmes for rural areas do not concern agriculture or rural development measures (see Annex 3.A1). Rather, the main expenses concern broader sectoral and social policies with no specifically rural dimension such as education, transport, health care and social welfare. In 2006, the ministries in charge of education and of health and social services together accounted for almost 80% of total rural expenditures. MAMROT's part in the “rural budget” has increased slightly, but remains very low at 2.59%. Although much of the agricultural support comes from the federal level, the competent ministry's (MAPAQ) share is still higher than MAMROT's. Surprisingly, spending on natural resources (figures for 2004, however) is relatively unimportant compared to both agricultural and rural policy, in spite of the considerable number of rural communities whose economy relies on forestry.

... although the specific rural policy budget is limited in its scope.

The government opted for a long-term PNR budget of limited scope which shows that effective territorial policies do not require the large amounts needed for sectoral approaches. The second rural policy (2007-14)

has a global budget of CAD 280 million (Table 3.2) which gives communities financial security for their local investment commitments. Its scope is limited to MAMROT's programmes targeting social capital and local community development, and in particular: rural pacts, rural development agents, rural laboratories, speciality products, the rural future fund, SRQ funding and the high-speed Internet programme. This budget, which is larger in per capita terms than the amounts to rural areas allocated by other provinces or the federal government, does not include other ministries' financial commitments (see 3.3.2). It demonstrates that Québec's approach to promoting social capital and community capacity development is significantly less costly than policies implemented under the European LEADER programme, as in Spain (OECD, 2009c) and Italy (OECD, 2009d). However, the exclusion of private projects from rural pact projects limits the budget's impact on broader economic development activities, although private firms have access to other government programmes.

Some 85% of MAMROT's rural policy budget is transferred to MRCs, which manage the funds for rural pacts and rural development agents. MRCs do not have to spend these sums by the end of each year, but can transfer unspent funds to the following year within the policy's seven-year term. The remaining money is managed by MAMROT to finance measures to encourage rural innovation and knowledge and their distribution to other rural areas (rural laboratories, speciality products). To finance collective projects for high-speed Internet access in rural areas, an additional amount of CAD 24 million was allocated after the adoption of the second PNR.

Table 3.2. **Total budget of the second *Politique nationale de la ruralité*, 2007-2014**

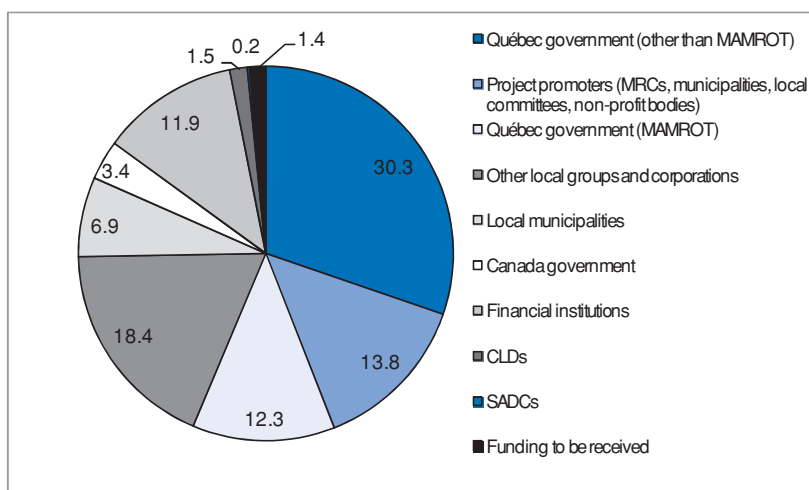
Policy item	Amount of funding, in million CAD
Rural pacts	213.0
Rural development agents	25.3
Rural laboratories	15.5
Speciality products	12.0
Rural future fund	8.6
<i>Solidarité rurale du Québec</i> (SRQ)	5.6
Total	280.0
Collective projects for high-speed Internet (announced after adoption of the second PNR)	24.0

Source: Government of Québec, MAMROT.

The second rural policy (2007-14) supports rural pacts in municipalities and MRCs with an amount of CAD 213 million. This is more than three-quarters of the total amount invested in the framework of the PNR. Municipalities and MRCs can manage this budget on their own or involve the local CLDs, whose board members are chosen by MRCs since 2004.

Apart from PNR funding, rural pact projects receive financial support through other provincial and federal government programmes, project promoters, CLDs and financial institutions (Figure 3.3). Whereas a maximum of 80% of total funding (in practice often much less) comes through PNR and other provincial or federal resources, at least 20% has to be provided by project promoters. Offering only partial funding through government programmes gives local authorities incentives to select projects which provide the most benefits to rural residents and avoid rent seeking. Financial institutions participate in the funding of projects but are rarely the main lender. The main institution active in promoting rural policy is the savings and credit co-operative Desjardins Group.⁶ It has been important for the success of the PNR that Desjardins is a member of SRQ and that its *caisses* (local branches) are present in rural communities, with managers often sitting on CLD boards.

Figure 3.3. Sources of rural pact funding since 2007



Source: Government of Québec, MAMROT.

With CAD 102.8 million over five years, budgetary expenditures on measures in the first PNR (2002-07) were smaller. Only CAD 86.4 million was allocated for rural pacts and only CAD 10.4 million for rural development agents (Government of Québec, 2007). However, the first PNR also provided important direct economic development support, for example through a CAD 11.2 million fund targeting CLDs in MRCs with social and economic difficulties. As in the second PNR, other ministries' financial support for resource-based regions or agricultural diversification and transformation of agri-food products were part of the policy (Government of Québec, 2001).

For rural development agents, the PNR (2007-14) provides funding in the amount of CAD 25.3 million. The first rural policy financed 104 agents, but at least 136 are funded within the current budget. With more staff, agents can devote time to help people assess and develop their business plans for rural areas. In the MRC of Montmagny, for example, the local Desjardins *caisse* collaborates in the process by funding an additional agent and by working closely with agents, thereby increasing the chances to fund promising proposals while screening out weak ones.

3.2.5 Monitoring and evaluation

The implementation of Québec's rural policy benefits from a considerable degree of liberty and flexibility, but this also creates problems for assessment. Flexibility has allowed local officials to mould and adapt the policy successfully to the characteristics of the territory. The leeway provided by the policy has helped communities to better reach and capture the desired spirit of the policy. Although no evidence of abuse has been detected, this leeway would nevertheless warrant the implementation of a strong external monitoring and evaluation system, if only for precautionary reasons.

MRCs are in charge of evaluating yearly rural pact results and for providing pact policy planning through a working plan. MRCs have to keep an extranet site administered by MAMROT updated with information on the implementation of rural pacts and the projects involved. MAMROT's regional directorates give advice and watch for gaps between commitments and their realisation prior to the government's authorisation of funding for MRCs. The operation includes financial accounting information (*reddition des comptes*) towards local bodies, details on ways to mobilise the community and expected results. In case of shortcomings in the implementation of the rural pact, government sanctions range from setting a period for solving a problem to a complete ministerial withdrawal from a rural pact, which may involve reimbursement of payments. In addition, related guarantees and securities can also be requested from MRCs

(although this has not yet been applied in practice). The MRC details the terms of reference regarding the pact's content and budgetary management, means of mobilising and leading the different stakeholders, as well as the expected pact results and financial accounting information. With the end of the 2001-06 pacts (first PNR), MRCs are adopting a final report for verification by MAMROT's auditors. At the provincial level, MAMROT commits to a monitoring system with two elements: *i*) publication by the ministry of recent PNR data in its yearly report (*Rapport annuel de gestion*); and *ii*) responses by the ministry to a list of questions established by an annual parliamentary commission set up during MAMROT's budgetary credit acceptance procedure, including the opposition parties. Data are collected from MRCs through the rural pact extranet, from regional offices for the programme on speciality products, and from promoters of rural laboratories.

However, Québec's second rural policy does not yet have provisions for a formalised external evaluation and monitoring system. In general policies implemented in the spirit of the New Rural Paradigm (OECD, 2006) require monitoring and evaluation to take place both at the community level (MRCs in Québec) and by external bodies, and to include agreements on how to measure successful rural development. In Québec, the main evaluation reports were conducted by SRQ through an *ex post* review of the first PNR (SRQ, 2006a) and by MAMROT with a team of external researchers (Government of Québec, 2007). These reviews provided the basis for changes in the second PNR.

3.3 Multi-level governance

Despite broad upper-level horizontal co-ordination, modulation remains a challenge

To demonstrate the government's political commitment, Québec's rural policy includes specific tasks and measures to be enforced by sectoral bodies. As in Finland's Special Rural Policy Programme (OECD, 2008b), commitments for almost 50 policy measures were made in the PNR policy document by 18 ministries and government bodies, brought together in an inter-ministerial rural committee to support the rural policy's strategic objectives (Box 3.8). These commitments reflect efforts to enhance inter-sectoral co-ordination as described in the New Rural Paradigm (OECD, 2006). MAMROT also deals bilaterally with its counterparts to ensure that they fulfil their engagements. Québec's horizontal co-ordination efforts have been crucial for providing a policy framework and a long-term vision for rural policy, facilitating other ministries' alignment with the policy goals, and engaging them in rural pact funding.

Box 3.8. Sectoral commitments to contribute to rural policy

Besides MAMROT, 17 ministries and government bodies contribute politically and financially to rural policy, as described in Annex 1 of the PNR policy document (for a detailed assessment of these measures, see 3.3). Main sectors addressed by the 46 policy measures are:

Economic development: The competent ministry commits to supporting the non-profit CLDs that are mandated by MRCs to work on local development and entrepreneurial support. Particular programmes exist to assist enterprises in the social economy and co-operatives through the local investment funds (FLI) and a microcredit network.

Agriculture: The sectoral ministry in charge of agriculture design participates in the selection of rural laboratory projects and speciality products or in helping young farmers to establish a business and reconcile work and family. There are new programmes on regional and niche products as well as products with potential for protected designation (*produits du terroir*), but these sectors are still little developed. Financial support for the agricultural and agri-food sector in the form of revenue stabilisation and insurance is affirmed, though it is put in a perspective of sustainable development.

Natural resources: The commitments of the ministry in charge of natural resources focus on: the promotion of production of renewable energy, particularly wind energy, decentralised energy production and small-scale energy plants; support for forestry products and job creation in forestry-based communities; and programmes targeting the utilisation of non-timber forest products.

Public services: The policy on public transport includes targeted measures for rural areas such as the availability of funds for municipalities with fewer than 20 000 inhabitants. Health measures such as *Villes et Villages en Santé* target better living conditions in rural communities. In education, technical and financial support is provided by the responsible ministry to the “last village school” programme and a project to create networks of rural schools through ICT. Moreover, measures aim at limiting a decrease in resources due to sinking school enrolment. To respond to labour market needs, local employment centres (CLEs) continue to support rural communities.

Youth and immigrants: The *Place aux Jeunes du Québec* programme promotes the return and professional and social integration of youth in regions. Regional action plans are elaborated with sub-provincial administrative levels to attract immigrants to rural regions. Project promoters are supported in their efforts to address immigrants' concerns regarding employment, housing and rural communities' cultural diversity.

Source: Government of Québec (2006), *Politique nationale de la ruralité 2007-2014. Une force pour tout le Québec*, Government of Québec, Québec.

MAMROT's inter-ministerial co-ordination efforts are repeated at the regional level. In each region, the ministry's regional director chairs the regional administrative conference (CAR) that brings together regional representatives of the different ministries present in the region. This conference puts in place a special rural committee to ensure the implementation of decentralised measures and monitor the commitments made by other ministries.

Adapting the sectoral programmes to rural conditions (“modulation”) is a challenge for MAMROT's inter-ministerial co-ordination. While many sectoral programmes show some adaptation, and although inter-ministerial co-ordination is by all appearances effective, there has been less success in convincing participating ministries to discuss implications for rural areas when designing new policies and programmes. Within the PNR a policy modulation mechanism (*clause de modulation*) has been introduced for monitoring the adaptation of laws and sectoral policies to the specific characteristics of different rural areas based on advice from MAMROT, but there are still institutional obstacles as government bodies resist the stricter adaptation requested by the PNR. This resistance can often be explained by a lack of knowledge about the real needs for and impacts of the desired modulation.

With the formal *entente* for rural partnership, the government shares responsibility with key provincial stakeholders for rural development (the committee of rural partners). The inclusion of social partners (see 3.2.1) at the top of the rural policy's institutional structure has generated a sense of ownership and responsibility for rural policy within Québec's civil society by making civil society agents and promoters of the policy. This is crucial for successful implementation, as it helps instil the cultural norms and informal institutions required for the policy's community-based, bottom-up character.

However, Québec's rural partnership can also become a source of exclusion. In line with the policy's territorial and non-sectoral ambitions, influential business and agrarian organisations have been left out of the committee of rural partners. Although they can be invited to participate on a subject-by-subject basis, they are less likely to fully embrace the larger policy objectives. As a result, these organisations do not always identify with the policy objectives and strategies and, in some cases, come into conflict with the policy's measures. One example is the lack of support for rural laboratories from UPA, the farm producers' organisation, which contests the viability of some laboratories. Nonetheless, the annual “Day of Rurality” brings together stakeholders interested in rural development. More than 50 groups, including UPA, are invited to discuss the PNR, its implementation, impacts and possible improvements. Actors such as UPA,

Desjardins and the school board federation are also members of *Solidarité rurale du Québec* (SRQ).

While vertical co-ordination between administrative levels within the province is strong, the federal level largely acts in parallel...

The policy's formal vertical co-ordination structure utilises mechanisms set by prior regional and local development efforts so as to favour continuity. These mechanisms (Figure 3.2) are based at the regional and supralocal levels and are commonly used by other ministries to carry out their own sectoral policies. This facilitates the linking of different policy measures as they are funnelled down to the local level.

MAMROT's regional directorates play a strong role in assisting and monitoring MRCs' commitments. MAMROT's regional directorates assist MRCs and rural communities in their tasks of implementing and managing measures relating to rural policy. The regional directorates also bring together a region's rural development agents and link them to the regional directorates of other ministries. Although rural policy is decentralised, in practice MAMROT has created a strong support framework to guide communities as they implement policies so as to maintain the intended spirit at all administrative levels.

At the same time, municipalities and MRCs can be brought together at the regional level to co-ordinate their efforts within the CRÉs. The regional conferences of elected officials do not fall within the structure of rural policy but are institutions that permit vertical and horizontal consultation regarding regional concerns. However, in regions with a predominantly rural character, CRÉs can play an important part in the framework for rural development if they wish. Conversely weak representation of rural MRCs in this body can be a significant disadvantage (see 3.2.1). A possible response is the rural commission created in the region of Abitibi-Témiscamingue (see 3.2.2).

MAMROT is well co-ordinated with the different CRÉs through the Table Québec-Regions and with elected municipal officials through the Table Québec-Municipalities. While the first format targets the presidents of CRÉ boards, the second brings in the two rural partner committee members, FQM and UMQ, which are federations of municipalities. Although rural policy is not the only issue addressed at these discussion tables, it does provide a medium which MAMROT uses to facilitate communication and co-ordination both vertically and horizontally across different regions and municipalities.

It is interesting to see how often the same individuals are found throughout Québec's many vertical co-ordination structures. Both PNR documents stress the role of local elected officials as a key to the success of the policy and its implementation. As the ministry overseeing municipal and regional affairs MAMROT has placed much importance on local elected officials and on the presence within the committee of rural partners from de-concentrated organisations at the local level. This greatly favours vertical co-ordination of the rural policy premises, but it can also dilute the participatory character of the policy by excluding broader stakeholders from different civil society groups.

Québec's vertical collaboration with the federal administration on issues regarding rural policy is limited. MAMROT's directorate for rural and regional development is responsible for relations with the federal government and with counterpart institutions from other provinces which have shown an interest in the PNR, its policy design, programmes and implementation. Following those exchanges, the province of Alberta has developed a rural strategy, while Newfoundland and Labrador have put in place a rural secretariat.

Finally, the permanent members of the committee of rural partners add parallel vertical co-ordination mechanisms to the public structure set by the rural policy. Apart from the formal structure established by MAMROT, ACLDQ, as an association for CLDs, transmits to its members throughout Québec the policy's strategic guidelines and vision. The same is done through the institutional structures of FQM and UMQ to promote, co-ordinate and monitor policy implementation with local elected officials that make up their membership base. The inclusion of social partners at the top of the rural policy's institutional structure has not only generated the previously noted sense of ownership by civil society, but also helped to reinforce vertical coherence in implementing the policy.

...and while MRCs facilitate local horizontal co-ordination, there is a risk of duplication with economic policy.

Québec's rural policy transfers a large part of the responsibilities for local horizontal co-ordination to local elected officials. MRCs are given responsibility for mobilising the population of their area and for co-ordinating municipal public administrations to create a shared vision for their territory. MRCs become a horizontal co-ordination body that brings together the plurality of views and interests present in rural areas, so as to reach a unique shared development strategy. However, attempts to implement modulation at the local level have not been entirely effective. The problem is that Québec lacks an appropriate administrative level to

carry out this task. MRCs are convenient, but do not have the capacity to co-ordinate the concrete impact of different policies, nor do they have a clear political mandate.

MRCs are able to take a broader view, beyond rural policy, of the programmes and measures implemented in their territory. Their administrative structure greatly facilitates the different programmes' complementarity and helps ensure that the rural pact projects they promote are in line with the entire scope of sectoral policies affecting rural areas. An example of the MRCs' potential for co-ordinating programmes is their strong presence on the administrative councils of the CLDs. In addition, MRCs exercise strong control over CLDs through the legal contract that gives MRCs powers of decision over the allocation of money earmarked to CLDs.

However, there have also been overlaps between MAMROT's rural policy and the CLDs, which are administered by the ministry in charge of economic development, which potentially create conflicts and inefficiencies. The MRCs' strong supervisory role and the presence of the same individuals throughout the structure of both policies facilitate coherence. However, even though the policies have different objectives, conflicts may arise. Because the pre-2003 government arrangement put a single ministry of regions in charge of these initiatives, both policies now call for participatory local strategic vision exercises, both require the elaboration of separate development plans, and both rely on their own network of development agents. Friction is at times observed, especially when it is time to take the credit (or responsibility) for local development successes (or failures).

Like MRCs for municipalities, CRÉs are the main body for horizontal co-ordination of MRCs at the regional level, but cross-MRC collaboration on development remains relatively limited. CRÉs allow local elected officials, MRC prefects and representatives from regional socioeconomic organisations to co-ordinate their development activities. Cross-MRC regional initiatives also exist, for example in the case of some regional tourism projects, but the MRC seems to represent a better territorial unit for the purpose of rural policy as currently conceived. Given the extension of some administrative regions, it is not surprising to find that this territorial administrative unit is often considered too geographically large to give the needed sense of local identity required for the population to rally behind its development objectives.

3.4 Sectoral policies

Québec has developed a common strategic vision for rural areas. It has found a compromise between the “grand plan” solution which integrates all

core sectoral policies directed to rural areas and the “niche policy” solution which limits the scope of policy geographically and financially (see 3.2.1). The policy can cope with the complementary relation between rural and non-rural territories as well as with regional and sectoral policies. This section assesses the governance of Québec's rural policy more comprehensively by including sectoral approaches that affect rural residents and territories.

3.4.1 Land use and agriculture

Land use policy aims to avoid urban sprawl, but also risks constraining rural economic activities...

A law protecting agricultural land was implemented in 1978 to ensure that land valuable for agriculture would not become urbanised or used by other economic activities. This legal situation is grounded in the fact that Québec's stock of agricultural land is relatively small and agriculture has played an important role in the history of the province (see Chapter 2). A provincial government commission monitors compliance with the law's agricultural zoning regulations.⁷ While a zoning approach makes it possible to maintain green space, the cost of this approach is borne exclusively by landowners who lose the right to develop their land.

In OECD countries, land policy is an important issue which affects regional development. Strong protection of agricultural land can result in a shortage of land for urban expansion, while high demand by urban dwellers for second homes can drive up rural land prices beyond values justified by their agricultural yields. Both issues have to be addressed in Québec, as most of the agricultural land is concentrated in the plain of the St. Lawrence River, near major urban populations.

Today, MRCs cannot decide on the use and potential conversion of agricultural land for other purposes, and this risks limiting their development potential. Two different types of rural territories are concerned: *i*) communities in the metropolitan regions of Montréal and Québec City where the quality of farmland is particularly high but suburbs are running out of land zoned for development; and *ii*) predominantly rural areas with potential for economic diversification. Southern rural communities are most affected by the arrival of urban residents whose demand for second homes has led to a significant increase in land prices. In addition in some rural communities there is insufficient land for business development, especially if a firm requires a relatively large parcel of land or is involved in an activity that is not suited to being in the middle of the town. The fact that

communities' development potential is limited by strict protection of agricultural land intensifies this problem. Even for farmers, acquiring land is restricted to those whose main occupation is agriculture. Young people who often start with part-time farming can neither buy additional land nor to build a house on their land.

More flexibility regarding land policy is being considered. In reaction to the development constraints mentioned above and following recommendations in several reports (Ouimet, 2009; Pronovost, 2008), discussions are under way to strengthen the MRCs' responsibilities for land use and planning, and to allow economic diversification and a more flexible use of agricultural land in areas not threatened by urban sprawl.

... while support for agriculture is partly linked to the output of selected commodities.

Farm operators in Québec receive compensation for the loss of land development rights through extensive safety net programmes and market regulation that raises commodity prices. Because of the dual federal-provincial jurisdiction, agricultural policies are delivered through a policy framework that shares the cost of support. Vocal interest groups defend this agricultural subsidy which has reinforced the trend towards fewer but larger farms (OECD, 2008c). In 2006, 26% of all farms in Québec had annual gross income of more than CAD 250 000 and represented 80% of total gross agricultural income (Saint-Pierre, 2009). The situation is similar in other OECD countries where financial support for agriculture continues, but it is rarely viewed as a means to achieve major rural development objectives. At the same time, Québec's system does not favour the multi-functionality of agriculture, as there is no compensation mechanism for farmers providing public goods (landscape) and services (recreation, environmental protection).

Owing to high world market commodity prices and policy changes, the OECD estimate of government support in Canadian agriculture (percentage Producer Support Estimate or %PSE) declined from 23% in 2006 to 18% in 2007. Less than one-fifth of farm operators' gross receipts are now provided by support policies. The level of Canada's support is now significantly below the OECD average of 23% (OECD, 2008e). Total support in Canada declined from 1.8% of GDP in 1986-88 to 0.8% of GDP in recent years (OECD, 2008c) and is, as in the OECD area, at its lowest level since 1986-88. With Canada's recent "Growing Forward" initiative replacing the previous Agricultural Policy Framework (see Chapter 1), the federal government has modified its agricultural legislation by introducing a

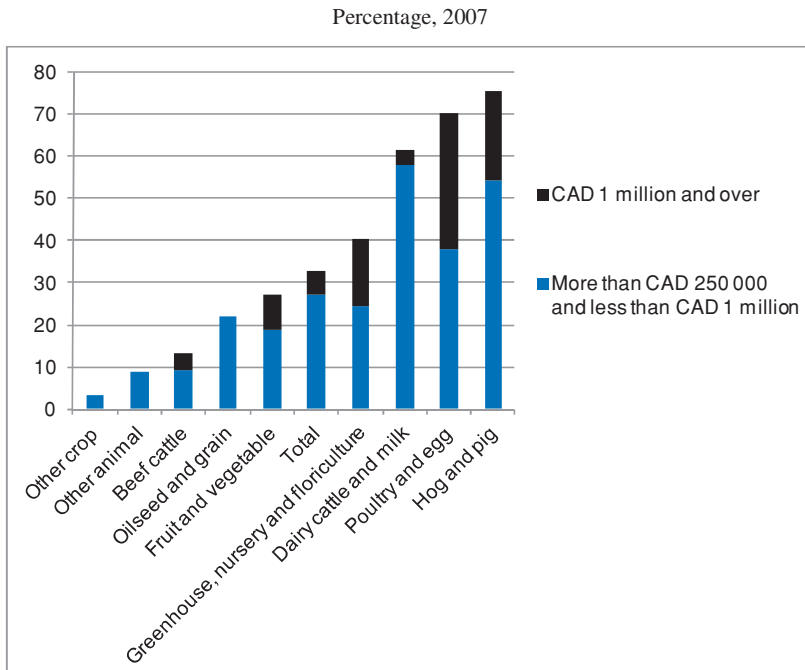
decoupled system of support focused on business risk management which has reduced both level and the most distorting forms of support.

However, progress varies significantly across sectors. Whereas meat and grain farmers (particularly barley and wheat producers in western Canada) are outward-oriented and have accepted more market mechanisms, there has been little liberalisation in other sectors. Milk, for which Québec has a market sharing quota of almost 50% among Canadian provinces (OECD, 2008c), remains the most highly supported PSE commodity (OECD, 2008e). While only some farms have development potential, all covered producers get income support with little concern for market forces. Similarly, eggs and poultry production, which are also major commodities in Québec, are also subject to supply management regulations that raise prices paid by consumers.

Two main mechanisms provide protection and support for the output of selected Québec commodities. First, a common supply management system is operated across the various provinces of Canada, with import and domestic quotas at its core. Second, there is an extensive, complementary farm income stabilisation system (ASRA) administered by the Québec government, which ties payment to production rather than to market demand. Both mechanisms entail higher prices for covered producers and lower their financial risk, making dairy farmers but also poultry and egg farmers highly profitable (OECD, 2008c). Although support also goes to some smaller farms, many of the producers covered by these mechanisms have substantially higher income than other farmers (OECD, 2008c) and, within Québec, are among those farmers with the largest scale (Figure 3.4).

The first mechanism, the Canadian supply management system, limits the working of the market mechanism and results in higher consumer prices and resource misallocation. Through a quota system largely controlled by provincial commodity marketing boards, it provides covered commodities with significantly greater producer support than other products. It aims to match supply and estimated demand by restricting production of dairy, eggs, poultry meat (chicken and turkey), maple syrup and rabbit in order to achieve a target price for the product. While this system reduces price fluctuations, consumer prices are much higher than those prevailing on world markets, forcing domestic consumers to pay for the protection enjoyed by the sector. For example, before the increase in world prices, prices of dairy products such as butter and cheese, which are Québec's main agricultural production (34% of total), have often been more than double those prevailing on world markets (OECD, 2008c). The share of single commodity transfers (SCT) to producers has decreased significantly since the 1980s (from 71% of PSE in 1986-88 to 55% in 2005-07), but SCT as a percentage of receipts remains high for dairy (48%) and eggs (39%)

Figure 3.4. Large farms in Québec by type and receipts
(CAD 250 000 and over)



Source: Statistics Canada, Canadian Farm Financial Database – Report.

(OECD, 2008e). Recently there has been a partial shift away from large programmes to less expensive ones that share costs with producers and give them some influence on how funds are spent. Yet, this shift has not stopped discussion of an even more efficient agricultural support system.

The second mechanism, the farm income stabilisation programme ASRA, inhibits the regulation of production by the market, encouraging maximum output and overproduction. According to 2007 data from *Financière agricole du Québec (FADQ)*, ASRA compensated agricultural producers in 17 enterprises (hogs/piglets, veal, grain corn and commercial crops) with CAD 748 million, forcing FADQ to run an operating deficit and requiring it to borrow money. The long-term insurance against price risk which the system has provided has contributed to a sometimes excessive level of debt of covered producers. The benefits have been capitalised into quota values and land prices so new entrants effectively have to prepay for

the support provided, leaving them no better and possibly worse off. ASRA creates disincentives for market actors not covered by the system who want to move towards higher value-added sectors such as horticulture, speciality products or organic food, but who have difficulty accessing credit. The amount in subsidies and the cumulative deficit are expected to increase considerably in the years to come (Saint-Pierre, 2009). Finally, since ASRA is a very significant part of the agriculture budget, there is a lack of money for research, innovation and other expenditure that could contribute to a more diversified agricultural sector and overall economic diversification.

In many OECD countries there has been a shift away from support linked to commodity output and towards different types of payments, often coupled with land-use objectives. In many cases, this shift has been intended to contribute to rural areas' economic and social revitalisation, and is not simply a means of maintaining farm incomes. However, there have been concerns about the sector-specificity and economic costs of many of these policies, which call into question their effectiveness for addressing non-agricultural objectives, including rural development (OECD, 2009a). When adapting its agricultural support system to a broader range of policy objectives, including land use and economic diversification, Québec's policy makers will have to keep these experiences in mind.

3.4.2 Economic development, natural resources and environment

A weak integration of economic development measures with rural policy can affect outcomes...

Several economic development programmes support activities in rural areas. Besides broad economic development strategies for Québec (2007), its resource-based regions (2001) or specific sectors, the approach of Québec's Ministry of Economic Development (MDEIE) includes: the work of CLDs, particularly through the local investment funds (FLI); help for single-industry communities, often located in rural forestry-based areas; self-employment through micro-credits; and support for co-operatives, mostly outside of the urban centres.

Rural CLDs combine various means of financial support mainly focused on individual firms. In both rural and urban areas, CLDs aim at: promoting entrepreneurship by offering support services for start-ups and existing companies; developing and monitoring a local action plan for business and employment; and acting as an advisory body for local employment centres (CLEs) whose representatives sit on CLD boards. A total of 120 CLDs provide loans, loan guarantees and other investments to

enterprises through three initiatives: local investment funds (FLI), financial help for young entrepreneurs (FJP) and financial help for firms active in the social economy (FDEÉS). CLD support is complemented by investments made by the federal and the Québec government, private funding and financial institutions. Between 1998 and 2006, the measures involved total investments of CAD 3.80 billion (the CLD share was CAD 346 million; ACLDQ data). Table 3.3 shows the impact of the three support programmes:

Table 3.3. **Impact of approved CLD projects**

	Local investment funds (FLI)	Financial help for young entrepreneurs (FJP)	Financial help for firms active in the social economy (FDEÉS)
Jobs (1998-2006)	60 461	16 895	39 131
newly created	23 111	15 991	12 667
maintained	37 350	904	26 464
Enterprises (1998-2006)	5 962	6 442	4 565
newly created	2 696	6 308	1 592
consolidated or expanded	3 266	134	2 973
Investment (in million CAD, 1998-2006)	2 037.4	752.2	1 006.8
CLD contribution	202.2	45.1	98.9
Average CLD support per request approved (in CAD, 2004-06)	38 195	5 088	21 218
Main sources of investment (2004-06)	CLDs: 10% Financial institutions: 39% Private funding: 23%	CLDs: 5% Financial institutions: 44% Private funding: 25%	CLDs: 9% Québec government: 32% Financial institutions: 19%

Source: Government of Québec (2009), *Bilan triennal des centres locaux de développement 2004-2006*, ministère du Développement économique, de l'Innovation et de l'Exportation, Québec; ACLDQ data.

Québec's *single-industry communities*, most of which are in forestry, are supported through special measures and two complementary funds. Many of these communities are affected by industry closures or restructuring. They are supported for establishing revitalisation committees and for diversifying their economic base. Different administrative regions participate in the ACCORD project “niches of excellence” (*créneaux d'excellence*), which specialises in the value-added wood industry or in technologies for underground mining. A recent bill on the occupancy of forestry land also

involves support for affected single-industry municipalities. Moreover, MAMROT and MDEIE are implementing two complementary financial support programmes: *i*) CAD 15 million has been earmarked for 54 communities that are currently in a crisis situation to develop a revitalisation plan for industrial diversification; and *ii*) CAD 60 million can be spent by single-industry MRCs on firms in order to develop activities scheduled in the revitalisation plan (data from MDEIE). Firms are supported through the CLDs in collaboration with the authorities for employment (Department of Employment MESS and, at the local level, CLEs).

The *community micro-credit programme* is a public-private partnership (PPP) activity for supporting self-employment which is not related to CLDs. Programmes target private capitalisation and public functioning which includes micro-credits and training programmes. Investing in self-employment is a particularly relevant and economically viable measure for economic development in rural Québec, particularly when linked to traditionally disadvantaged groups such as rural women, immigrants or First Nations people. CAD 1 invested through the network of community credits in 14 bodies situated in rural areas generated CAD 6.2 in additional investment, a better ratio than for all community credit bodies (MDEIE data).

Support for co-operatives is another way to empower rural areas through social and human capital and community development. An MDEIE programme to develop co-operatives has created over 6 000 jobs (2002-06) mostly outside of big urban centres. The survival rate of co-operatives is significantly higher than for enterprises overall. This may be due to the fact that the co-operative process requires people in the community to commit themselves collectively to starting the co-operative and they are therefore more likely to continue to support it.

However, this policy framework for diversification presents a series of challenges:

First, the weak integration of social and economic development measures at the provincial level hampers community transitions and sustainable land occupancy. An approach which aims to strengthen social cohesion prior to spending on local economic development is promising, but the PNR's institutional separation from local and regional economic policy limits the development perspectives of businesses, particularly in areas struggling with demographic change and sluggish economic growth. The integration of proactive economic support measures and rural policy in a place-based development strategy is a challenge, especially given the institutional separation between MAMROT and the MDEIE, which is in charge of CLDs since the 2003 government reshuffle. Moreover, many

economic development policies are implemented not at the supralocal but the regional level and are more difficult to co-ordinate with MRCs.

Second, the CLD approach is not particularly proactive. Its different support measures are not part of a strategy for key industries that would promote the clustering of economic activities as does the ACCORD project which mostly targets urban areas.⁸ The rather passive case-by-case approach is in part due to the fact that much of rural Québec seems to lack the basic structure needed for a cluster approach because of an often weak entrepreneurial tradition and a lack of core small and medium-sized enterprises (SMEs) to create clusters of firms in the many small and widely dispersed rural communities. Many rural areas do not have a dominant industry, and if they do, it is often a large branch plant.

Third, neither MAMROT nor the Department of Tourism (MTO) has a clear strategy for supporting rural tourism. Rural tourism and other amenity-based activities are acknowledged in the PNR as sectors with promising growth opportunities. However, an explicit development strategy involving policy and economic support measures is lacking. Tourism projects are often organised at the regional level (regional tourism associations, ATR) with little integration of rural topics and it is difficult to convince MRCs to co-operate on particular fields of rural tourism.

... while natural resource management only gradually involves regional and local actors...

As discussed in Chapter 2, an important part of Québec's GDP depends on natural resources and related exports. Most resources are located on public land as more than 92% of Québec's territory is publicly owned and government-controlled. The economic returns from natural resource industries in forestry, mining and energy are estimated at 10% of the provincial GDP. This represents up to 15% of investments and over 175 000 jobs throughout the province (data from MRNF). An important share of these results directly affects Québec's rural areas and their communities.

The decision-making framework has evolved towards both de-concentration and decentralisation.⁹ The government aims to increase regions' and First Nations communities' autonomy with regard to their natural resources. To do so, the ministry in charge (MRNF) has adopted an "integrated regionalised approach" (AIR) that allows administrative regions to play an active role in the development of their natural resources and territory by delegating certain planning and management powers and responsibilities to the regions.

The government gives an enlarged role to regional actors through commissions on natural resources and the territory and local round tables, but the MRCs' role in these activities is limited. The commissions work with CRÉs and First Nations communities to formulate regional plans for the development of resources and the territory (PRDIRT). These plans try to define the optimal degree of use and protection of an administrative region's natural resources by integrating economic, social and environmental considerations into a "sustainable development" approach. The PRDIRT promotes coherence among public and private actions and delegates specific competences to the regions. MRCs and municipalities participate in local round tables on integrated management, but still have little legal decision-making power on the use and management of natural resources. The government is reluctant to further decentralise responsibilities because of the large number of jobs in forestry which, if put at risk, might destabilise local labour markets.

The enlarged role of CRÉs is part of a new approach to the forestry sector which stresses the participation of local and regional actors. The recent bill on the occupancy of forestry land tries to enlarge the role of local and regional development actors but also to consolidate the province's role as an intermediary to ensure more sustainable and higher value-added exploitation of forests. Moreover, First Nation communities are encouraged to participate in the newly established regional bodies and, like the MRCs, can become responsible for the management of so-called "proximity forests" within or close to municipal borders. In general, the government tries to strengthen the local forestry industry by increasing the use of wood in Québec, particularly in public buildings, other non-residential construction and multifamily housing. Using wood for "green construction" is one of the four cornerstones of the industrial development strategy which also includes wood as an energy generator, "green chemistry", and a modernised primary processing industry. Reacting to the recent crisis, Québec has approved several forestry support programmes. Already, the 2006 Support Plan for the Forestry Sector (Government of Québec, 2006b) involves CAD 722 million to support workers (*e.g.* assistance to find a new job), communities (*e.g.* financial support within a contract on diversification), forestry management and business development. More recently, the federal and the provincial governments have agreed on a joint effort (CNW Group, 2009) to support public and private forestry and affected communities with measures in the amount of CAD 200 million (2009-11), with a view to maintaining and creating around 8 000 jobs. In the mining sector, the government promotes more sustainable and diversified exploitation, which can result in stronger benefits for local and aboriginal populations. In this respect, the new Mineral Strategy of Québec targets the growth of the mineral sector through enhanced geo-scientific knowledge, training and support for

entrepreneurship so that more local firms can participate in the exploitation and transformation of resources that are currently mostly controlled by large multinational companies. A new mining fund endowed with CAD 200 million over ten years and financed through mining fees paid by the companies contributes to these objectives. Importantly, the new strategy aims at stronger involvement of local and aboriginal populations through financial and job training efforts as well as consultation mechanisms. To ensure more sustainable exploitation, the strategy commits to restoring abandoned mining areas and introducing stricter rules for environmental impact assessments.

Hydroelectricity and wind energy represent the major investments in the current Energy Strategy 2006-15. According to the MRNF, there are hydroelectricity projects for 4 500 MW until 2010 with a total investment of CAD 25 billion, mostly by the province-owned electricity generator and distributor Hydro-Québec. In contrast, wind-energy projects include an investment of CAD 10 billion until 2015 for 4 000 MW. A study has confirmed that over 70% of the economic benefits from wind energy investments would remain in Québec, with over 62 000 direct and indirect jobs generated over an exploitation period of 25 years (Hélimax, 2004).

The government also supports small-scale hydro (maximum 1 MW) and biomass-based energy production. A recent working plan (Government of Québec, 2009c) explores the potential of forestry biomass as a basis for energy production. This is coherent with the government's strategic objective to include up to 5% of ethanol in transport fuel sales by 2012, most of it from ligneous biomass. Also, a working group supported through the PNR's rural future fund conducted research with out-of-use sawmills whose boilers produce energy with biomass on a small scale. The rationale of this policy is to develop new businesses in suffering resource-based regions and to make small communities independent from other sources of energy. In return, Hydro-Québec can export more electricity, mainly to the US northeast.

... and environmental measures are mostly excluded from rural policy.

Québec's Ministry of Sustainable Development, Environmental Affairs and Parks (MDDEP) is among the ministries with the broadest inter-ministerial governance approach. Based on the Government Sustainable Development Strategy 2008-13 (GSDS), the ministry's Sustainable Development Action Plan 2008-13 (SDAP) is implemented through the *Loi sur le développement durable* (sustainable development law) and explicitly involves all ministries and public organisations in its responsibilities for

environmental protection, sustainable development and the management of natural parks. Although it adopts a mostly top-down governance structure, the MDDEP has extended its co-ordination structure to reach all public administration bodies down to the most remote municipal council.

The SDAP calls for greater involvement of communities and local participation, integrating the sustainable development imperative within all local and regional development strategies. The SDAP places the need to encourage collective participation at the local level both to mobilise citizens around common interests for their community and to bring people closer to their local and regional environment by creating a sense of stewardship. Community mobilisation and participation go beyond specific water and air quality management issues as this is seen as the foundation for a holistic view of sustainable development. Although the PNR is already compatible with sustainable development principles, it could benefit from a similar approach. Some rural communities or MRCs have already put in place approaches close to the Agenda 21 framework, *e.g.* by including in the rural pact action plan a vision of what to leave to future generations. Given that little decision-making authority over the management of the environment exists at the rural community level, compared to natural resource management and enhancement, this territorial development approach is challenging. It is of special interest for rural and small-town communities as more power would help all actors involved in territorial planning and visioning to gain awareness of the principles underlining sustainable development. The SDAP offers advisory support to local development actors and organisations in areas of sustainable development.

There is limited co-operation on rural areas' sustainable development. Although the MDDEP sits on the inter-ministerial rural committee and has much of its field of intervention in predominantly rural areas, no commitments by this ministry have been included in the PNR. Moreover, the SDAP does not make much use of the MRC in its implementation structure but concentrates on regional and municipal bodies. This goes against a growing trend in many OECD countries to consider environmental protection measures within a narrow rather than broad rural policy. Spain has gone even further in this respect, by integrating rural and environmental affairs under the same ministry.

3.4.3 Health and education

Broader rural policy addresses cost and delivery challenges in health services...

Québec has built its health policy on the premise that services are universal, accessible and publicly managed. However, a recent ministerial report (Castonguay, 2008) recommends quantitative and qualitative restrictions to ensure the public health system's viability. The rapid growth in demand for health services, mostly owing to the increasing cost of treatments and services as a result of technological evolution and ageing, is placing unsustainable financial pressures on the system. A new approach to health care is recommended which may affect the quality and accessibility of these services in rural areas.

The Castonguay report proposes to limit health care investments so as to adjust cost increments to the growth rate of Québec's collective wealth. To do so in a context of projected accelerating health-care costs, it is recommended to make the health system more efficient and to make greater use of private insurance schemes working in parallel with the public system. Due to rural ageing, health-care needs and cost per capita are expected to increase at a faster pace than in urban centres. If implemented, the impact of the report's recommendations will have to be well monitored, as similar policies in other OECD countries have tended to be detrimental to rural service provision (Castonguay, 2008).

Québec's health services are currently experiencing important shortages of both medical specialists and nursing staff. These shortages affect the entire province, but especially rural areas. Urban health service centres, although not prioritised by the government, are often the first to fill their vacancies (*Association québécoise des pharmaciens propriétaires*, in *La Presse*, 24/02/2009).

The government has some innovative solutions for dealing with the lack of health professionals in rural areas. One is to resort to "nomadic" doctors and specialists who make rounds to different health centres (CSSS) across the territory and offer services that are otherwise not available in rural health institutions. This may be a better solution than bringing rural patients systematically to a city for specialised treatment. Unfortunately, the shortage of medical staff has forced the ministry in charge (MSSS) to resort to using "nomadic" medical doctors not just as a complement to local physicians but to allow regional centres to fill their basic needs in health personnel. Because they receive higher wages, these "nomadic" doctors tend not to be interested in permanently occupying vacancies in regional health centres (*Association des anesthésiologistes du Québec*, in *La Presse*, 14 June 2009).

Québec also offers incentives to medical school graduates to practice outside of metropolitan areas. This programme called PREM (“Regional medical workforce plan”) is a tool that has received positive reports in other OECD countries. Québec does not have a study evaluating its impact on rural health-care provision. However, according to the *Fédération médicale étudiante du Québec*, PREM is one reason why Québec is experiencing out-migration of its medical school graduates who undertake residency in other provinces. Because they receive better pay elsewhere, they often do not return to Québec once they have finished. For its part, Québec has been unable to attract resident doctors from other provinces (*La Presse*, 16 June 2009).

Another MSSS initiative with better results in rural areas is the *Réseau québécois de Villes et Villages en santé* (RQVVS). This community-based initiative (Box 3.9) was launched by civil groups to promote the local population's well-being through community involvement and activities. It mobilises the community's resources to strengthen citizens' capacity for self-help activities, favouring a local climate that maximises “gross municipal happiness”. Initiated in the community of Rouyn-Noranda, the initiative was quickly copied by many other rural and urban municipalities throughout Québec. Today these groups are linked through a network, their activities are partly supported by the government, and many of their actions have been integrated in the MSSS service delivery mechanism.

... *and education...*

In Québec, delivering education to rural communities can be extremely expensive because of distance and declining school enrolments. After decades of success in enhancing access to public education, the sector is experiencing a crisis which disproportionately affects rural Québec. In 2009 public primary and secondary schools registered some 20 000 students fewer than in the previous year and some 84 000 fewer over the last five years. Since 2003, 134 public schools have been closed in Québec mostly due to the lack of enrolments as a consequence of demographic change (data from the Ministry of Education, MELS).

Many institutions situated mostly in remote rural areas face dramatic reductions in student numbers. This results in greater costs per student which are often difficult to meet and justify. On the other hand, in some urban centres authorities are unable to cope with the growing demand for educational services and the necessary infrastructural investment. As a result, Québec has realised that its capacity to maintain the education system's quality, accessibility and geographical dispersion throughout the territory is under threat. Some stakeholders predict that the current

**Box 3.9. Community initiative to improve quality of life:
*Villes et Villages en santé***

The *Villes et Villages en santé* initiative (Healthy Towns and Villages, RQVVS) aims to improve citizens' health, happiness and quality of life. It does so not through medical intervention, but by stimulating a sense of community, collective initiatives, and a feeling of belonging and self-realisation among local populations. RQVVS incites municipal decision makers to be aware of the importance of their long-term strategic planning and day-to-day decisions for citizens' health. It encourages them to work with a network of partners from the health sector and all community actors involved in projects that target citizens' quality of life and the establishment of healthy lifestyles and living habits.

The concept behind the RQVVS network is to co-ordinate the different municipal services offered, by the public health network, the school system, the business sector, by community organisations or any other civil group. The actions undertaken by RQVVS vary from region to region. Some organise community kitchens, youth centres or other means of helping the needy. For others, their projects aim at improving or preserving the local environment for example by organising community-driven clean-ups of local green spaces or planting trees.

The originality of this movement and the reasons for its success are related less to the community projects carried out than to the process of encouraging the local population's active participation in community life by working together on issues of local concern and bringing them to prioritise their needs and welfare choices as well as those of their community. Altogether, the RQVVS network has 177 members, of which 165 municipalities, four *arrondissements*, seven MRCs and one neighbourhood. The network membership represents over 50% of Québec's population.

Source: OECD, Réseau québécois de Villes et Villages en santé.

generation of students will not benefit from the same access and quality as previous generations. This has become a concern for local and regional development actors.

The government has developed innovative initiatives to protect and maintain the quality of educational services offered in rural areas. It has recognised that resources should not be distributed based entirely on the tally of students in an area, but that a critical mass of staff and services must be maintained to guarantee access to quality educational services. Vertical co-ordination boards (*Tables interordres*) that link the agents of different school levels within a region are promoted to drive optimisation of the education system's resources. They also co-ordinate with local actors, including the local employment centres (CLEs), to adapt services to the

area's needs. Prior to any decision to close a village school, parents and the local community must be consulted, a reflection of the government's effort to include them in the debate on quality of and access to local education services. Together with Québec's school boards, programmes have been put together which allocate resources to school boards to maintain rural educational services. These include projects to maintain the "last village school" (*dernière école du village*) and to create networks of rural schools through ICT. The latter project, *Ecole éloignée en réseau* (Box 3.10), is a commitment made by MELS within the PNR. It is comparable to a project implemented in Alabama (United States) where in 2008 more than 22 000 courses were offered through the Connecting Classrooms Educators and Students Statewide (ACCESS) initiative (*The Economist*, 18 July 2009).

Box 3.10. Facing demographic decline in rural schools:
École éloignée en réseau

To meet the challenges of demographic decline in parts of rural and remote Québec, the government strives to innovate and reorganise educational services. The *Ecole éloignée en réseau* ("remote schools network") project aims at revitalising and re-professionalising small rural schools through networking, the use of fibre optics and information and communication technology. Collaboration at a distance and joint development of what is taught in classes contribute to meeting the project's objectives.

Evaluation studies made by CEFRIO show that this can ensure a future for some small rural schools and enhance students' school achievements. The involvement of different actors, from MELS to school boards, teachers, students and local/regional development authorities, has been crucial to identify their new roles and responsibilities. Teachers and the local communities have become aware of the opportunities provided by ICT and broadband technologies and their possible effects on the quality of education. Moreover, the newly established networks offer possibilities to get in touch with experts located elsewhere and to enhance the quality and quantity of other rural services.

The programme which is part of MELS' commitments to the PNR was launched in 2002 and is scheduled to end in 2010. The government of Québec has invested about CAD 10 million of public funding to cover expenses ranging from research to the management and technological resources.

Source: CEFRIO (2008), *Fiches de projet du CEFRIO*, paper prepared for the OECD.

Although they have slowed the trend, such initiatives have not been able to stop school closings across Québec’s mostly rural territory. The main obstacle is financial: Québec appears to have made the societal decision to maintain and encourage access to quality educational services throughout its territory, but this comes at a price and Québec is mostly looking towards federal transfers to cover the cost. However, as education is a provincial responsibility, this may be risky. The federal-provincial equalisation payments, which are written into the Constitution, exist to enable each province to provide a reasonable common level of services such as education, but the level of funding reflects the relative fiscal position of the various provinces. Consequently, Québec has no direct influence on the amount of money it receives through equalisation. The federal government does however play a major role in funding training programmes and postsecondary education programmes.

3.4.4 Employment and migration

... while implementing a territorial approach to employment and labour market issues...

Québec’s Ministry of Employment and Social Solidarity (MESS) implements a territorial approach. MESS has de-concentrated its service delivery to 147 local employment centres (CLEs) distributed throughout the inhabited territory. However CLEs in rural areas cover relatively large geographic areas with relatively small populations so it is much harder to provide services that improve the local labour market. CLEs work with employers and the labour force to balance employment demand and supply and avoid local labour market mismatches. CLEs are well co-ordinated with the economic (CLDs) and social development institutions present in rural areas. MESS strives to ensure the equilibrium of local labour markets, fighting against poverty and social exclusion while supporting community-based initiatives and local volunteerism.

A “pact for employment” helps to achieve these aims at the local level. This pact, implemented through a decentralised commission of labour market partners, is an agreement between the government, partners representing the workers’ organisations, employers, the education sector, the business community and local organisations. The pact helps to co-ordinate the efforts of its signatories around similar premises:

- **Improve labour market access for those who want to work.** This includes interventions to better prepare job seekers for the labour market and to help individuals seek out appropriate employers. The

pact for employment promotes support and training activities for youth, immigrants and members of minority groups, and for members of the workforce with physical or mental disabilities. have also been set up with schools to facilitate simultaneous work and study and to help prevent young people from dropping out of school.

- **Make work a more valued activity.** The pact wants to make employment more attractive to the unemployed by highlighting the advantages of work and improving the incomes of low revenue workers. This involves several different initiatives, from fiscal breaks for workers with lower revenues and the establishment and monitoring of minimum wage legislation, to the development of employment revenue simulators that help illustrate the benefits of work and income to those living on social welfare benefits.
- **Improve workforce training and business productivity.** This encourages the workforce's continuous human capacity development by supporting training opportunities and offering tax credits to businesses in certain sectors. The pact for employment attempts to increase the supply of training opportunities and make them available throughout Québec, including in rural areas. Employers are encouraged to give greater recognition to the training achievements of workers.
- **Adapt to specific local and regional labour-force needs.** Regional committees have been set up to co-ordinate efforts and strategies for employment, training, business needs and economic development with local actors. Through these committees, a labour force adjustment plan and a work management plan are developed that take into consideration each regional labour market's characteristics. Co-operation between the business sector and local schools should encourage a better prepared workforce and give opportunities to graduating students.

... and fighting demographic issues through the in-migration of youth and immigrants.

Whereas poor labour market outcomes are not a major problem for young people in Canada, youth living in remote rural areas as well as young people from the First Nations are over-represented in this group (OECD, 2008d). It is important for policy makers to address the issue by designing special programmes to help young people to move where job opportunities exist and to better inform them about labour market opportunities and living conditions. In this regard, Québec puts special

emphasis on outreach: instead of waiting for young people to visit employment service centres, policies try to reach out directly and assist them in their efforts.

The Québec government has created a Youth Secretariat to react to poor labour market outcomes and out-migration of youth. Its main mandates are to ensure the coherence of policies affecting youth, to co-ordinate actions of different youth organisations and to ensure correct implementation of Québec's youth policy. Among the main challenges set by the second edition of the secretariat's Youth Action Strategy (2009-14) are also "regions". Youth are placed at the heart of regional development to alleviate their problems in rural communities. The objectives are to encourage the active presence of youth in regions and local democratic institutions and to support the involvement of First Nations' youth in their communities and within Québec's society. The strategy has also set up measures such as tax credits for recent graduates who take up jobs in remote resource regions. It includes a regional youth investment fund that supports youth-driven projects in the region. In Québec, as in all OECD countries, there is a tension between encouraging youth to leave rural areas to improve their personal situation in terms of career development and education and trying to retain them in the community to ensure its long-term survival.

An initiative promoted by the Youth Secretariat that is having a positive impact in rural areas is the *Place aux Jeunes* programme. This assistance programme (Box 3.11) was created to counter the out-migration of youth from rural regions and help them to return by facilitating their integration into the community. Migration agents in 70 MRCs are in charge of implementing this approach locally. The initiative promotes awareness of possibilities for migrating to rural regions so as to encourage more youth to find residency, to initiate their career and to ultimately establish their home in rural areas. *Place aux Jeunes* is innovative, but to avoid potential duplication should collaborate with the federal government's Youth Employment Strategy (YES) and its Skills Link component which helps young people with multiple barriers to employment (of which coming from rural areas) through longer-term assistance (OECD, 2008d).

Because immigration rather than natural growth is the source of population growth in Québec, as in most highly industrialised countries, rural Québec needs to find a way to recruit, attract and retain more immigrants. If Québec, which has significant legislative powers regarding immigration,¹⁰ fails to do so, the demographic structure of rural areas will become even more unfavourable to growth, opportunities might go untapped for lack of entrepreneurs and labour, and the persisting gap in the ethno-cultural diversity of rural areas compared to metropolitan regions will further expand (Beaujot, McQuillan and Ravanera, 2007). In reaction to the

Box 3.11. Countering out-migration of youth: *Place aux Jeunes*

Place aux Jeunes du Québec (PAJQ) was designed to address the factors driving youth out of their rural areas. It has expanded across Québec to include 70 member MRCs and an important number of supporting partners.

The mission of PAJQ is to encourage youth to migrate to rural areas, to take up residency in these communities and to maintain these young migrants in rural areas. To do this, PAJQ pools together and co-ordinates the resources and capabilities of its many partners along with those of the municipal, regional and provincial administrations. The main objective is to stop rural out-migration of youth to urban centres. It also aims to favour the social engagement of rural youth; to facilitate their professional integration in rural areas; to raise public awareness of the local impact of ongoing out-migration; and to stimulate youth-driven entrepreneurship and business creation.

The activities promoted by PAJQ take different forms: exploratory journeys are organised to bring youth from cities to rural areas where they are given opportunities to network with local socioeconomic agents, entrepreneurs and potential employers. PAJQ also acts as a link between rural employers with job openings and youth wishing to migrate to the region through its job bank website (*Accro des régions*). A CyberBulletin aims at rural youth who have left their communities for the city. The objective is to make sure that they do not lose contact with their places of origin. The CyberBulletin reports current events but also communicates services and potential job and business opportunities in the readers' region of origin. Another PAJQ activity is to work with adolescents in rural areas in order to orient their educational career choices to make them compatible with a professional life in the region. Finally, PAJQ holds information sessions in schools, universities, youth organisations and job placement offices in mostly urban centres to promote rural regions as an alternative career destination.

According to PAJQ's latest annual report (2007-08), 875 youth participated that year in the exploratory journeys, 252 of whom were potential entrepreneurs. PAJQ's job bank held 16 431 offers and it was estimated that over 23 000 adolescents became aware of rural careers through PAJQ's activities. That year, 965 youth decided to migrate to rural areas with PAJQ's assistance. Some 802 migrated in order to occupy a specific job and 59 set out to start their own business. Of the total number of migrants to rural areas under PAJQ, a little over half (501) did not originate from the MRC to which they migrated.

The Canadian federal government has recently taken interest in PAJQ, replicating the experience in other parts of Canada. The Rural Secretariat (RS) in collaboration with Canadian Heritage has set up pilot projects in Manitoba, Nova Scotia and Yukon. PAJQ is having an active advisory role in the establishment of these new projects.

Source: OECD, Place aux Jeunes du Québec.

fact that most international immigrants have gone to urban areas (see Chapter 1), Québec can use its legislative competences to facilitate immigration to rural areas by attracting international migrants with the trade, artisanal or entrepreneurial skills needed in rural areas. Reduction of the technological gap through modern ICT also offers opportunities to reach out to new groups of migrants previously less tempted to move to rural areas. The Québec government has developed regional action plans that help immigrants access local labour markets. SRQ and some MRCs have established a presence among immigrant communities in cities to persuade second-generation immigrants of the desirability of opportunities in a rural setting.

Policy efforts to attract and integrate migrants can be strengthened through enhanced co-ordination. Apart from the government bodies mentioned above, many actors have not yet considered making in-migration a goal. This is especially true for foreign immigrants. Despite the government's efforts to promote the positive impact of migration, readiness to accommodate immigrants of ethnically and culturally diverse origins may not be as strong as the government suggests (Nieguth and Lacassagne, 2009). Initiatives at both the federal and provincial level are complementing MAMROT's efforts, such as the Bouchard and Taylor (2008) report, which has increased awareness of immigrants' impact and how to benefit from increased diversity.

Notes

1. The decrease in number of municipalities is due to municipal mergers.
2. According to the 1972 law on agricultural producers (*Loi des producteurs agricoles*), the UPA has the exclusive right to represent the agricultural profession in Québec. Under certain conditions, the trade union can collect compulsory fees and contributions from farmers (source: UPA).
3. In this report, the term “community” includes the following related elements: a specific geographic territory; the individuals who occupy that territory; and the set of social relations that link those individuals (Freshwater, 2004).
4. Bringing together a great variety of actors involved in rural development, the “Day of Rurality” highlights the most innovative achievements. The *Grands prix de la ruralité* are awarded to individuals and bodies as well as promising initiatives that resulted from the PNR. MRCs can apply to organise this event.
5. The nine cities are: Montréal, Québec, Laval, Gatineau, Longueuil, Sherbrooke, Saguenay, Lévis, Trois-Rivières.
6. The Desjardins Group is the largest co-operative financial group in Canada and by assets the country's sixth largest financial institution (2008). It has 513 local *caisses* mainly in Québec, but also in Ontario and affiliated branches in New Brunswick and Manitoba. The *caisses* are autonomous legal entities with a common service offer, shared support services (IT and other) and mechanisms for financial stability. Loans to agriculture represent a large part of Desjardins' business.
7. The regulations included in the law on the protection of agricultural land and activities (*Loi sur la protection du territoire et des activités agricoles*, adopted in 1978 with an important amendment in 1997) are the core of the provincial land use legislation. The law is administered by a Commission for the Protection of Québec's Agricultural Land (CPTAQ).
8. The government promotes the clustering of economic activities through its ACCORD project and related funding. This project identifies and develops regional clusters of excellence. Given the small and often

dispersed character of rural Québec, many communities lack the conditions needed to take advantage of the ACCORD approach.

9. Whereas “de-concentration” describes the shift of certain administrative decision-making powers to agents located throughout the territory who are linked to the central power by hierarchical subordination (in Québec often the regional directorates), “decentralisation” implies a hierarchical transfer of responsibilities to lower levels, including the control of funding sources, public election of leaders and significant flexibility as to the choice and assignment of necessary competences (Arbour, 2007; SRQ, 2006b).
10. The Canadian Constitution Act gives the federal government and the provinces concurrent legislative powers over immigration. However, with the 1991 Canada Québec Accord, Québec has obtained responsibility for the selection, reception and integration of immigrants to Québec and has implemented its own selection criteria with a strong emphasis on establishing facilities for learning the French language.

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Annex 3.A1

Table 3.A1.1. Ministerial expenditures targeting rural residents and territories, in million CAD

Ministry or organisation	2001			2006		
	Rural ¹	% of total rural	Total ²	Rural ¹	% of total rural	Total ²
Affaires municipales, régions et occupation du territoire (MAMROT)	138	2.18	1 475.1	208.3	2.59	1 519.0
Agriculture, pêcheries et alimentation (MAPAQ)	192	3.03	651.3	229.9	2.86	693.2
Culture, communications et condition féminine (MCCCF)			491.3			598.2
(culture)	39.3	0.62		39.1	0.49	
MCCCF (women)	0.6	0.01		0.6	0.01	
Développement économique, innovation et exportation (MDEIE) (CLD)	22.2	0.35	206.6	21.5	0.27	519.2
MDEIE (FLI)	n.d.	n.d.		3.0	0.04	
MDEIE (entreprises)	n.d.	n.d.		51.6	0.64	
Éducation, Loisir et Sport (MELS), (education)	3 652	57.59	10 621.9	4 387	54.65	12 638.0
MELS (leisure)	3.6	0.06		3.6	0.04	
Emploi et solidarité sociale (MESS)	204.3	3.22	4 066.8	183.2	2.28	4 084.7
Santé et services sociaux (MSSS)	1 583	25	17 197.9	1 979.0	24.65	22 452.5
Ressources naturelles et faune (MRNF) ³	158.7	2.5	382.2	149.2	1.86	462.8
Tourisme (MTO)	9.8	0.15	65.6	20.7	0.26	143.4
Transports (MTQ)	168.6	2.66	1 412.2	493.8	6.15	2 003.7
Jeunesse (SAJ)	n.d.	n.d.	9.3	7.6	0.09	9.4
Habitation (SHQ) ³	168.9	2.66	248.7	210.7	2.62	340.5
Infrastructures locales (SOFIL)	n.d.	n.d.	n.d.	38.7	0.48	148.9
Total	6 341	100	36 828.9	8 027.5	100	45 613.5
Change 2006 versus 2001				+26.6%		+23.9 %

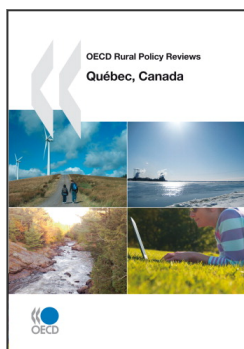
1. Expenses targeting rural residents and territories include the following support sectors, per ministry: MAMROT: infrastructure, village renewable, regional and rural development, and financial support for municipalities; MAPAQ – agricultural and agri-food businesses, fisheries and aquaculture; MCCCF: improvement of cultural offerings, regular credits for regional directorates, gender equality and improvement of the status of women; MDEIE: CLD funding, FLI loans to CLDs, enterprises, innovation and market development; MELS: educational services, *Unités régionales de loisir* and handicapped people; MESS: employment of individuals and enterprises; MSSS: health services and community development; MRNF: exploitation of natural resources (mainly forestry); MTO: tourism projects by firms and associations; MTQ: road network, land, maritime and air networks; SAJ: initiatives targeting needs and civic engagement of youth, *Place aux Jeunes*; SHQ: housing and habitation (including federal spending); SOFIL: local and rural infrastructures.

Table 3.A1.1. **Ministerial expenditures targeting rural residents and territories** (*cont.*)

2. Total expenses represent those included in the public accounts (*comptes publics*), Volume 2, published annually by the Ministry of Finance. They comprise all ministerial expenses for a given year. Contributions made by the Canadian federal government are not included. Besides expenses targeting rural and urban residents and territories and ministerial internal expenses, the total expenses also include (depending on the ministerial mission and portfolio composition): financial expenses (debt service); transfers to state corporations and ministerial bodies (such as *Financière agricole du Québec*), commissions, research and technology centres, museums and educational establishments; amounts attributed to a national fund (such as the one on heritage) or a research fund; financial support for students (scholarships); transfers to public pension systems; public health service system expenses; etc.

3. Expenses of *Ressources naturelles et faune* (MRNF) refer to 2004 instead of 2006. They do not include support measures for the forestry sector decided in the framework of stimulus packages reacting to the forestry crisis. Expenses of the *Société d'habitation du Québec* (SHQ) refer to 2003 and 2007, respectively, and included some transfers from the federal level.

Source: Government of Québec, MAMROT.



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