



Réseau des
**SADC
+CAE**

Société
d'aide au développement
des collectivités et Centre
d'aide aux entreprises

AR
2019
2020

**MAKING A
DIFFERENCE**

TABLE OF CONTENTS

MESSAGE FROM THE MINISTER

3

MESSAGE FROM THE PRESIDENT

4

MESSAGE FROM THE GENERAL
MANAGER

5

MESSAGE FROM THE TREASURER

5

MESSAGE FROM SPECIAL ADVISOR

6

COVID-19 :
AN UNPRECEDENTED YEAR

7

FEATURED ARTICLES :
SADCs AND CAEs MAKE A DIFFERENCE

8

ECONOMIC PERFORMANCE SECTION

18

OUR ACTIVITES IN BRIEF

20

THE TEAM

24

CAPITAL RÉSEAU

25

INTRODUCTION

It may come as no surprise to you that we were unable to finalize the 2019-2020 annual report as planned. On March 13, 2020, an unprecedented global health crisis suddenly brought our professional and personal lives to a standstill. Consequently, this report covers the last 18 months, rather than the last 12. Much of this report covers the strong results achieved in 2019-2020. Of course, the past several months have been far from business as usual, so this report will also address the exceptional period during which emergency measures were deployed to support both individuals and businesses, including the Regional Relief and Recovery Fund (RRRF–CFP), which was an excellent opportunity for Réseau members to highlight the essential work they have been doing for 40 years.

MESSAGE FROM THE MINISTER

Upon reading the Réseau des SADC et CAE 2019–2020 Annual Report, I realized the scope and relevance of all that has been accomplished by the 1,000 employees and volunteers who make up the Network and who are helping to make rural communities in Quebec more prosperous.

The year 2019–2020 was particularly important, since it marked the renewal of the Canada Economic Development for Quebec Regions (CED) agreements with your organizations—agreements that provide \$169 million in funding over five years. Improvements made include an increase in operating budgets; special attention to devitalized sectors; and coverage of all rural areas in Quebec, including those in the Des Maskoutains and Caniapiscau RCMs. With the help of CED’s renewed support, the SADCs and CAEs are better equipped to serve rural communities in Quebec, something indispensable during this difficult time of a pandemic.

In addition to this new agreement, \$71.3 million was granted in April 2020 through the Regional Relief and Recovery Fund (RRRF) to support businesses and rural communities in the regions of Quebec. This assistance allowed the SADCs and CAEs to support local businesses and services, as well as tourism businesses that are key to their communities’ economic development. With this measure, the Government of Canada is showing that it is counting on your expertise and drive to help our entrepreneurs to meet the many challenges associated with COVID-19. And CED is there to support you.

Through their local services, the SADCs and CAEs have been supporting entrepreneurs for almost 40 years, helping them carry out thousands of projects and thus contribute to the economic vitality of our regions and to the creation and retention of good jobs in communities. Thanks to your know-how and your knowledge of the community, you are, and will continue to be, key partners of CED in the fulfillment of its mandate.

Together, we will help businesses in the regions of Quebec get back on their feet for a stronger economic recovery.



Minister of Economic Development
and Official Languages,
The Honourable Mélanie Joly



Daniel Dumas
President

MESSAGE FROM THE PRESIDENT

Dear Members of the Réseau des SADC et CAE,

This is my final message to you after eight-and-a-half years as President of our organization.

The last few months have been very unusual, to say the least, due to this vicious and unanticipated pandemic. Yet, 2019-2020 started off strong, with the signature of our agreements with the Government of Canada, the result of a strong, amicable relationship with the professionals from Canada Economic Development for Quebec Regions (CED) and elected officials in the federal government. As I am sure our members will agree, the renewed agreements are both favourable and innovative.

I am particularly proud of our ardent advocacy work, which ensured that all of you who work or volunteer with us are recognized for the amazing essential work that you do every day in your communities. I feel I can leave my position confident that I have fulfilled my duty to work toward the financial security of SADCs and CAEs in Quebec for years to come.

With the pandemic's challenges came opportunity: the opportunity for you to demonstrate your ability to communicate with and coach businesses—particularly the most vulnerable—and to support your communities with impactful projects. It also provided Capital Réseau with assets that can be leveraged to support your needs over the next few years.

I wish to extend my sincere thanks to every one of you who has made my work as President more effortless and enjoyable.

Special thanks to the Honourable Mélanie Joly, who saw the potential of our organizations and worked tirelessly to find the funding we needed. Thanks also to her team and government colleagues.

I am also extremely grateful to the team of professionals at CED who ensured that the agreement renewal process was smooth and painless, but most importantly, carried out in the spirit of understanding and mutual respect.

Thanks also to all of my colleagues on the Réseau Board of Administrators for their support, openness and invaluable knowledge. I have had the pleasure of speaking with you about important issues and, through our discussions, I have gained new insight into Quebec.

Obviously, I tip my hat to the entire Réseau team, without whom my job would be impossible. They have supported me with skill and generosity, just as you all do with your entrepreneurs.

And how could I not mention the invaluable partnership of our General Manager Paul Gauthier, with whom I have been lucky enough to build a strong working relationship. He is always ready to listen and is committed to consistent communication.

Lastly, I would like to thank our Special Advisor Hélène Deslauriers for her generosity, skill and love of the Réseau. She is a pillar of strength for our organization, for our Board of Administrators, and for every president who has worked by her side, and it has been a dream working with her.

Our Réseau is truly a special, tight-knit organization that makes a real difference in all communities in Quebec. Don't you ever forget that.

Until we meet again!

Sincerely,



Paul Gauthier
General Manager

MESSAGE FROM THE GENERAL MANAGER

The past year was marked by significant changes that provided an opportunity for our organizations to once again demonstrate our great capacity for adaptation and resilience. We started off the year with new agreements that allowed us to mobilize our resources to support the development of our communities and coach our entrepreneurs. We ended the year in the midst of a health crisis none of us could have foreseen, but that proved the value of our presence in communities and the significance of our actions. This annual report is more than just an overview of the last year; it's a testament to the importance and impact of our work in developing Quebec communities.

In September 2019, Statistics Canada, in conjunction with Canada Economic Development for Quebec Regions, published its ninth performance evaluation of the Community Futures Program (CFP), delivered by the Réseau. This study shows the sustainable impact of our interventions, bolstering CED's confidence in our organization and enabling us to build on this program by modernizing it and expanding our agreements.

Other partners also recognize our impact and have great respect for us, as we receive many worthwhile requests to collaborate. The new cooperation agreement with the Fonds d'action québécois en développement durable is a great example of this recognition and will help us develop our expertise in coaching businesses in the sustainable development sector and prepare our businesses for a sustainable post-crisis recovery.

High member and partner attendance at our events clearly points to our network's high degree of engagement. In recent months, as we worked to establish and launch the Regional Relief and Recovery Fund (RRRF) while respecting physical distancing guidelines, we held around a dozen webinars attended by volunteers, management and employees to gather your thoughts, answer your questions and keep you informed.

Thank you to our administrators, who have supported me throughout this intense year, thanks to my loyal team for staying the course, and bravo to all our members, who have once again shown their commitment to their communities and their desire to contribute to their development. Last but not least, thank you to all of our partners for having faith in us.

MESSAGE FROM THE TREASURER

The financial results for the past year are very positive and reflect the implementation of the new agreements. The amounts that correspond to the reduction in transitory income that is returned directly to the SADCs and CAEs were used to bolster their own agreements with CED. From our standpoint, this reduction is a positive and confirms that the corporation had the best interest of its members in mind during the most recent renewal process.

In terms of operations, revenue recorded was 1.7% higher than the average for the last three years, enabling us to maintain member services and end the year with the financial balance we hoped for. As for expenses, the main increase was in fees, a phenomenon explained in part by the deployment of our new management software.

These numbers, coupled with the opinion of the independent auditor who confirmed that the internal control practices and financial information processes used by our managers are appropriate, show that we have once again overcome the year's financial challenges.



Raymond Cimon
Treasurer



Hélène Deslauriers
Special Advisor

MESSAGE FROM THE SPECIAL ADVISOR

In April 2019, the Réseau des SADC et CAE renewed its Community Futures Program agreements with the Government of Canada, via Canada Economic Development for Quebec Regions, for \$169M over five years. Much reflection and analysis resulted in many changes to modernize this unique program, which was established in 1985. These changes include:

- All rural territories in the province are now covered by an SADC or CAE, with the same products and services.
- Budgets are now allocated according to different criteria, depending on the geographic situation and economic conditions of territories.
- Several new conditions make organizations’ administrative work more effective and flexible.

Over 2019-2020, discussions and meetings were held with federal government representatives to promote the work and achievements of all Community Futures organizations across the country. A submission was made to the pre-budget consultations in the hope of obtaining additional contributions.

THE RRRF-CFP PROGRAM

In the midst of the tumult of the COVID-19 pandemic, the Réseau des SADC et CAE redoubled its efforts to lobby the Government of Canada for additional resources to help its members to support SMEs and communities in the face of this crisis. This was an excellent opportunity for us to talk about who we are, what we do, what we’ve accomplished and what sets us apart.

With our partner Canada Economic Development for Quebec Regions, we provided all the data needed to prove that the smallest businesses, which form the backbone of our communities, were being left to fend for themselves; that local services, retail stores and tourism businesses were hard hit; and that the vitality of non-urban communities would be put to the test.

On April 17, we received a call from Minister Mélanie Joly, who told us that the Prime Minister was preparing to announce \$287 million in funding for the Community Futures of Canada, including \$71.3M for Quebec!

Still working with CED, we developed the RRRF-CFP program, which has two streams: \$65 million for loans at preferential rates and \$6.3 million in financial assistance for technical expertise or local development projects. The SADCs and CAEs immediately set to work to reach out to businesses, identify their needs and help them navigate the maze of emergency measures.

RESULTS

In 10 weeks, 2,106 businesses gained access to an emergency loan, and 2,097 technical assistance interventions involving technology integration and setting up online stores and delivery services, were completed in 1,390 businesses. Over 175 economic development projects were launched to support local buying campaigns, sites promoting products and services available to customers in their regions, and additional training and information meetings for entrepreneurs.

SADCs and CAEs and the Réseau team were working against the clock all summer to ensure the survival of many businesses.

COVID-19
AN UNPRECEDENTED YEAR

REGIONAL RELIEF AND RECOVERY FUND (RRRF)

A REMARKABLE SUCCESS

In May 2020, after a series of emergency measures were implemented at different levels of government, the CFP Regional Relief and Recovery Fund (RRRF-CFP) was implemented, with the following goals:

- Support small businesses that do not qualify for other programs and that have a true need
- Support the most vulnerable clients
- Support the vitality of small communities by maintaining local services and retail sales

This program had to be delivered rapidly and on a condensed timeline.

Over three months this summer (June 1 to August 31), Quebec’s SADCs and CAEs invested \$71.3 million in the economies of non-urban regions. Over the space of these three months, SADCs/CAEs completed nearly double the number of interventions they normally do in this same period—an **increase of 300%**.

The tables below show detailed program results.

RRRF LOANS VERSUS REGULAR LOANS IN 2019-2020

RRRF LOANS	\$\$ INVESTED	LOANS 2019-2020	\$\$ INVESTED
2,106 businesses	\$ 65 M	1,340 businesses	\$ 61.3 M

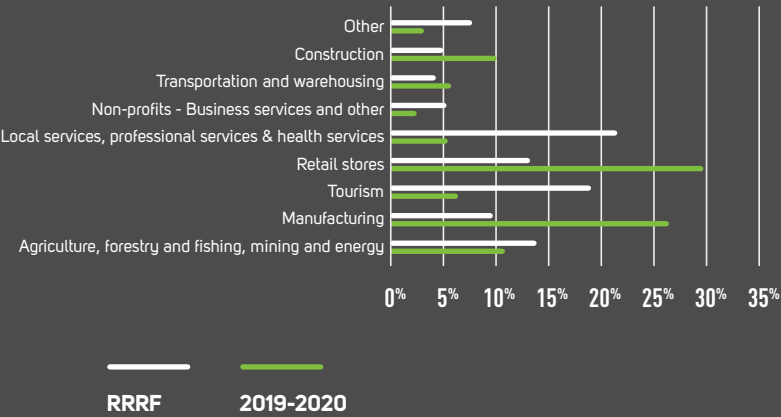
RRRF TECHNICAL ASSISTANCE VERSUS REGULAR TECHNICAL ASSISTANCE FOR 2019-2020

RRRF TECHNICAL ASSISTANCE	TECHNICAL ASSISTANCE 2019-2020
2,097 interventions	1,114 interventions

Read on for results by sector and clientele.

As we can see from the graph below, the percentages for sectors targeted in the objectives more than doubled under the RRRF. Assistance provided to local services and tourism rose from 6% to 22% and 7% to 18% respectively.

REPORTING SECTORS DATA COMPARISON: 2019-2020 VS RRRF



Under the RRRF, women entrepreneurs received 52% of the available funds, compared to 35% in a typical year. Lastly, 91% of the businesses in question did not receive any other assistance from federal government initiatives.

This health crisis required fast, efficient and targeted action, and SADCs and CAEs rose to the challenge!

REPORT

SADCs AND CAEs MAKE A DIFFERENCE

A few examples of business support success stories

SADC DE LA NEIGETTE

LA CASA DE LA COUTURE GETS A LEG UP IN STYLE

A “feminine” business in the clothing industry like La Casa de la Couture might not be taken seriously by investors. Luckily, that wasn’t the case with Josée Martel, a business advisor for 20 years with SADC de la Neigette, who worked with Catherine St-Laurent and Sabrina Philibert to get their business idea off the ground. Josée recognized the entrepreneurs’ determination and solid ideas and took the time to listen and ask the right questions. And when Catherine and Sabrina changed their business plan in mid-stride, Josée didn’t stumble.

The business began life as a sewing studio that offered repair services and doubled as a fabric shop. But soon, the entrepreneurs realized that the future lay in pattern design, online tutorials and sewing classes that would lead to sales all over the world. Now all they needed was financing. After a rigorous analysis, Josée convinced her investment committee to back the business. “Maybe, as a woman myself, I had a better understanding of their determination and confidence in their own abilities,” said Josée. “And the experience we’ve acquired over the years, with so many entrepreneurs, comes with a knack for picking the projects that will succeed.”

So far, business is humming along. The company employs five people, and some tutorials have been viewed 40,000 times. As the world went into lockdown, interest in sewing picked up as folks stuck indoors returned to an old hobby or picked up new skills. And now, the business is a family affair: Catherine has added stuffed animal making classes for children, led by her 11-year-old daughter!



Sabrina Philibert and Catherine St-Laurent from La Casa de la Couture.

SADC DE LA CÔTE-NORD

A SMALL GESTURE MAKES A BIG DIFFERENCE FOR INNUBERGE

Innuberge, a three-star inn in the Unamen Shipu (La Romaine) community on the Gulf of St. Lawrence, is decidedly more than just a place to stay. Innuberge welcomes visitors year-round, and guests have the opportunity to learn about the Innu culture’s ancient roots and ancestral traditions, admire the area’s unique landscape and wildlife, discover local artisans, and enjoy outdoor activities.

Dolorès Bellefleur and Jean-Michel Perron had had this major project in development for several years, with financing confirmed from Canada Economic Development for Quebec Regions and the Secrétariat aux affaires autochtones, before Annick Thibouthot, Director of SADC de la Côte-Nord, came on the scene in April 2019, drawn to the project by luck or instinct.

“WHEN WE TRAVEL TO BASSE-CÔTE COMMUNITIES, WE TAKE THE OPPORTUNITY TO MEET PEOPLE, MEET ENTREPRENEURS AND TALK ABOUT CURRENT PROJECTS AND BUSINESS IDEAS. WE HAVE BUILT A BOND OF TRUST WITH THIS COMMUNITY.”



Veronique Perreault and Annick Thiboutot from the SADC with Edmond Mesténapéo, development officer with Mukutan and Innu tourism development company Winipekut Nature.

Dolorès, who had recently had a child, was worried: the high season was fast approaching, and construction hadn’t started on the cabins. The construction company from Mashteuiatsh was asking for an \$88,000 deposit to start work, and the entrepreneurs were just \$10,000 short. Annick and her team were able to immediately offer support from the SADC and put together a financial structure to submit the project to the SADC investment committee. They were able to lean on the thorough information about project the entrepreneurs had on hand. Less than a month later, they broke ground, and in 2019, Innuberge was ready to open.

In January 2020, the grand opening was held, and the owners thanked the SADC for contributing the \$10,000 that made the difference. And other economic development projects are on the way for this region.



SADC DE GASPÉ

OCEAN-CAM, A LITTLE SUPPORT GOES A LONG WAY

An entrepreneur's journey is often peppered with obstacles, and Ocean-Cam is no exception. After working with different partners during the start-up phase, Dave Cotton and Nathalie Tapp weren't sure what to do next. SADC de Gaspé General Manager Dave Lavoie and his team took the time to ask the right questions and guide the team toward the professional resources they needed.

Through its technical assistance program, the SADC supported the R&D process that led to the development of undersea cameras. It also helped the company put together a website and marketing plan.

"THE DIRECTOR'S PROACTIVE ATTITUDE GAVE US RENEWED HOPE WHEN WE REALLY NEEDED IT," SAID DAVE COTTON. "HE HELPED US UNDERSTAND OUR SKILLS AND WHERE TO GO FOR HELP. AT EVERY MEETING, HE HAD A TO-DO LIST FOR US. HE WAS VERY CONSISTENT WITH COMMUNICATION, BUT HE ALSO LET US MOVE AT A PACE WE WERE COMFORTABLE WITH."

In 2019, the SADC suggested that the owners enter a sales pitch contest at the Expo Entrepreneurs. Dave Cotton's exceptional presentation skills netted the company the regional people's choice award and propelled them to the top five at the provincial final,



Nathalie Tapp and Dave Cotton
from Ocean-Cam

which earned them a spot at SXSW in Texas. These opportunities gave Ocean-Cam great visibility in local media, which opened up potential markets for their cameras in new industries.

In the meantime, the company finalized its marketing plan and is implementing the consultant's recommendations: guarantee product reliability to start exporting and establish a marketing strategy in conjunction with high quality distributors.

Today, Dave and Nathalie are very grateful to the SADC and its advisors, and to show their appreciation, they've signed on to participate in the SADC's strategic planning process, promote the organization and refer new clients.



SADC DE SAINT-HYACINTHE/ACTON

ESCOUADE ÉLITE GETS KIDS MOVING

Unhappy with the number of activities geared toward kids (including his own) in Acton, Michel Deslauriers, Jr. decided to launch Escouade Élite, a laser tag game that could be set up anywhere. His goals: 1) get kids outdoors and away from their screens and 2) differentiate his company from competitors by catering to teens ages 13 to 18 in an industry that normally targets kids ages 8 to 12. The company was set to make a strong entrance into the market with a summer 2020 schedule of tourism events and festivals, but COVID-19 decided differently. All the activities were cancelled a week before opening day. Not content to throw in the towel, Michel, Jr. approached the City of Acton, which gave him permission to set up his equipment on the city skating rink on Thursdays and Fridays throughout the summer. Strict health measures were put in place to keep everyone safe: all equipment was disinfected, hand washing was required, children were not allowed to trade weapons and all staff members were required to wear masks.

The project proved a success, and the owner was surprised by how much interest his idea elicited. He had nothing but praise for the SADC de St-Hyacinthe/Acton, which responded very quickly after his project was submitted.

"THEY'RE TRUE PROFESSIONALS. THEY ANSWERED ALL MY QUESTIONS AND FOUND SOLUTIONS TO ALL MY PROBLEMS." HE ENCOURAGES OTHERS WITH BUSINESS IDEAS TO REACH OUT TO THE SADC. "GO SEE THEM; THE SADC IS THERE TO HELP."



A few examples of local economic development projects

SADC D'ANTOINE LABELLE

LA MAISON DE L'ENTREPRENEUR: A ONE-STOP SHOP FOR SERVICES

Under the initiative of its General Director Benoit Cochet, Antoine-Labelle's SADC has initiated and coordinated since 2018, the implementation of a project that has come to change completely how to collaborate between different economic actors in the region offering services to businesses. This promising project which aims to facilitate the journey of entrepreneurs to all stages of their project, to maximize and increase synergy and complementarity between the different economic actors in the region and to better serve all the entrepreneurs in the area is La Maison de l'Entrepreneur d'Antoine-Labelle.

This project brings seven economic actors under one roof, all of which share a single telephone number: SADC d'Antoine-Labelle, the CLD d'Antoine-Labelle, the Mont-Laurier chamber of commerce, Zone Emploi, the Mont-Laurier professional training centre's business services department and the continuing education services at Cégep de St-Jérôme and Université du Québec en Abitibi-Témiscamingue. This type of group, which not only shares a space but a telephone number, is rather unique in Quebec. Since the partnership was established, the Maison's meeting spaces have attracted a growing number of entrepreneurs.

Even now that the group is up and running, the SADC continues to play a leadership role (communication plan, value-added projects for businesses, etc.) in this important project, which has been extremely well received by entrepreneurs and partners. And during the pandemic, the initiative proved its worth by helping entrepreneurs quickly reach all the stakeholders with a potential to help them. A record number of calls and requests were received, and concerted support measures were offered to businesses.



SADC VALLÉE-DE-LA-GATINEAU

VALLÉE VACATIONERS BOOST THE ECONOMY

The Vallée-de-la-Gatineau area is located a 30-minute drive outside the Ottawa-Gatineau region. With its many lakes, the area has been historically known as a vacation destination. In 2019, the area had 6,640 vacation homes, mostly occupied between May and October.

Pierre Monette, General Manager of SADC Vallée-de-la-Gatineau, recognized the importance of tourism for the local economy, and in 2005, he worked with Canada Economic Development for Quebec Regions to coordinate and fund a study to qualify and quantify this market. The study found that:

- Occupants of second homes in the Vallée generated \$22 million in consumer spending
- 90% of vacation homeowners were from the Ottawa-Gatineau CMA
- The market for second homes was growing
- Homeowners intended to spend more time in their second homes
- Consumers valued buying local

With this information in hand, the SADC decided to incorporate tourism development into its planning and set to work on the following initiatives:

- Presenting the study results to businesses and city officials
- Creating a professional-looking document with information on the Vallée's businesses, which was mailed to the main residence of cottage owners
- Leading informational activities encouraging businesses to adapt to the demand of vacationers

In 2014, a new study was commissioned. The results were telling:

- Consumer spending had risen 126%, from \$22M to \$52M.
- Vacationers were spending more and more time at their second homes—nearly double the amount of time they spent there in 2005.
- 38% of respondents said they planned to spend more time at their second homes in the future.
- Ownership of second homes was still rising.

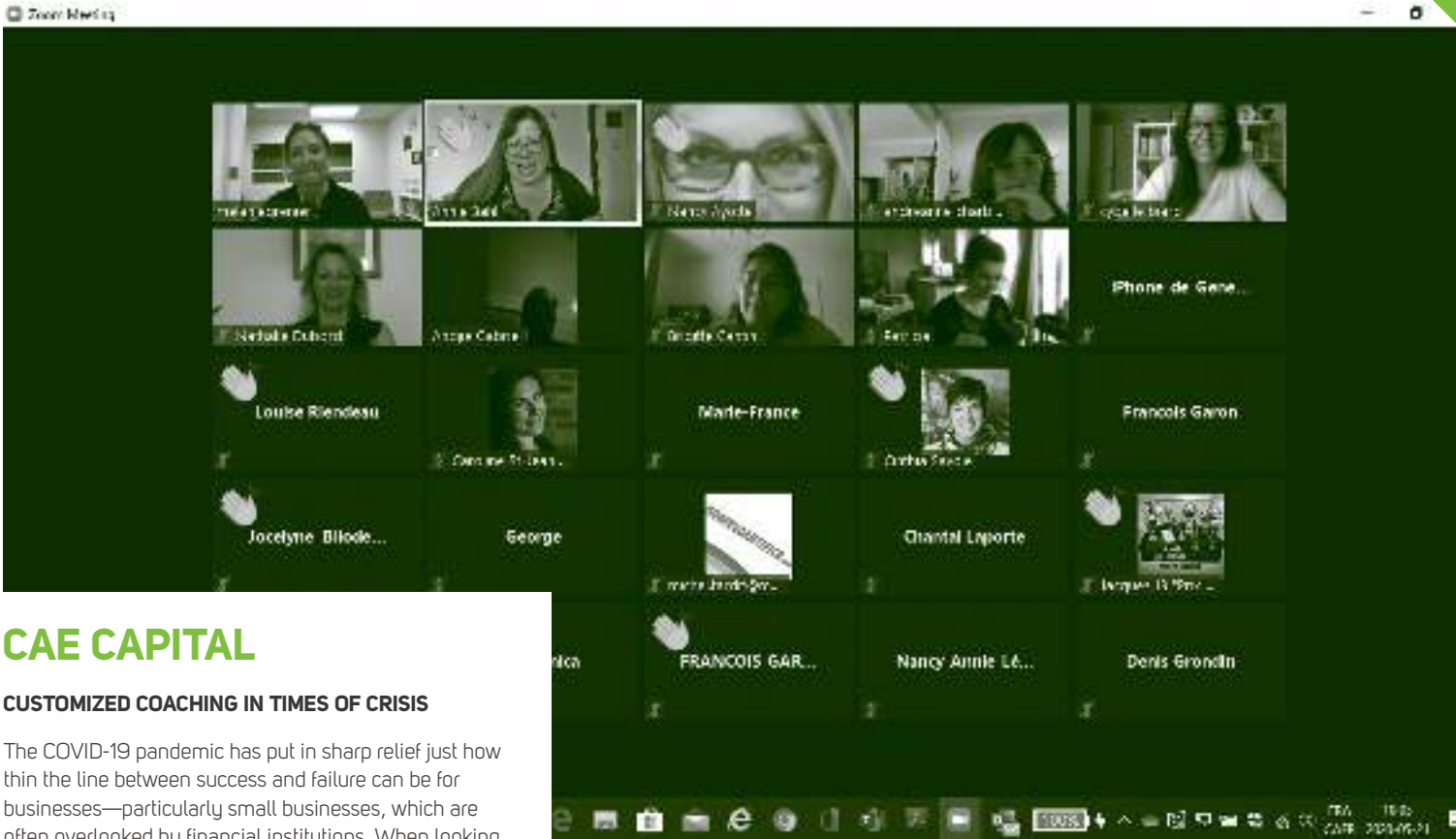


Murielle Pigeon, owner of La mie sous la croûte, a business that has adapted its offer to the Vacationers market.

Plus, if you combine property taxes (\$17 million) and consumer spending, vacationers invested a grand total of \$69 million in the Vallée-de-la-Gatineau region, making tourism an essential economic driver!

Since 2014, tourism development efforts have been going strong, particularly to encourage entrepreneurs to adapt their products and services to the needs of this clientele so they can benefit from the influx of vacationers. Grocery stores and bakeries are offering new products, stores are changing their opening hours, business owners are offering online shopping, etc.

SADC Vallée-de-la-Gatineau is continuing its work and taking concrete steps to encourage the development of this important economic sector. It has proven that a long-term vision and determination can make significant changes to a region's economy.



CAE CAPITAL

CUSTOMIZED COACHING IN TIMES OF CRISIS

The COVID-19 pandemic has put in sharp relief just how thin the line between success and failure can be for businesses—particularly small businesses, which are often overlooked by financial institutions. When looking at small businesses, their needs lie not so much in financing as in guidance, technical advice and coaching.

With this in mind, Nathalie Dubord, General Manager of CAE Capital and her team quickly put together three technical assistance tools for entrepreneurs:

CO-DEVELOPMENT GROUPS

Ten weeks of three-hour virtual meetings covering:

- An overview of government assistance measures presented by Nathalie Dubord and by federal, provincial and municipal experts
- Presentations from 10 experts and inspiring entrepreneurs, covering topics related to the pandemic: anxiety and working from home, liquidity management, the five keys to effective communication, financing applications, opportunities to develop new products, and other topics ranging from social media to legal obligations
- A module on the human side of the crisis, covering isolation, anxiety, best practices and networking in groups co-led by CAE professionals

HIGHLY-TARGETED TECHNICAL ASSISTANCE, from professionals and resources brought in to help over 200 businesses apply for the RRRF program. Eight people were accepted by the program. More than 3,000 mailings were sent out to target audiences, some of which were poorly centralized, including immigrant and allophone audiences.

AN INTENSIVE FIVE-WEEK PROFESSIONAL DEVELOPMENT PROGRAM, two to three hours per week over Zoom. This program begins in September and will accept between 20 and 40 participants. This initiative is intended to be the first in a series of professional development programs addressing the needs of business owners in the territory, such as:

BOOSTING YOUR ONLINE SALES!

- Google Analytics: Interpreting data to refine your marketing strategy
- Paid advertising strategies
- User experience: Looking through the eyes of the end user to create a hassle-free online shopping experience
- Optimizing your conversion rate: Converting page views into sales!

More topics are in development, and according to entrepreneurs, these tools truly meet their current needs.

SADC IN ABITIBI-TÉMISCAMINGUE

BUYING LOCAL FOR A TASTE OF ABITIBI-TÉMISCAMINGUE

The Goûtez AT project was put together in record time. The initiative, launched by SADCs in the Abitibi-Témiscamingue region in conjunction with a wide network of partners, including public markets and agri-food producers and processors, highlights the wide variety of high quality local products available in the area and underscores the importance of this economic sector.

Goûtez AT is the brainchild of Hélène Roy and Julie Gauthier, development officers from SADC Vallée de l'Or and SADC Rouyn-Noranda, who wanted to offer an alternative in the face of uncertainty during lockdown. Through the project, consumers can buy essential and agricultural products via an online store. Supported by a team of professionals from the SADCs, along with Danaë Ouellet, a consultant hired by SADC Harricana, Hélène and Julie leveraged their complementary expertise to make a difference. Working against the clock, they brought their collective vision to life: a platform they hope will become the premier gastronomic destination in Abitibi-Témiscamingue. Goûtez AT lets you experience the proud agricultural heritage of this young region on your plate. It's an invitation to discover the beauty and authenticity that is just around the corner and the pleasure of eating local.

Forty-five agri-food businesses from Abitibi-Témiscamingue sell their products on Goûtez AT every week, the price of the average customer purchase has increased to \$73 and, as of writing, the project has generated \$24,000 in sales. Goûtez AT owes its success not only to the determination of Hélène, Julie and the SADC teams, but to every single person who decided to make a real difference in their community by buying local. It's truly a team effort!



GOUTEZ AT IS 45 AGRI-FOOD BUSINESSES FROM ABITIBI-TÉMISCAMINGUE SELLING THEIR PRODUCTS EVERY WEEK.

SADC LAC-SAINT-JEAN EST

A NEW, MORE EFFECTIVE BUSINESS MODEL

A few years ago, the General Manager of SADC Lac-St-Jean Est had to rapidly restructure the organization after a number of employees suddenly went on temporary medical leave or left for other reasons. To make sure that the SADC could still respond to the many requests from entrepreneurs and organizations in the territory, he called in consultants with a wide range of specialties.

For six years, this approach was put to the test, with very positive results. The idea gained ground and, in 2015, the General Manager hired two consultants to conduct surveys of companies and development organizations, with the goal of identifying the current needs of entrepreneurs and managers. The consultant contacted all the businesses that were not already taking advantage of the SADC's services to identify the types of assistance they needed. The same was done for local development corporations, the local development centre and the RCM.

In early 2016, based on a detailed analysis of this data and the socioeconomic context of the RCM of Lac-Saint-Jean Est, the SADC's board developed a strategic plan with very specific goals: help entrepreneurs manage their businesses more independently and enhance community autonomy to ensure long-term sustainable development.

These goals informed the development of a new business model and the delivery of products and services in the territory. It became clear from the surveys that in the majority of cases, financing was not a priority for businesses and organizations. Rather, their true needs lay in other areas: human resources, management, production and marketing.

But the question remained: how to meet these needs and foster independence with limited human and financial resources. By working with consultants, something he had been doing for a few years, Daniel Deschenes built up a bank of experts in a range of fields: human resources management, innovation, succession, marketing, taxation, communications, to name but a few.

Based on data collected from businesses and after speaking with SADC professionals, he developed technical assistance products for businesses with a true desire to enhance their autonomy. The financial assistance available is significant and the application process is rigorous. The expertise offered must derive from a planning exercise within the company. The entrepreneur sets their own priorities and chooses their own consultant. The SADC makes sure that the services offered meet current needs and coach the entrepreneurs throughout the process, especially after the expert has completed their work. This assistance is also available to development organizations in the territory: local development corporations, cooperatives and non-profits that offer services.

Around fifty projects are active every year, with about twenty interventions being started and completed. By controlling its human resources budget, the SADC has been able to provide more money and expertise for its community and offer a more targeted response to organizations' true needs.



NEWSFEED

ECONOMIC PERFORMANCE SECTION

To ensure the prosperity of our communities, SADCs and CAEs take on a large number of economic development projects every year, and they also support and finance many businesses. These actions have a positive impact on our regions and our SMEs. The following section provides a quantitative overview of our main areas of intervention: local economic development, financing and technical assistance for entrepreneurs.

LOCAL ECONOMIC DEVELOPMENT

For forty years, we have specialized in executing development projects with the goal of fostering an environment in which businesses and business projects can thrive.

SADCs and CAEs leverage the strengths of the community to take on economic challenges. They coordinate studies to understand these challenges, organize events and symposiums with a focus on socioeconomic mobilization and seek out the training and expertise they need to overcome obstacles. In short, we power community empowerment.

This year alone, SADCs and CAEs have invested a total **\$3.25 million** in **1,627** local economic development projects. These projects contribute to our regions' vitality and provide the leadership needed to rise to the challenges of the future.

Our interventions make a real impact: they help improve company stability, foster innovation and give businesses a competitive edge, resulting in the creation of quality jobs, population retention and workforce retention.

LIMITLESS OPPORTUNITY

New this year, SADCs and CAEs had the Local Intervention Measure (LIM) at their disposal to carry out and support local economic development projects and provide technical support for businesses. That's **\$2.6 million** in additional funding!

The LIM supported **519** projects. Of these, 494 were in line with the regular SADC and CAE action plan, and **21** were for COVID-19 emergency measures. In March, the LIM expanded its mandate to help more businesses through the crisis.

BUSINESS SERVICES

We finance and support entrepreneurs because they are major drivers of economic activity in our regions.

THE YEAR IN NUMBERS

10,171
BUSINESSES

1,541
LOANS

\$ 61.3 M
INVESTED

\$ 279 M
TOTAL COST
OF PROJECTS

2,712
JOBS CREATED

23,567
JOBS MAINTAINED



FOR YOUNG ENTREPRENEURS

Since 1997, our Youth Strategy program has been our most effective tool for assisting young entrepreneurs ages 18 to 39 with their business projects. Young business owners play an important role in our communities and drive the vitality of our regions. We are proud to report that, in its 22 years, the Youth Strategy has provided flexible, adaptable funding and personalized coaching to 11,575 young entrepreneurs. In total, SADCs and CAEs have invested \$155 million to create and maintain over 42,000 jobs in non-urban regions of the province.

Youth strategy year in numbers:

\$ 8,872,478 invested

567 entrepreneurs supported

2,224 jobs created or maintained

Low loss rate of **3.94%**

\$12 generated for every **\$1** invested

\$106 million in total investments

The Youth Strategy was also intended to encourage youth entrepreneurship.

340 awareness activities were held and attended by nearly **13,000 people**.

THE YEAR IN BRIEF

JUNE 5 TO 7:

The 17th Réseau des SADC et CAE Congress is held in Beauce under the theme “Building Our Future, Together.”



JUNE 7:

The Réseau and Capital Réseau hold our Annual General Meeting.

The Réseau announces the renewal of our agreements with the Government of Canada (\$169 M for Quebec SMEs) with Rémi Massé then Parliamentary Secretary of the Minister of Innovation, Science and Industry.



JUNE 7 TO THE END OF SEPTEMBER:

Réseau representatives and federal government officials go on a regional press tour to announce the new agreements.



HAUTE-YAMASKA ET RÉGION



GASPÉSIE ET LES ÎLES



SEPT-ÎLES



SAGUENAY-LAC-SAINT-JEAN



MONTÉRÉGIE



BAIE-COMEAU



LAURENTIDES & ANTOINE-LABELLE



MATANE



MITIS



ESTRIE



MAURICIE



MATAPÉDIA

JUNE 12 AND 13:

Réseau members participate in the first edition of Expo Entrepreneurs Pro in Québec City, an event geared toward business professionals. SADCs and CAEs educate attendees about performance metrics, business succession and women entrepreneurs.



JUNE 12:

The Réseau participates in the Gala Osentreprendre and the Réseau Express activity. In addition, we sit on the Jury national.



JUNE 13:

Our Special Advisor, Hélène Deslauriers, is invited to co-chair the annual charity happy hour event for the organization Nature Québec.



SEPTEMBER 9:

The sustainable development group meets in Nicolet-Bécancour. Over 40 SADCs and CAEs representatives were there to discuss sustainable development initiatives and the challenges and opportunities related to climate change.



SEPTEMBER 3 AND 4:

The strategic retreat is held.



OCTOBER 22 TO 24:

Nearly 200 professionals from SADCs and CAEs gather for the Réseau's semi-annual networking and training event. Over 26 workshops are offered on topics such as Industry 4.0, the labour shortage and business transfer.

NOVEMBER 30:

Presidents' Meeting of the 67 SADCs and CAEs



JANUARY 8:

We launch our new “Oser pour réussir” provincial marketing campaign to spotlight the success stories of entrepreneurs and local economic development initiatives led by SADCs and CAEs—strategies that enhance our notoriety.



FEBRUARY 12 AND 13:

The Réseau participates in Expo Entrepreneurs Montréal. The Réseau also attended the Expo in January 2019. This time, the event is dedicated to entrepreneurs and brings together Quebec's entire entrepreneurial community. We meet many entrepreneurs and partners, and SADCs give presentations on technology integration.



FEBRUARY 19:

Sustainable development group and Executive directors' meeting

APRIL:

Beginning of the mobilization of SADCs and CAEs Canada for the Pan-Canadian Research Project on Social Finance in Rural Areas.

JUNE 1 TO 5:

Regional tour of 6 webinars with the teams SADCs and CAEs to secure the deployment of Regional Relief and Recovery Fund (RRRF).

JUNE 2:

First RRRF loan made by Capital Réseau.

JUNE 12:

Acceptance of the “Sustainable Relaunch” project of the SADCs and CAEs Network by the Écoleader Fund. Virtual meeting of the SADC and CAE with the Honorable Mélanie Joly to discuss regional issues and of businesses facing COVID-19.

OUR LATEST SUSTAINABLE DEVELOPMENT INITIATIVES

Because sustainable development has been so central to what we do for so long, SADCs and CAEs have developed a real expertise in this area. We have several projects currently underway, and our sustainable development group, which brings together 40 SADCs and CAEs, has been very active this year. Read on to learn more about the most recent developments.

OUR EXPERTISE RECOGNIZED BY THE MEI

Our efforts to have the Réseau's unique expertise in sustainable development recognized by Quebec's Ministère de l'Économie et de l'Innovation (MEI) were rewarded this year: SADCs and CAEs will be included in the Fonds Écoleader's directory of experts. This is an MEI initiative to help Quebec businesses incorporate sustainable practices by giving them access to experts; it has already allowed SADCs and CAEs to connect with many new businesses.

Sustainable Recovery Cohort project

This recognition was also reflected in the acceptance of our application for FAQDD funding for the Sustainable Recovery Cohort for Rural SMEs, a major initiative spearheaded by the Réseau and funded by the Fonds Écoleader. Over the next two years, the project will pair 75 rural SMEs with a sustainable development expert from an SADC or a CAE who will guide them in implementing environmentally responsible projects and initiatives to reduce greenhouse gas (GHG) emissions while sharpening their competitive edge. Given the COVID19 context, project activities will be centred on economic recovery.

EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA (ESDC): THE RÉSEAU IS CONDUCTING A STUDY ON SOCIAL FINANCING IN RURAL COMMUNITIES

This year, we accepted a mandate to support Employment and Social Development Canada (ESDC) in its nationwide research on the financing needs of social enterprises (SEs) in rural communities. We mobilized two thirds of the 268 members of the Community Futures Network of Canada (CFNC) to contribute to research on the financing needs of rural SEs across the country.

The research highlights the important work of SADCs and CAEs within this ecosystem, and puts forth solutions for a future financing program for ESDC to consider as it prepares to launch the Government of Canada's \$750 million Social Finance Fund later this year.

74 SMES ON THE VOLUNTARY CARBON MARKET

Through the carbon credits pilot project that it launched in 2017, the Réseau has officially marketed 1.9 million carbon credits from the GHG reduction efforts of 74 regional SMEs recruited by 14 SADCs and CAEs.

The GHG reduction microprojects led by these SMEs—including diverting waste from landfills, implementing green energy retrofits for existing buildings and renovating buildings to improve energy efficiency—were recognized by the largest voluntary carbon market program in the world.

These carbon credits are currently the only ones on the voluntary market that directly encourage the GHG reduction efforts of small Quebec businesses and organizations. Beyond the financial gains the SMEs stand to make, selling these carbon credits places them in a position of leadership in the sustainable development of their industry and their business sector.



LEVERAGING TECHNOLOGY

The Réseau has continued to execute its digital plan to streamline the management of our organization for the benefit of both the Réseau and SADCs/CAEs. This plan proved its worth this year as multiple projects were carried out simultaneously.

The second development phase for the management software was completed and updated to facilitate management of the Local Intervention Measure (LIM). Next, the business services stream was overhauled and delivered over the summer. SADCs and CAEs are migrating their data to the new software and appreciate the flexibility offered by the new interface that is accessible online 24 hours a day.

SPECIFY, PORTFOLIO MANAGEMENT, DATA COMPILATION?

Since mid-March, we have also been focusing on getting the Réseau team set up to work from home and setting up an online payment platform. These tools are now up and running and streamline our operations. We have also relied heavily on Zoom to communicate with our members.

All of these developments mean more flexibility than ever and new possibilities for our members. The future looks bright!

THE TEAM

BOARD OF ADMINISTRATORS

DANIEL DUMAS, President
Estrie

VALLIER DAIGLE, Vice-President
Bas-Saint-Laurent

RAYMOND CIMON, Treasurer
Chaudière-Appalaches

MICHEL PATRY, Secretary
Nord-du-Quebec

GERMAIN GRENON, Administrator
Saguenay-Lac-Saint-Jean

LUC GUÉRIN, Administrator
Montréal

LINE ST-AMOUR, Administrator
Abitibi-Témiscamingue

DANIEL CHALIFOUR, Administrator
Outaouais

MARTINE PAIEMENT, Administrator
Laurentides-Lanaudière

JEAN GAGNÉ, Administrator
Mauricie-Centre-du-Quebec

ANDRÉ SIMARD, Administrator
Côte-Nord

AURÈLE DOUCET, Administrator
Gaspésie-Îles-de-la-Madeleine

STANDING COMMITTEE

FRANCIS DUMAIS, Abitibi-Témiscamingue

SERGE OUELLET, Bas-Saint-Laurent

ANNICK THIBOUTHOT, Côte-Nord

MARC GRIMARD, Estrie

LYNE LEBRASSEUR, Gaspésie-Îles-de-la-Madeleine

SYLVIE BOLDUC, Laurentides-Lanaudière

TOMMY DÉZIEL, Mauricie-Centre-du-Quebec

NATHALIE DUBORD, Montréal

PIERRE MONETTE, Outaouais

JOHANNE JACQUES, Chaudière-Appalaches

CHRISTINE BOUCHARD, Saguenay-Lac-Saint-Jean

ANNIE POTVIN, Nord-du-Quebec

THE RÉSEAU TEAM

PAUL GAUTHIER,
General Manager

HÉLÈNE DESLAURIERS,
Special Advisor

MARIE-PIER BÉDARD,
Administrative Assistant

PIERRE-OLIVIER COLAS,
Director, Administration and Development

DOMINIQUE CÔTÉ,
Director, Capital Réseau

JOLIN FERLAND,
Director, Technology and Training

NATHALIE NOLET,
Accounting Controller

CHRISTINE PILOTE,
Director, Communications

ANNIE POMERLEAU,
Director, Programs

CAPITAL RÉSEAU BOARD OF MEMBERS

RAYMOND CIMON, President
SADC de L'Amiante

NORBERT POTVIN, 1st Vice-President
SADC Vallée-de-la-Gatineau
(left during the year)

NATHALIE DALLAIRE, 1st Vice-President
SADC Antoine-Labelle
(entrance during the year)

RÉAL TURGEON, 2nd Vice-President
SADC de Lotbinière

GILLES GOULET, Secretary
SADC de la MRC de Rivière-du-Loup

JEAN-CLAUDE LAROCQUE, Treasurer
SADC de la Neigette

**CAPITAL
RÉSEAU**
SADC+CAE

OUR FINANCIAL VEHICLE

**\$75 MILLION IN ASSETS
TO MEET THE NEEDS
OF COMMUNITIES.**

MESSAGE FROM THE PRESIDENT



2019-2020 gave Capital Réseau an opportunity to once more demonstrate how important it is both for its members and our businesses. As Capital Réseau's 21st year got underway, our administrators worked hard to rise to the challenges they faced.

For the first time in its history, the volume of loans reached \$60 million. If we consider that 50% of this was used to finance SADCs and CAEs with

no liquidities or equivalent investments and that the average loan issued over the summer amounted to \$48,345, we can conclude that 620 businesses benefitted from capital made available by Capital Réseau.

The other major accomplishment for the last year was made possible by the funds set aside by the corporation over the years that are now being used to finance new projects. As the tables below show, the funds in the non-member account allow for loans that exceed the total value of member investments.

The last month of the 2019-2020 fiscal year was marked by the emergence of the pandemic in Quebec and the beginning of the health crisis. The administrators acted fast to establish a measure to allow its borrowing members to defer payments, relieving pressure on them as they weathered the crisis. This was the first in a series of measures that administrators put in place in the first half of 2020.

Though financial results for the first quarter of 2020-2021 are not addressed in the financial report, it is worth mentioning the establishment of the Regional Relief and Recovery Fund (RRRF loans) that helped 2,135 businesses weather the health crisis. A record level of activity was recorded during this quarter, and the Réseau's annual report does a very good job of addressing this topic.

During this same period, Capital Réseau established another measure to help SADCs and CAEs whose applications were rejected after changes were made to the RRRF program terms and conditions, to enable them to fund these projects without being penalized. This measure was also made possible by the funds set aside by the corporation over the years.

These results would not have been possible without the unwavering support of our administrators. The Board met 15 times during the period ending March 31 and 22 times in the first quarter of 2020-2021. In these 15 months, 461 loan agreements were ratified, 394 of them under the RRRF program. As President, I would like to recognize my administrators for their hard work, and I thank them all for their steadfast support.

Raymond Cimon, President

MESSAGE FROM THE TREASURER



For the fiscal year ending March 31, 2019, Capital Réseau's holdings totalled \$70 million. With loan volumes reaching \$60 million, 2019-2020 was a record year marked by two important historical highs.

The interest rate on member investments and loans remained at 2.90%. This rate, which has been maintained since April 2017, indicates consistency and shows that Capital Réseau is a valuable solution for both borrowers and investors. When we combine this with the

interest rebate for Youth Strategy fund loans, we get a unique financial product reserved for SADCs and CAEs.

The record volume of loans represents a jump of \$8.5 million over the previous fiscal year and a dramatic increase of 16%. Also during the past year, 64 loans totalling \$23,6 million were processed and added to the portfolio, while 79 others were repaid. The 7% increase seen on the assets side is less pronounced, but still significant.

It follows that this upward trend in loan volume is exerting an inverse pressure on liquid assets, which is why Capital Réseau continues to encourage its members to invest their liquidity to get a solid return and help finance new businesses.

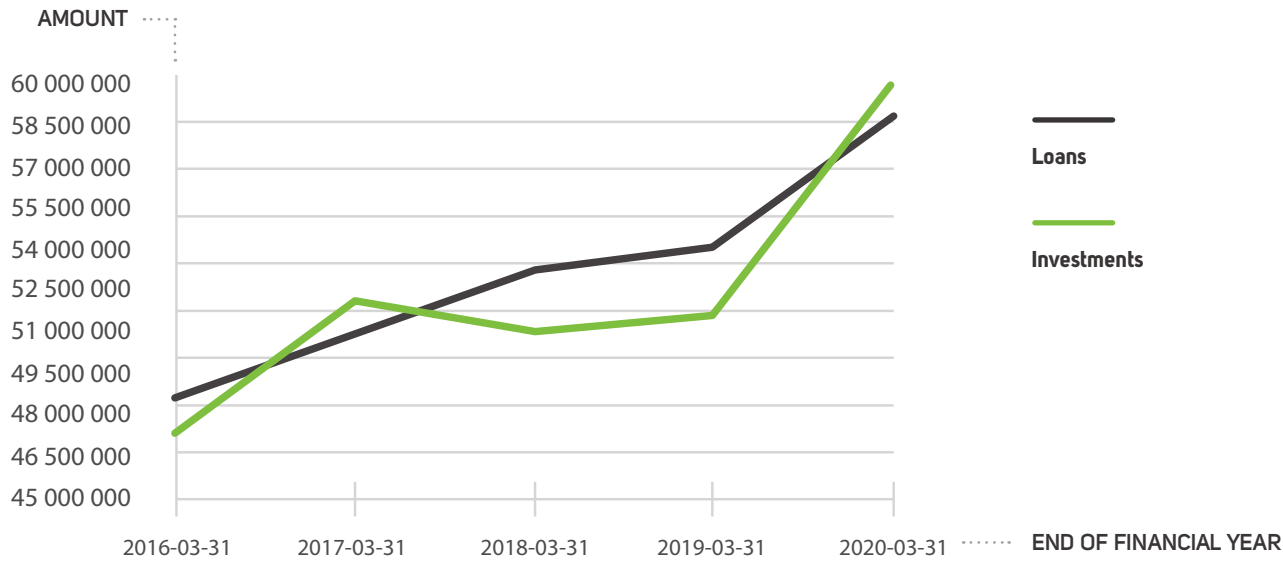
Jean-Claude Larocque, Treasurer

2020-2021 ACTION PLAN

- Continue delivering and monitoring the RRRF I
- Continue developing an RRRF II for recovery
- Continue serving members and improving investment and borrowing conditions
- Explore new capitalization methods
- Keep the new interest rebate terms for the Youth Strategy
- Develop special funds
- Explore partnerships and develop financial alliances
- Set up an endowment fund to finance special projects
- Ensure the proper management of contracts

FUND ASSETS

LOANS AND INVESTMENTS - EVOLUTION OVER 5 YEARS



Account values at March 31 st 2020	MEMBERS ACCOUNT		NON-MEMBERS ACCOUNTS		TOTAL ASSETS	
	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020
Cash	2 992 622	2 251 035	919 015	30 148	3 911 637	2 281 183
Redeemable saving	89 547	90 527	6 249 769	6 473 535	6 339 316	6 564 062
Term saving	4 000 000	1 000 000	-	-	4 000 000	1 000 000
Interest receivable	66 029	45 567	-	108 609	66 029	154 176
Loans to member	51 444 856	59 752 823	190 766	322 018	51 635 622	60 074 841
Other amounts to be paid	54 112	328 545	5 867 577	4 516 871	5 921 689	4 845 416
Other amounts receivable	(4 506 000)	(4 624 061)	(1 916 741)	(354 025)	(6 422 741)	(4 978 086)
Other amounts to be repaid	-	-	-	-	-	-
ACCOUNT VALUES	54 141 166	58 844 436	11 310 386	11 097 156	65 451 552	69 941 592
Variation of accounts	4 703 270		(213 230)		4 490 040	
% variation	8,69%		-1,89%		6,86%	

ASSETS OF	74 922 655\$	A RETURN OF	2,90%
-----------	--------------	-------------	-------

**40 YEARS
OF EXPERIENCE**

**67 SADCs AND CAEs
THROUGHOUT QUEBEC**

**OVER
1,000 VOLUNTEERS
AND PROFESSIONALS**

sadc-cae.ca

Canada economic development offer a financial
support to the sadc and cae



Développement
économique Canada
pour les régions du Québec

Canada Economic
Development
for Quebec Regions