



2018 Annual Review – Développement international Desjardins

Here



Desjardins is here

to help members and clients with their needs and goals

Développement international Desjardins (DID) is a component of Desjardins Group, Canada's largest financial cooperative. Through its Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance business segments, Desjardins offers its 7 million members and clients a full range of financial products and services designed to meet their needs. And as one of the largest employers in the country, Desjardins has nearly 46,000 skilled employees and over 3,700 dedicated elected directors.*

Since the first caisse was founded in Lévis in 1900, Desjardins has been a key player in financial education, and it believes that the cooperative business model is more relevant than ever in today's rapidly changing world. Thanks to its varied distribution channels, numerous intermediary networks and personnel who strive to do what's best for members and clients, Desjardins stays close to its members and their communities. The caisse network and its range of service delivery methods are crucial as Desjardins works to meet its members' ever-growing needs. This is one reason why Desjardins works to ensure that the caisses have a strong cooperative culture in terms of democratic life, representation, education and training, cooperation with other cooperatives, and support for community development.

*Data as at December 31, 2018



A structuring approach

aimed at inclusive and sustainable growth

For 49 years, DID has helped build more inclusive finance sectors by sharing Desjardins' knowledge and expertise with developing and emerging countries.

We work to improve universal access to a range of secure financial services and increase both individual and collective wealth. Today we're a world leader in our field. We work with many financial partners, including Global Affairs Canada and several development banks.

Our projects also support several U.N. Sustainable Development Goals.

Together, we're improving the lives of people and communities by



Contributing to women's economic empowerment



Fighting climate change



Supporting young people



Encouraging entrepreneurship



Making technical support and financial education a priority



Supporting rural and agricultural development and food security



Harnessing digital technology

Our achievements

Burkina Faso

Putting agricultural innovation to work

Our 36-month project with the International Development Research Centre ended in April. The aim of the project was to demonstrate that improving access to financing can help farmers acquire new agricultural innovations and put them to use.

This joint effort between the research sector, financial industry, input suppliers and trading partners yielded impressive results, especially for women:

- More seeded land, better performance and fewer post-harvest losses
- Adoption of more environmentally friendly practices
- Improved food security for the families involved

The lessons learned from this project (and from the interventions conducted by DID in recent years in the agricultural sector) were integrated into a roadmap that shares our vision on how to make inclusive finance a driving force for rural development and food security.

Cameroon

Supporting young rural entrepreneurs

We continued to provide technical assistance to the Program for the Promotion of Youth Agro-Pastoral Entrepreneurship (PEA-Jeunes) in Cameroon, which is funded by IFAD. Our work involves:

- Creating and managing a CAN \$13 million start-up fund for agro-pastoral entrepreneurs 18 to 35
- Expanding the capabilities of 10 of the program's rural finance institution (RFI) partners
- Setting up a nearly CAN \$9 million refinancing facility for partner RFIs

As at December 31, 2018, we've approved the business plans of almost 1,200 young agro-pastoral entrepreneurs. Over CAN \$2.2 million in start-up credit has been extended to help nearly 800 of them make agricultural investments totalling CAN \$6 million in 4 regions of Cameroon. We've also begun transferring management of the PEA-Jeunes refinancing facility to a local financial institution.



Structuring the agricultural finance sector

Colombia

The Support for the Agricultural Finance System in Colombia project ending this year has exceeded all expectations. Since its launch in 2014:

- More than 10,000 farmers and 3,500 financial advisors have taken part in financial educational programs
- 33 financial institutions (and their several hundred branches) have received technical assistance to improve their credit practices or have been supported to open new physical or mobile branches in post-conflict zones
- 75,000 loans have been given to 43,000 farmers, and CAN \$200 million was added to the rural Colombia portfolio to strengthen the financial system and make it more accessible



Haiti

We're wrapping up the Agricultural Financing and Insurance Systems in Haiti project, which has helped strengthen the Haitian agricultural finance sector and provide agro-entrepreneurs with agricultural financing and insurance, financial education and technical support.

Launched in 2011, the project yielded excellent results:

- More than 85,000 agricultural loans (totalling over CAN \$100 million) were granted under the project
- The crop insurance fund put in place has insured 3,600 rice producers and was made sustainable
- Over 4,000 farmers benefited from technical support
- An impact study showed that the project had brought farmers to improve their practices and credit habits.

Mali

The Agriculture and Rural Financing in Mali project supports the Malian agricultural financial system by structuring, in a holistic manner, the existing supply of financial services

- by professionalizing financial and insurance institutions,
- by setting up a loan guarantee and crop insurance program.

The project also supports the development of agricultural value chains as well as entrepreneurship among young people and women.

Thanks to a 2018 pilot initiative, groups of female onion growers were able to access a full range of financial services (input credit, savings and crop insurance) and non-financial services (financial education and training in agricultural and environmental best practices) tailored to their needs.



Promoting the inclusion and financial literacy of women and youth

Benin

The Support Project for Developing, Professionalizing and Revitalizing Microfinance in Benin promotes financial inclusion for some 500,000 people in Benin, most of whom are women and youth. Currently, less than 20% of the population has access to financial services. The project supports 14 national partners, including 10 financial institutions.

Over the course of the year, a second FECECAM financial centre for entrepreneurs opened, and a large-scale financial education program was launched.

We also provide technical assistance to FECECAM as part of KfW's rural finance program.

Senegal

Our Senegal team contributed to the country's economic development through 2 programs focusing on:

- Food security for women and children
- Skills training for employment among young people, with a gender inclusive approach

These projects demonstrate the central role that financial services can play in development strategies of all kinds.

Sri Lanka

Strengthening value chains

We partnered with the SANASA cooperative financial network to analyze 2 value chains (rice and pepper) and develop 4 credit products for them.

With support from Desjardins Financial Security, we also relaunched the index-based crop insurance program for rice growers.

And through a research partnership with the HEC business school in Montreal and other universities, we optimized the project's results chain, specifically through a focus on entrepreneur behaviours.



Haiti

Promoting entrepreneurship

Under the National Support Program for Organizing Haitian Entrepreneurship:

- More than 340 non-financial services were provided to local businesses
- Several financial products tailored to micro, small and medium enterprises were rolled out, including a new group product for women
- 44 female entrepreneurs received financing and 20 women won Antrepriz Paw awards
- A second financial centre for entrepreneurs (affiliated with the Levier federation of Haitian financial cooperatives in the southern part of the country) was launched



Vietnam

Building a strong financial cooperative network for rural populations

We continue to assist the Cooperative Bank of Vietnam (Co-opBank) and its affiliated caisses (People's Credit Funds or PCFs). Last year, we:

- Performed an institutional assessment, an information systems analysis and a market study for certain PCFs to make recommendations on how to strengthen them.
- Carried out 2 pilot projects to design and test tools and methodologies for credit management, loan appraisal and internal audits. We also tested 2 new loans to small merchants and farmers to help them access financing, with a focus on women, and created fact sheets for 5 agricultural productions to help farmers boost their profitability and reduce their environmental impact.
- Continued to provide governance assistance to Co-opBank by helping create the development plan for the PCF network.

Panama and Tunisia

Building self-sufficient, sustainable financial institutions

The Entrepreneur Financial Centres (EFCs) we established in Panama and Tunisia continue to post positive results.

And after 9 years in operation, EFC Panama transferred its management responsibilities to a local team and is now running independently.

Founded in 2015, EFC Tunisia opened a new branch in the city of Sousse in August 2018. It now has 3 branches (Tunis, Sfax and Sousse) and 6 service centres.



Since 2009, we have set up 5 EFCs (in Zambia, Tanzania, Uganda, Panama and Tunisia) in partnership with local and international investors.

These specialized institutions all played a critical role in developing small and micro businesses in these countries.

As at December 31, 2018, these EFCs had

38

branches and
service outlets

37,844

clients,

35%

of whom
are women.

Investing in inclusive finance institutions to support their growth

As at December 31, 2018, the 2 investment funds we manage with our subsidiary FONIDI Management supported 12 financial institutions in 11 countries and 4 investment funds. We've invested a total of CAN \$29.1 million to date, providing more than 715,500 clients and their families with access to secure financial services that fit their lives.

Last year, we:

- Penned 2 new partnerships—one with Ecuador's Cooperativa 4 de Octubre and one with Peru's Cooperativa Abaco. We also renewed our commitments to Ecuador's Fundación Esplor and Cambodia's LOLC.
- Played an active governance role in institutions that received equity investments. We focused on developing strategic plans, searching for new capital and financial partners, turning around operations, carrying out merger and acquisition projects and launching new business lines.



With our subsidiary FONIDI Management, we manage 2 investment funds:

- the Partnership Fund
- the Desjardins Fund for Inclusive Finance .

Together, these funds cumulate

CAN \$ 33.4 M

in capital under management.

Supporting the Desjardins offer of solidarity-based financing products

We continued to support Desjardins caisses in coordinating, deploying and monitoring 3 solidarity-based finance initiatives: Créavenir, Desjardins Microcredit to Businesses and the Desjardins Mutual Assistance Fund.

Offered in partnership with 172 community organizations, these initiatives provide customized financing and coaching to individuals experiencing financial hardship and to entrepreneurs who have trouble qualifying for traditional financing. In 2018 only, they helped 23,005 individuals and entrepreneurs.



Sharing knowledge

In 2018, 14 volunteer experts dedicated the equivalent of 420 working days to the Partner Assistance Program. They shared their expertise in areas as wide-ranging as credit management, governance, communications, manager training and internal control in Haiti, Benin, Colombia, Senegal and Vietnam.

Preparing the next generation

Thanks to the financial support of the Desjardins Foundation, we were able to offer rewarding internships to 5 young professionals who were deployed to Tunisia, Vietnam and Haiti to take part in DID projects.



New DID President and CEO

At the end of 2018, Anne Gaboury stepped down after 16 years as DID President and CEO. She is succeeded by Gerardo Almaguer, who has been with the organization since 2006 and who will now be in charge of leading the organization and overseeing its operations.

During her mandate, Ms. Gaboury guided our organization's evolution through the transformation of the development assistance sector. She helped expand the expertise we provide to our partners through our technical assistance activities, while strengthening our position in the investment sector. Under her leadership, we also established and managed 5 Entrepreneur Financial Centres in Africa and Latin America and helped Desjardins caisses roll out 3 solidarity-based financing programs.

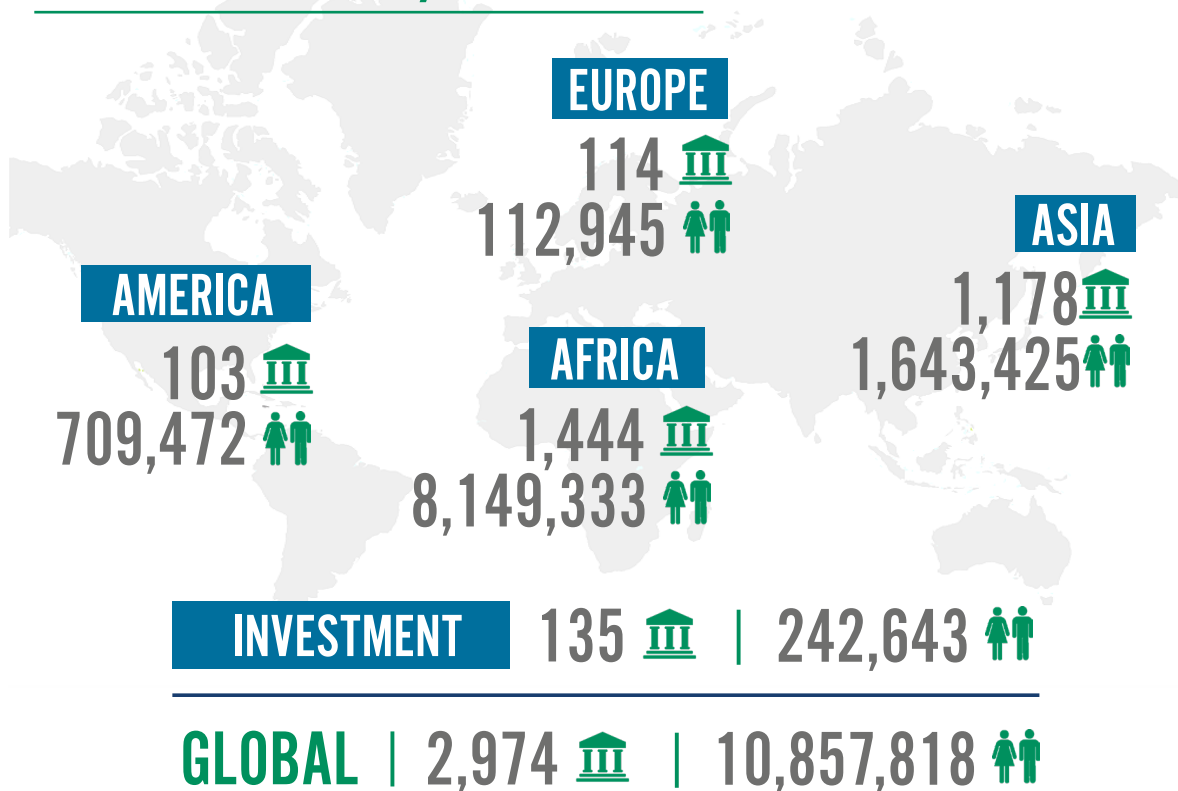
Sharing best practices

In October, the international Proxfin network, which brings together 21 DID partner community finance institutions, held its annual meeting in Montreal. The theme was digital finance. At the meeting, we shared the results of our digital finance assessment of Proxfin members as well as Desjardins' digital vision. Desjardins president Guy Cormier addressed the meeting, as did 3 other Desjardins executives.



OUR PARTNERS CONTRIBUTE TO FINANCIAL INCLUSION WORLDWIDE

NUMBER OF SERVICE OUTLETS AND MEMBERS/CLIENTS



AVERAGE SAVINGS DEPOSIT



AVERAGE LOAN AMOUNT



Proxfn is an international network of about 20 community finance institutions that partner with DID. Each year, these institutions measure and share their main financial and social performance indicators. This data is as at December 31, 2017.

VOLUME OF
DEPOSITS

CAN \$6,900 MILLION
+14.2%
SINCE 2015

VOLUME OF
LOANS

CAN \$6,525 MILLION
+16.2%
SINCE 2015

ASSETS

CAN \$8,839 MILLION
+12.8%
SINCE 2015

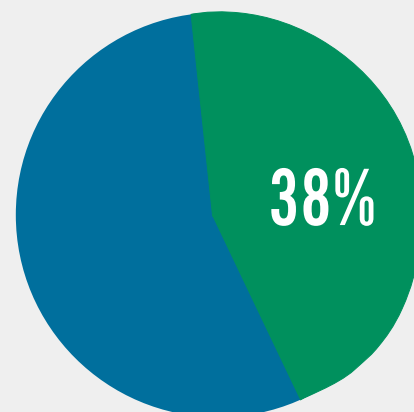
GENDER EQUITY (GE)

NUMBER OF WOMEN CLIENTS

2,568,581



% OF WOMEN CLIENTS



WOMEN ●

MEN / CORPORATIONS ●

NUMBER OF
BOARD MEMBERS

5,589

31.0%
OF BOARD MEMBERS
ARE WOMEN

NUMBER OF
EMPLOYEES

11,442

51.8%
OF EMPLOYEES
ARE WOMEN

DÉVELOPPEMENT INTERNATIONAL DESJARDINS

ACTIVE PARTNERSHIPS FOR STRENGTHENING
INCLUSIVE FINANCE IN 30 COUNTRIES ON FOUR
CONTINENTS

