

2019 Annual Review

Développement international Desjardins



Working together



Desjardins

Développement international



Working together

TO MAKE A DIFFERENCE IN THE LIVES OF PEOPLE AND COMMUNITIES

Développement international Desjardins (DID) is a component of Desjardins Group, the leading cooperative financial group in Canada and sixth largest in the world. 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 48,000 skilled employees and 3,000 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, 2019



50 years of inclusive finance

Since 1970, Développement international Desjardins (DID) has been sharing Desjardins's knowledge and expertise to strengthen the inclusive finance sector in emerging and developing countries.

Serving as both expert advisor and impact investor, we make a real difference for financial institutions and other organizations, the individuals they serve and even the environment in which they operate. Our goal is to promote universal access to a wide range of secure financial services.

Our approach focuses on the inclusion of women and young people, environmental protection, digital transformation and financial literacy. Through this approach, we make lasting impacts in areas such as agri-food and entrepreneurship and support many of the UN's Sustainable Development Goals. Moreover, DID has been carbon neutral since 2017.

Today, we're recognized as a global leader in international development. We work closely with a number of financial partners, including Global Affairs Canada and several development banks.

Our achievements

STRENGTHENING THE AGRICULTURAL FINANCE SECTOR

Mali

The Agriculture and Rural Financing in Mali (FARM) project provides assistance to Mali's farmers and financial institutions to improve food security. To date, we have:

- Boosted the farm credit capacity of 6 financial institutions
- Improved farm credit and environmental risk management
- Introduced crop insurance for onions, rice and corn
- Developed the skills and leadership of thousands of women

As of December 31, 2019, we have facilitated 14,325 professionalized farm loans totalling nearly CAN \$4 million, 57.6% of which went to women. The program has been so successful that the Canadian government agreed to continue funding it for another 15 months through June 30, 2021.



Thanks to the FARM project, we received training which helped us improve our working conditions. This made analyzing agricultural credit easier. We also benefited from the fact sheets produced on various agricultural sectors, which make it easier to validate information on these sectors. The data is accurate thanks to this analysis tool.

- Christophe Fomba, loan officer

Colombia

Launched in 2014, the Support for the Agricultural Finance System in Colombia (PASAC) project helps strengthen the country's farm credit system and make it more inclusive. To date:

- 33 financial institutions have received technical support in the area of farm credit, microcredit or associative credit or financial assistance to open physical or mobile branches in post-conflict zones
- 80,000 farmers have received 136,000 loans totalling CAN \$487 million
- Over 15,000 farmers have received financial literacy training
- 3,500 financial advisors have received farm credit training

Through this project, we also developed the DECISION mobile app, which uses a large agroeconomic database to review farm credit applications. The app is available to all Colombian cooperatives and financial institutions that extend farm credit. It'll be managed by government-owned agricultural development bank FINAGRO, which received a prestigious entrepreneurship development award from Colombia's president in December for the agroeconomic information sharing network created by the project.



It's by far the biggest transformation that Banco Agrario has taken on in recent years. Now, we've truly become advisors for our clients.

- Carlos Fadul Niño,
former executive vice-president of Banco Agrario
(PASAC partner institution)

Haiti

In 2019, we wrapped up the Agricultural Financing and Insurance Systems in Haiti (SYFAAH) project, a joint initiative with a number of financing and implementation partners that will have a lasting impact on Haitian farming. It involved:

- Professionalizing 5 financial institutions
- Instituting a loan guarantee mechanism and handing over management to a government agency
- Creating a crop insurance model for irrigated rice
- Institutionalizing expertise in the areas of farm credit and technical support services

Over the course of this 8-year project, a total of 85,000 Haitian farmers received agricultural loans, including 4,000 who received advisory services.



When I first applied for farm credit from my financial cooperative, I got a loan of 25,000 gourdes. But with the help of my loan officer and farming consultant, I received loans totalling 135,000 gourdes. This meant I could not only farm more land, but also send my 2 children to a good school.

- Lozaine Adission Bellanton, rice grower



HELPING ENTREPRENEURS

Cameroon

In April 2019, we wrapped up a 42-month initiative that was part of an IFAD-funded program supporting young farming entrepreneurs in Cameroon (PEA-Jeunes). Last year, the program transferred operation of the refinancing fund to a local bank and got the startup fund up and running under the direct management of PEA-Jeunes.

Colombia

Through the new Graduar PYMES project, we're creating specialized units that will provide financing and support to Colombia's micro, small and medium enterprises (MSMEs). In 2019, we conducted in-depth assessments of 4 Colombian financial institutions and began helping them deliver better service to MSMEs.

Haiti

Launched in 2015, the National Support Program for Organizing Haitian Entrepreneurship (PANSEH) helps grow Haiti's economy by creating a business environment that will boost the productivity of micro, small and medium enterprises (MSMEs). To date:

- 2,200 business development activities were carried out to support entrepreneurs (37% of them for women)
- Partner financial institutions have extended over 3,000 loans to MSMEs, 39% of which went to female business owners
- The project has created an MSME guarantee fund that is being transferred to a government agency

Sri Lanka

DID and its cooperative partner SANASA maintained their contribution to the development and financing of 4 value chains (traditional rice, pepper, banana and tourism) with the aim of fostering the development of local entrepreneurship. Together, they:

- Established an agreement between the SANASA Development Bank (SDB) and the Small Agribusiness Partnership Programme (SAPP) to promote SME lending in the agricultural sector
- Supported the GAP (Good Agricultural Practices) process for pepper certification
- Developed a strategic plan for the SANASA Federation and reorganized its financial unit
- Carried out numerous activities with the Tamil community in the Northern Province, including training sessions on adapted financial products and market development for rice and tourism
- Continued to build the capacity of SANASA-affiliated primary societies and the entrepreneurs they serve

The innovation training program has changed my life! I expanded my store from a small room to a full store, had floors tiled, installed air conditioning, security cameras and a large poster outside the store to attract more customers. I am currently building an additional floor to develop the business!

- Subodhi Saranga, entrepreneur





Tunisia

In late 2019, we officially transferred management of the Entrepreneur Financial Centre (EFC) we created in Tunisia in 2015 to a local manager, marking the end of our work managing and developing the EFC as an expert advisor. EFC Tunisia was the fifth EFC we successfully handed over.

As of December 31, 2019, EFC Tunisia had 9 loan offices and 200 employees serving 5,178 entrepreneurs with a loan portfolio of CAN \$22.4 million (47.7 million Tunisian dinar). Today, its unparalleled commitment in the key areas of gender equality and environmental risk management are spelled out in written policies and strategies. We also carried out a climate vulnerability analysis of the EFC's loan portfolio and put together an innovative strategy to support female entrepreneurship.

Access to credit allowed my business to experience significant growth over the past few years thanks to its leasehold improvements, the acquisition of new equipment and the introduction and increased variety of products offered: oils, nuts, new spices, and so on. These investments have brought in new customers and strengthened relations with suppliers.

- Dhouha Ben Ali, EFC client entrepreneur

Having access to financial services is gratifying for a woman entrepreneur as she feels she has support and guidance through the various stages of her business's evolution.

- Houda Bouafia, EFC client entrepreneur



CONTRIBUTING TO FINANCIAL INCLUSION AND EDUCATION

Senegal

Through the Integrated Nutrition Project in the Regions of Kolda and Kedougou (PINKK) and the Skills Training for Employment Program (STEP), our Senegal team has:

- Improved credit access for female entrepreneurs who produce and process micronutrient-rich foods
- Incorporated financial literacy into the training paths of schools that provide professional and vocational training to young people



Benin

The ADAPAMI Support Project for Developing, Professionalizing and Revitalizing Microfinance in Benin supports 14 local partners, including 10 financial institutions, to increase financial literacy and inclusion. In 2019:

- For the second time in as many years, over 100,000 people opened an account with a partner financial institution
- More than 33,000 people signed up for mobile services
- 15,523 people received training as part of a nationwide financial literacy program

Women have the same abilities as men, but they often underestimate themselves. They also feel, or rather tradition dictates, that women belong at home. That makes it less likely that a woman will seek a role outside the home. The ADAPAMI program is helping women learn about their strengths and their natural leadership abilities.

- Taïbath Biao Ainin, political coach

Morocco

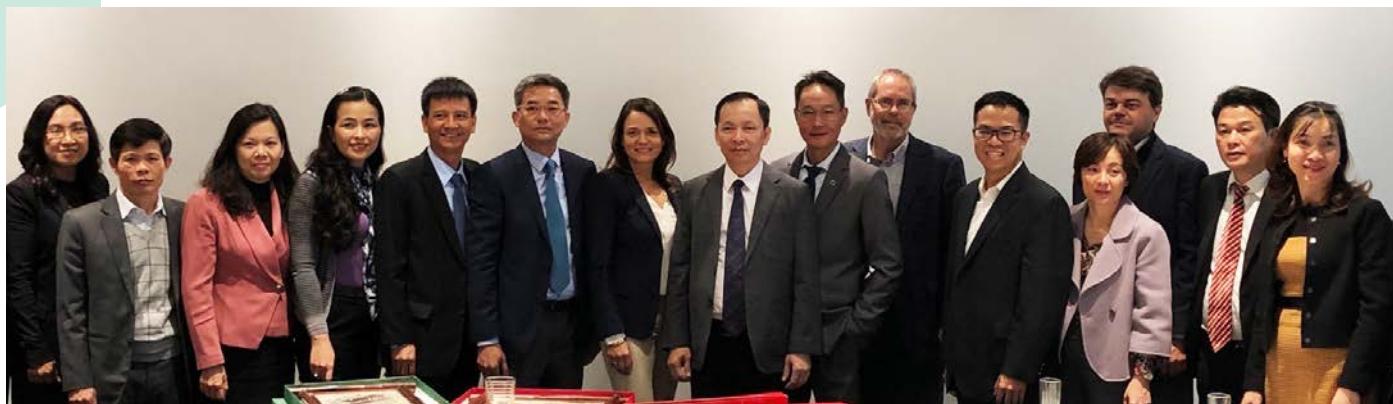
At the request of Morocco's Insurance and Social Welfare Authority, DID carried out a diagnosis of the inclusive insurance sector in that country with an eye to growing the industry. This diagnosis was based on the methodology recommended by the Access to Insurance Initiative (A2ii). It covered the industry's legal and regulatory framework, the existing offer, identification of unserved target groups, and microinsurance experiences and products around the world. The diagnosis resulted in the formulation of a roadmap which was then shared with key players in the sector.

Vietnam

As part of the project to support Co-opBank and its affiliated People's Credit Funds (PCFs), we rolled out in 75 PCFs the risk management and internal audit program as well as the financial products for small merchants and farmers that were tested during pilot projects in 2018. We trained 400 people, including 185 women, at participating PCFs. We also selected and set up a management information system for PCFs.

Before taking the training, many participants were skeptical and wondered if men would really accept the dynamism associated with female leadership. Quickly, they saw that it was possible.

- Hortense Kakaï Glele Essou, leadership training participant



INVESTING IN INCLUSIVE FINANCE INSTITUTIONS

As of December 31, 2019, the 2 investment funds we manage with our subsidiary FONIDI Management (the Partnership Fund and the Desjardins Fund for Inclusive Finance, with total capital of CAN \$33 million) were supporting 11 financial institutions in 10 countries as well as 2 other investment funds. We've invested a total of CAN \$25.3 million to date to make secure, personalized financial services available to 975,000 clients and their families.

We play an active role in the governance of institutions that receive equity investments to help them develop strategic plans, find new sources of capital or financial partners, make operational changes, carry out mergers and acquisitions, and launch new business lines.

DID has been an impact investor for 25 years, and last year we worked to develop a new investment vehicle so we can do more and have a greater impact.



OFFERING DESJARDINS SOLIDARITY-BASED FINANCE PRODUCTS

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

Offered in partnership with 183 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 2019 only, they helped 19,100 individuals and entrepreneurs.

In a sign of the faith it places in us, Desjardins permanently entrusted us with coordination of its solidarity-based finance programs late last year.





SHARING KNOWLEDGE

In 2019, 7 experts volunteered the equivalent of 164 work days to DID partners in Haiti and Benin through our partner support program. They shared their knowledge of credit management, governance, communications, manager training and internal controls.

Last year, we also hosted some 50 partners from 8 countries so they could learn how different Desjardins components operate.

PREPARING THE NEXT GENERATION

Thanks to financial support from the Desjardins Foundation, we were able to offer 15-week internships to 5 young professionals who were deployed to Tunisia, Benin and our head office to work on DID projects.

I would wholeheartedly recommend it to everyone. It's amazing how much you can learn and accomplish when you get out of your comfort zone!

- Émilie Tanguay-Côté, intern

Getting professional experience abroad is a great way to set yourself apart from other job seekers. As a young professional, I learned so much. I think everyone should have an experience like this at least once in their lives.

- Alexandra Clouette, intern



SHARING BEST PRACTICES

In October, the Entrepreneur Financial Centre in Tunisia hosted the 13th annual seminar of the Proxfin international network. During the seminar, experts and Proxfin representatives shared their innovations and best practices in the area of business development services. Speakers included Marie-Claude Boisvert, Desjardins's Executive Vice-President of Business Services. Proxfin held its annual general meeting on the sidelines of the seminar, during which it formally admitted 3 new member institutions from Colombia, Haiti and Kenya.





DÉVELOPPEMENT INTERNATIONAL DESJARDINS

Active partnerships for strengthening
inclusive finance in 30 countries on four continents

