

**2020 Annual Report**

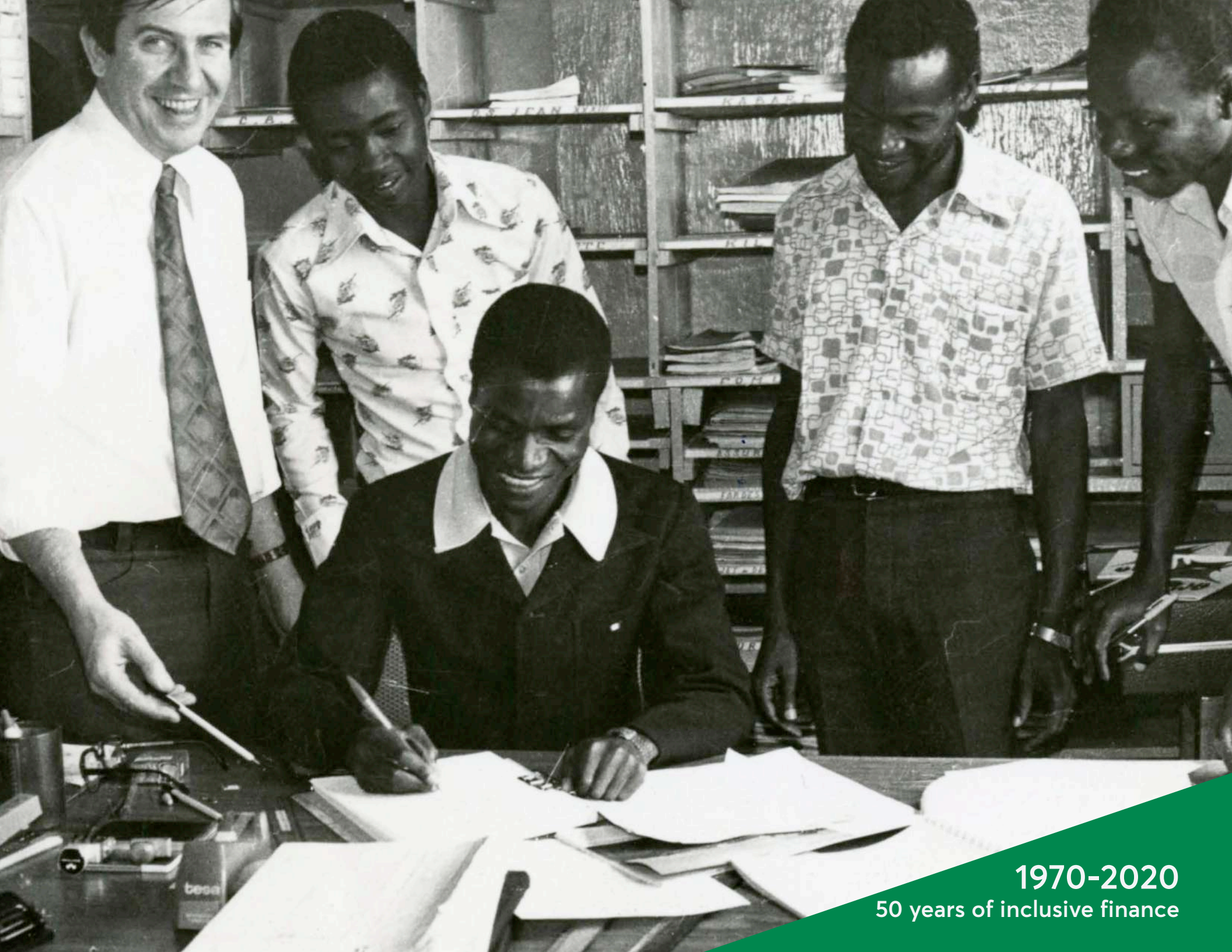
**Together for 50 years**



**Desjardins**

Développement international





**1970-2020**  
50 years of inclusive finance



# Together for 50 years

On November 16, 2020, Développement international Desjardins (DID) celebrated its 50<sup>th</sup> anniversary. 50 years to increase the autonomy of the world's underprivileged populations. 50 years to help women, youth, entrepreneurs and farmers around the world improve their living conditions by giving them access to financial services adapted to their needs, whether it be a savings account, credit, insurance or transaction tools.

In 50 years of work, through more than 600 mandates in 65 countries, DID made a difference for tens of millions of people.

## Finance for inclusive and sustainable growth

Acting both as an expert advisor and impact investor, DID helps financial institutions of all sizes better fulfil their mission and meet the challenges they face to make the financial sector more inclusive, efficient and secure. We also provide women and men dealing with these institutions with the tools and knowledge they need to better control and use financial services. Lastly, we support governments to ensure that public policies take people and their needs more into account, and that the financial ecosystem is more favourable to them.

Through its interventions, DID is putting finance to work for inclusive and sustainable growth. Serving women, in order to encourage them to make full use of their potential. Serving youth to help them realize their dreams and ambitions. Serving entrepreneurs, so that their success helps create good jobs and build lively, prosperous communities. Serving farmers so that they can help ensure food security in their region. And serving a healthier, greener environment to leave to future generations.

Now considered a global leader in its industry, DID works with many financial partners, including Global Affairs Canada and several development banks.

DID has been carbon neutral since 2017.

## A year unlike any other

The global pandemic obviously had an impact on DID's activities. Fortunately, we were ready to face it. First, we have a solid business continuity plan that allows us to react quickly and effectively to any transition like the one we experienced in March. Second, for several years now, we have been using technology platforms and our local teams to facilitate the sharing of experiences and knowledge with our partners. These methods allowed us to adapt very quickly to the new situation imposed by the COVID crisis and limit its negative impacts. In addition, at the beginning of the crisis, we identified the needs of our partners and the communities in which we work in order to adjust our services to help them better cope with COVID. And of course we took care of our teams, both in the field and at home, at all times.

Now, we intend to continue our efforts to support, to the best of our abilities, the resumption of activities and the economic recovery in the countries where we operate.

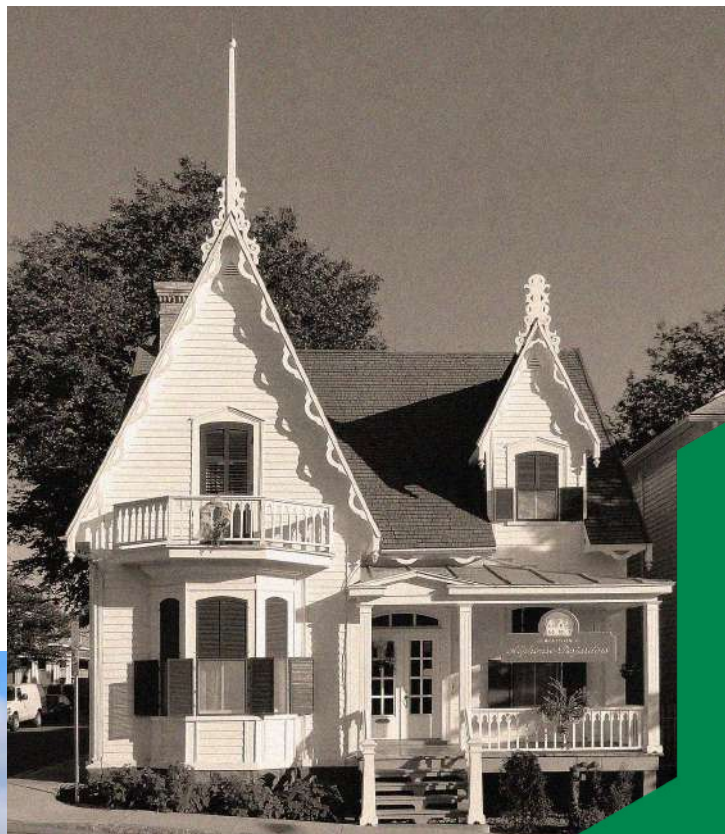
**"The partnership with DID is above all a human adventure built on friendship, closeness, and passion between "people from the North" and "people from the South" around an idea of strength: the ability of the population to take charge of their own lives by putting local savings to good use."**

- Alpha Ouédraogo, Director General of the Confederation of West African Financial Institutions from 2000 to 2014





# Desjardins: 120 years contributing to the well-being of individuals and communities



DID is a component of Desjardins Group, the leading cooperative financial group in North America. Desjardins offers its 7.5 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 Canada, Desjardins has 48,930 skilled employees and close to 2,900 dedicated elected directors.

2020 marked the 120<sup>th</sup> anniversary of Desjardins Group and the establishment of the Desjardins Security Office and the Desjardins Fusion Centre, a pioneering initiative in Canada aimed at strengthening member and client protection and preventing and detecting security incidents and financial crime. Desjardins Group also continued to integrate environmental, social and governance (ESG) factors into its business model and stepped up its contribution to the fight against climate change. Lastly, when COVID-19 hit our community hard, Desjardins was one of the first financial institutions to implement relief measures for its members and clients. Desjardins was one of the three financial institutions in North America recognized by the United Nations in April 2020 as a responsible institution in the context of the pandemic.



# 2020 at a glance

DID celebrated **50 years** of inclusive finance

In Benin, under the ADAPAMI financial inclusion project, over **455,000 people** have set up a bank account within the past 3 years

The new Aequitas Impact Investment Fund was launched with **CAD50 million** earmarked for development financing

**Launch** of the PROFEM project in Colombia and 2 other projects in Haiti

Proxfin welcomed **6 new members**, bringing the number of inclusive finance institutions that make up this network to 30

Acquisition of a **digital learning environment** to facilitate the dissemination of training programs

PANSEH in Haiti, PASAC in Colombia and STEP and PINKK in Senegal ended with **results that exceeded expectations**

**2 major webinars** to share innovations and best practices related to financial education and the COVID-19 pandemic, attracting nearly a thousand participants





# Our interventions

## SUPPORTING ENTREPRENEURS

### Strengthening value chains

The SANASA Entrepreneur Financial Expertise Center (SEFEC) set up in 2017 by DID and the SANASA cooperative network strives to facilitate the sustainable growth and development of micro, small and medium enterprises (MSMEs) by working with stakeholders in four value chains: rice, pepper, bananas, and tourism. In 2020, activities aimed at developing the tourism value chain were launched. As tourism is a new concept for the SANASA network, an introductory program was distributed to five co-operatives in the Northern Province, reaching 163 members.

To mitigate the impact of the global COVID-19 pandemic on MSMEs in the tourism sector in the Northern Province, the SEFEC, in collaboration with the Northern Tourism Bureau and the Korea Lanka School of Hospitality and Hotel Management, helped train 100 employees in micro, small and medium-sized hotels and restaurants on COVID-19 safety measures and guidelines.

In 2020:

- 45 producer organizations were supported in the 4 targeted value chains.
- A total of 2,905 small agricultural companies and MSMEs (55% women) participated in activities to strengthen value chains.
- 3,366 entrepreneurs (75% women) participated in financial and commercial management training sessions.
- 777 board members and staff participated in cooperatives management training sessions.
- 812 board members and staff (57% women) and staff participated in training sessions on value chain financing and lending methodology for MSMEs.
- 58 participating cooperatives disbursed a total of 5,371 loans to MSMEs, 67% of which went to women.

**"After taking the innovation training program, I expanded my store. It's no longer a single room; it's now an open space offering customers a lot more products. My goal is to make this store a one-stop shop for every customer by providing groceries, food and even delicious teas."**

- Nirosha Pathiratne, grocery store owner

### Fostering inclusion through professionalization

In Colombia, with the Graduar PYMES project, DID supports four local financial institutions in order to better serve the MSME niche and thus support the growth and professionalization of these enterprises.

In 2020, the Colombian program Banca de las Oportunidades partnered with Global Affairs Canada to co-finance this major project and expand its scope. During the year, credit management methodologies, coaching services and inclusion mechanisms for women entrepreneurs developed by DID and its partners were enriched by a digital transformation strategy and a hybrid learning program based on self-learning strategies and virtual tools.

Although still in its pilot phase, this project's activities are already yielding good results:

- Customized financing has been granted to nearly 500 entrepreneurs, 32% of whom are women.
- More than 2,000 jobs have been created or maintained thanks to these loans disbursed during the COVID-19 pandemic.
- 7 entrepreneurs received support to grow and formalize their activities.
- Environmental and social risk analysis is now part of the credit granting process for participating institutions: staff are now aware of these issues and are able to assist clients with the environmental and social issues associated with their activities.



## Strengthening the entrepreneurial ecosystem

In April 2020, the National Support Program for Organizing Haitian Entrepreneurship (PANSEH) ended after six and a half years. Carried out in collaboration with the Haitian Ministry of Commerce and Industry, PANSEH tangibly contributed to the country's economic growth by supporting the implementation of a business environment fostering investment, productivity and job creation among Haitian MSMEs.

Since 2013, PANSEH has been able to strengthen the financial products and services offer, support the establishment of two financial centres for entrepreneurs, make more non-financial services available to MSMEs and support the Haitian government in the establishment of a business framework favourable to the development of Haitian entrepreneurship and the adoption of incentives and guidelines for formalization and development of MSMEs.

PANSEH in figures:

- 3,222 loans to MSMEs, including 1,647 to women entrepreneurs.
- 494 MSMEs supported in their start-up and growth through non-financial services.
- Technical support provided to six financial institutions by training 36 credit agents specializing in loans to entrepreneurs.
- Professionalizing 149 supported businesses.
- A 17% increase in the number of jobs created by the MSMEs being coached.

**"There are simply not enough words to express our joy and gratitude for this partnership over the last few years. We hope that there will be other projects of the same scale soon in Haiti."**

- Daniella Jacques, President of the Chambre de Commerce des Femmes Entrepreneures d'Haïti (CCFEH)

## Helping youth take their place

The Youth Employment Skills Training Program (STEP), conducted in the Kolda region in southern Senegal, came to an end in October 2020. Launched in 2017 by World Vision Canada, this major project aimed to improve the employability of youth in a region with one of the highest unemployment rates in the country. DID's role was to facilitate access to financing for young people by strengthening their entrepreneurial and financial management skills and by supporting two financial institutions in developing and implementing financial products and methodologies adapted to the socio-economic realities of young people.

STEP-Senegal in figures:

- 11 vocational and technical training institutions supported to integrate financial education modules and train trainers.
- 79 teachers have acquired the capacity to disseminate these educational modules.
- 14 savings groups were established among students in educational institutions and school drop-outs, allowing 344 young people to save a total of CFA francs 4,138,000 (approximately CAD9,500) and finance the start-up of their businesses.
- 416 young people were connected with a partner financial institution.





## FOCUSING ON FINANCIAL EDUCATION

### Giving women the confidence and knowledge they need

In Benin, women and youth now have better access to financial services, better control over them and a better understanding of how they work thanks to the many successful activities carried out by the ADAPAMI project team.

Benin's microfinance sector is more professional, innovative, secure and conducive to environmentally-sensitive financial inclusion. Women play a greater role in this process, whether as employees, elected officials or clients, through an effective gender equality strategy, numerous training and reinforcement activities focused on financial education and female leadership, and the introduction of financial products specifically designed for women.

During the year:

- A comprehensive mapping of stakeholders in the inclusive finance sector was carried out.
- More than 120,000 people (57% women) opened an account at one of the 10 financial institution partners of the project.
- 134,000 people now use digital financial services to save and borrow.
- More than 29,000 people received financial education, including non-literate groups for whom learning methods were adapted accordingly.

### Innovating for women and youth

In Colombia, DID launched a new project in 2020 to strengthen the economic and social power of women and youth living in rural areas. To achieve this, DID builds on financial education and inclusion. After only a few months, efforts are already yielding results:

- DID has partnered with the Rural Women's Directorate of the Ministry of Agriculture of Colombia to develop a virtual financial education platform that also addresses gender equality and the prevention of family violence.
- In partnership with the Compañía Nacional de Chocolates (CNC), Colombia's largest cocoa buyer, DID developed a financial education program that will reach more than 700 cocoa producers. The program will thus support the government's efforts to encourage the production of cocoa as a substitute for illicit crops.
- DID worked with the National Commission for Agricultural Credit, which approved the creation of a special line of credit to help women and youth access financing.

**"We can rightfully take our place alongside men in the workplace. We can lead an all-male or mixed team. The training reassured us and gave us this confidence."**

- ADAPAMI training participant





## EMPOWERING SMALLHOLDERS

### Sowing the seeds of success

In Mali, the project conducted by DID with the contribution of SOCODEVI to strengthen the capacities of financial institutions and agricultural producers continues to make a difference in rural communities. To date, this project has strengthened the capacities of six financial institutions in agricultural credit, improved risk management related to the supply of agricultural credit and natural risks, made crop insurance products available in three commodity chains (onion, rice and maize) and strengthened the skills and leadership of thousands of women.

Achievements in 2020 include the production of environmental fact sheets for various agricultural crops and training on environmental and social risks that have enabled loan officers to significantly improve their understanding of climate issues to be taken into account in agricultural financing. An e-learning platform was also adopted to facilitate the provision of training to financial institutions. Finally, 16 women farmers' organizations were provided with COVID-19 prevention materials.

Since the beginning of the project:

- Nearly 26,000 professionalized farm loans have been granted (of which 52% to women), totaling more than CAD11 million.
- CAD6.5 million of this amount has been guaranteed.
- More than 2,000 women participated in the financial literacy program.

### Strengthening governance in the agricultural financial sector

In Haiti, where DID has contributed in recent years to strengthening the agricultural financial sector through the SYFAAH project (which ended in 2019), a new project has just been launched to continue these efforts. The aim of this initiative is to strengthen the governance of the sector and coordination among the actors in it. It also seeks to increase the performance of businesses and agri-food systems, which play a key role in job creation, food security and poverty reduction in Haiti.

Already, a solid foundation has been established with each of the many project partners, and the support services for entrepreneurs available in the country were mapped in collaboration with HEC Montréal.

**"It was thanks to the income from my harvest that I was able to buy a secondhand motorcycle. My new motorcycle makes it much easier for me to travel between the field, the house, the market and the downtown area where I have to go to shop."**

- Ramata Diarra, Malian farmer





## Making the agricultural financial sector more inclusive, efficient and safe

March 2020 marked the end of a major project for DID: the Supporting the Agricultural Financial System in Colombia project (PASAC). This project mobilized some of the largest entities in the Colombian agricultural sector, including the FINAGRO agricultural development fund and the Banco Agrario de Colombia agricultural state bank.

Through PASAC, not only has DID helped local financial institutions adopt a more efficient credit methodology, but it has also influenced the implementation of new public policies centred on the financial inclusion of agricultural producers. The project also contributed to the financial literacy of thousands of farmers, the majority of whom are women, and supported the development of post-conflict zones.

PASAC in figures:

- 40 financial institutions were supported and 3,500 finance professionals (50% women) were trained on better credit methodologies.
- 12,000 microentrepreneurs benefited from rural micro credit lines and 136,000 farm loans were granted to 80,000 farmers.
- 15,000 farmers (57% women) received financial education.
- A mobile application, DECISION, was developed to facilitate the work of credit officers, no matter where they are.
- An agro-economic database condensing production costs, yields and production cycles associated with several agricultural sectors was developed.

## Going digital for greater inclusion

In Vietnam, DID supports the co-operative bank Co-opBank and its network of credit unions (People's Credit Funds) to help them better meet the needs of entrepreneurs and farmers living in rural areas of the country.

In 2020 :

- An online learning platform was designed and deployed to facilitate the capacity building of Co-opBank and credit union employees.
- An information management system was designed and implemented to support credit unions in evaluating and monitoring their credit portfolios.
- A kit was provided to the credit unions to support their internal control activities.
- The development of an online banking offer began.

**"Desjardins helped us make agricultural producers the central basis for public policies. DID and Desjardins gave me a much more comprehensive vision of what support should be for agricultural producers. A vision where financing for the agricultural sector goes far beyond credit."**

- Paula Andrea Zuleta Gil, Director of Finance and Agricultural Risk Management for Colombia's Ministry of Agriculture and Rural Development





## INCREASING FOOD SECURITY

### Finance for nutrition

The Integrated Nutrition Project for the Kolda and Kedougou Regions (PINKK) concluded in 2020, exceeding most of the targets. Launched in 2015 by Nutrition International with funding from Global Affairs Canada, this ambitious project aimed to address the major problem of malnutrition among women and children in Senegal. The DID-Senegal team's role was to support women entrepreneurs involved in the production and processing of micronutrient-rich foods by offering them a range of financial services, financial education, and entrepreneur support services.

PINKK in figures:

- 7,765 women beneficiaries received a total of 8,640 hours of training.
- 1,074 women received support services.
- 1,172 women received a total of 1,758 loans.
- CFA francs 117.2 million (CAD280,000) in loans granted, with zero delinquencies.

**"I used to think of savings as a luxury, that only the rich could afford. But now, saving is a habit for me. I have a better understanding of how credit works and how to make better use of it, especially to develop my business."**

- Participant in a PINKK training





## INVESTMENT IN THE SERVICE OF FINANCIAL INCLUSION

In 2020, DID and its subsidiary Gestion FONIDI managed two investment funds (the Partnership Fund and the Desjardins Fund for Inclusive Finance, L.P.) totalling CAD30 million of capital under management. As of December 31, 2020, these two funds supported 11 financial institutions in 10 countries as well as two investment funds. The total value of the amounts invested was CAD23.2 million. Through this support, DID helps more than one million clients and their families access secure financial services tailored to their needs.

DID actively participates in the governance of institutions benefiting from share capital investments: its efforts were particularly focused on developing strategic plans, searching for new capital or financial partners, turning around operations, carrying out merger and acquisition projects or launching new business lines.

In October 2020, building on its 25-year experience in impact investing, DID announced the establishment of Aequitas, a

private investment fund focused on impact finance that will strengthen gender equality, the fight against climate change and the achievement of other Sustainable Development Goals (SDGs) through the financial inclusion of the populations of developing countries. Aequitas has an initial budget of CAD50 million from DID and Desjardins.

The fund will direct resources where they're likely to have the greatest possible impact: small financial institutions that are too often neglected by big investment funds, particularly those in geographic areas that are poorly served, thereby focusing on the sustainable inclusion of women and disadvantaged populations.

With this injection of new financial resources, DID wishes to help offset the shortfall in development financing and provide a meaningful response to support the post-COVID economic recovery.





## PROXFIN : NETWORK EXPERIENCE

In 2020, six inclusive finance institutions joined Proxfin, bringing the number of members of this international discussion and exchange network created nearly 15 years ago by DID and its partners to 30.

Although COVID prevented the annual meeting of the network from taking place in Lévis, its members nevertheless had the opportunity to share their experiences and knowledge multiple times during virtual events that also attracted a large number of Desjardins Group representatives and other stakeholders associated with the inclusive finance sector.

- On May 5, a live webinar on strategies to better cope with the COVID-19 crisis drew some 223 participants from 27 countries.
- On October 15, some 700 participants from more than 30 countries attended the "Financial Education Without Borders" international webinar. Presentations by high-level stakeholders from Canada, Burkina Faso and Haiti provided participants with the opportunity to share concrete courses of action to put financial education to work for the most vulnerable people and communities.
- Lastly, the Proxfin Annual General Meeting allowed members to share their innovative practices and development results in terms of gender equality and environmental protection.

## CONTRIBUTING TO THE DEPLOYMENT OF SOLIDARITY-BASED PRODUCTS

DID continued to support Desjardins caisses in coordinating, deploying and monitoring the Créavenir, Desjardins Microcredit to Businesses, and the Desjardins Mutual Assistance Fund solidarity products. Through its commitment to solidarity-based finance, Desjardins supports organizations that help and advise individuals who are financially vulnerable, and makes it possible for entrepreneurs who are excluded from the financial system to obtain financing.

In 2020, COVID added new challenges for these two groups of people, and the solidarity finance programs stood out with the support they provided.

**The Desjardins Mutual Assistance Fund:** for people in a vulnerable situation

- 8,732 people in financial difficulty have received personalized budget counselling.
- 376 small loans were provided, with average loans of CAD664.

**Desjardins Microcredit to Business:** when conventional financing is not available

- 802 entrepreneurs received support and 103 were funded.
- 186 jobs were created or maintained.

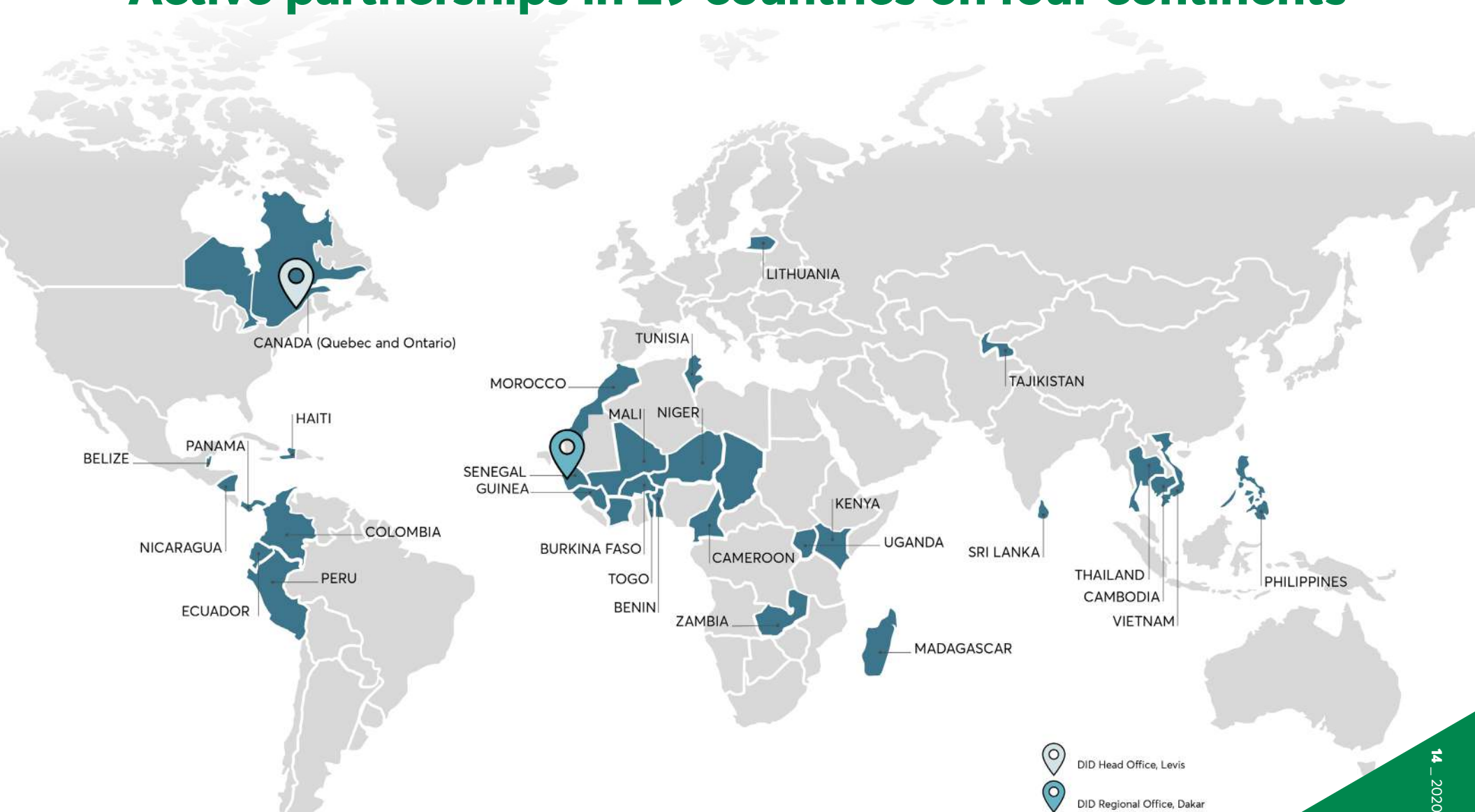
**Créavenir:** for entrepreneurs 18 to 35

- 132 business projects funded and 278 jobs created or maintained.
- Average financing of CAD13,272 per business.





# Active partnerships in 29 countries on four continents



DID projects are carried out with financial support and collaboration from several partners: Global Affairs Canada, Desjardins Group, the Swiss agency for development and cooperation (DDC), Enabel - Belgian international development agency, the Inter-American Development Bank, the Caribbean Development Bank (CDB), World Vision Canada, Nutrition International, the Ministry of Agriculture and Rural Development of Colombia and Banca de las Oportunidades.



