

FINDEV CANADA TRANSACTION SUMMARY

Développement International Desjardins ("DID")

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

FinDev Canada is partnering with Développement International Desjardins ("DID") through a loan assignment from Export Development Canada ("EDC") as part of a facility that supports microfinance institutions in Latin America. The opportunity for this partnership originated through the existing collaboration between DID and FinDev Canada's parent company, Export Development Canada. Given the affinity in terms of mission and objectives between FinDev Canada and DID, EDC has transferred this loan to the FinDev Canada portfolio. The loan is backing two financial institutions in Columbia and Ecuador that provide jobs in rural areas and benefit mostly low-income rural clients by providing them with access to quality financial services.

This transfer gives FinDev Canada the opportunity to work with a Canadian institution that is active in its priority regions: Latin America, the Caribbean and Sub-Saharan Africa. DID is a pioneer in microfinance, with 50 years of experience in emerging markets and empowering disadvantaged populations by facilitating access to secure and diversified financial services.

Transaction Details

COMPANY NAME	Développement International Desjardins
DOMICILE OF INCORPORATION	Canada
DOMICILE OF OPERATIONS	Ecuador, Colombia (Latin America)
TERM OF FINANCING	4 years
SECTOR	Financial Institutions
IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY	Category C
FINANCING PRODUCT	Corporate Loan
TOTAL PROJECT SIZE	USD \$ 5,000,000
FINDEV CANADA PARTICIPATION AMOUNT	USD \$ 1,295,455
DATE OF TRANSACTION DISCLOSURE	17/10/2019
DATE OF TRANSACTION SIGNING	19/11/2019
DATE OF TRANSACTION SUMMARY PUBLICATION	17/10/2019
2X CHALLENGE QUALIFYING	No

Summary of Anticipated Development Impacts

The development impact value proposition of the DID facility is to provide working capital to inclusive financial institutions in Ecuador and Colombia.

DID's operations are aligned with many of the Sustainable Development Goals (SDGs) established by the United Nations. The two financed institutions in Ecuador and Colombia endorse SDG 5 "Gender Equality" and SDG 8 "Decent Work and Economic Growth". This is reflected through their commitment to empower disadvantaged or marginalized populations, including women, by facilitating access to a diverse range of financial services and by developing individual and community assets. The DID facility also provides job opportunities in rural areas.





WOMEN'S ECONOMIC EMPOWERMENT

- **Empowering women in governance, leadership and employment:** Equality between women and men is part of the fundamental development values at DID. They actively encourage women's participation in the sustainable economic development of communities, as both actors and decision makers and on an equal footing with men. The company has issued a "Reference Framework on Gender Equality" which outlines its position and approach to integrating gender equality into all DID programs.
- **Financial inclusion of women in marginalized communities:** The two institutions financed by DID in Colombia and Ecuador strive to contribute to the reduction of inequalities between women and men regarding access to financial resources. They serve close to 150,000 clients, the majority of whom are women (50% of the client's base in Colombia and 70% of the Ecuador institutions' client base). In an effort to familiarize their clients with their financial offerings, the DID facility also offers financial literacy services for both women and men.



MARKET DEVELOPMENT

- **Supporting quality employment:** Local market development has been at the core of DID's objectives for the last 50 years. The two institutions provide approximately 1,500 jobs in Colombia and Ecuador. Many of these employment opportunities are for individuals living in underserved rural areas.
- **Financial inclusion and economic value addition:** The two institutions financed by DID in Colombia and Ecuador generate direct local value added through taxes, salaries and profits of more than US \$12 M. They contribute to sector development through their focus on low-income customers, who are the most likely to be financially excluded or have limited access to quality financial services.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

FinDev Canada has assessed this transaction using its Environmental and Social Risk Review methodology, which takes a risk-based approach to prioritizing environmental and social due diligence and evaluating the level of risk associated with a transaction.

For the purpose of this transaction, FinDev Canada considers the two local financial institutions (in Colombia and Ecuador) to be the main focus of the review. FinDev Canada is not aware of any environmental or social track record issues associated with either company. Further, both companies operate in the microfinance financial services sector in Colombia and Ecuador, which is a low risk sector, including from a human rights perspective. As a result of these considerations, this transaction is considered to be low risk.