

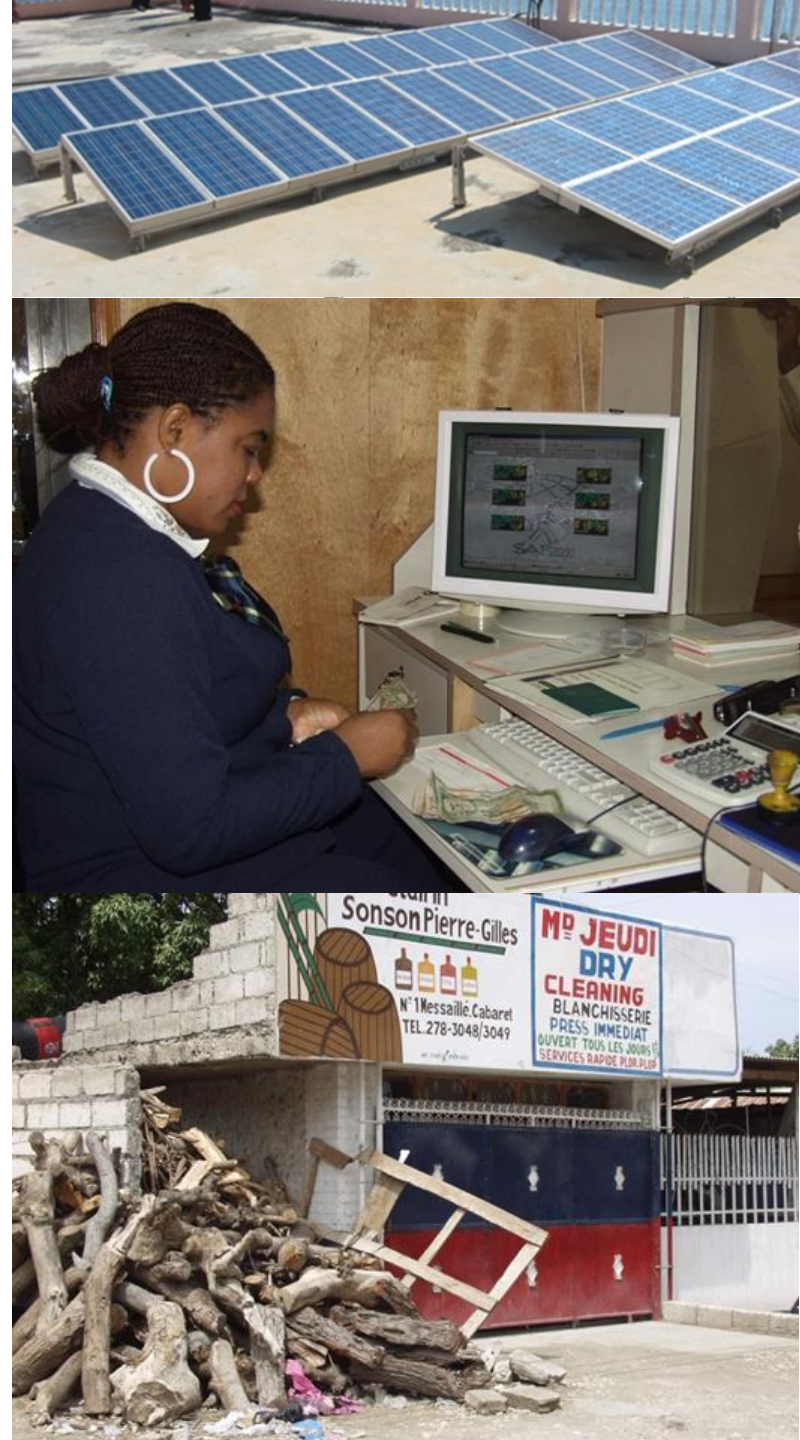
Green Inclusive Finance:

(The role for Financial Cooperative or Credit Union)

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Développement international Desjardins (DID)
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working together TOOLS - EMPOWERMENT - GROWTH



Contents of the presentation



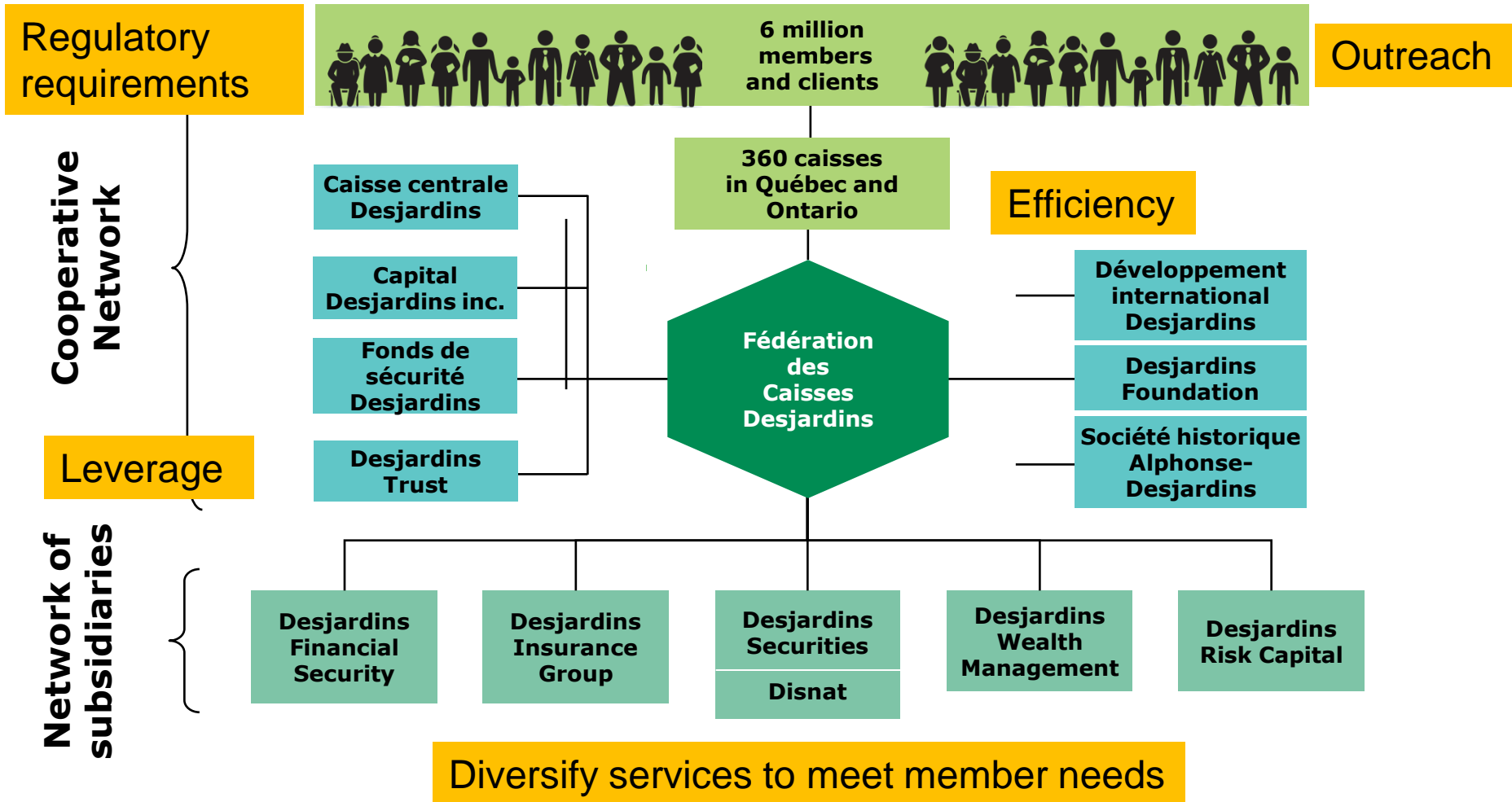
- Major changes in climate
- Potential impact of SMSE activities on the environment
- Why integrate environmental concerns into microfinance activities?
- What is Green Inclusive Finance (GIF)?
- Why should we move towards green COOP and CU?
- Potential action for green COOP or CU
- The requirements for COOP or CU to implement green strategies
- Types of financial products
- Winning conditions
- Challenges

DESJARDINS GROUP

«at a glance »

DESJARDINS GROUP

AN INTEGRATED NETWORK OF SUBSIDIARIES



Desjardins

Highlights

- US\$ 188.5 billion in total assets
- US\$ 1,5 million in surplus earnings after taxes and before member dividends
- Top cooperative financial group in Canada
- Tier 1A capital ratio of 16.0%, among the best in the banking industry
- Excellent credit ratings: AA (DBRS), A+ (Standard and Poor's), Aa2 (Moody's), AA- (Fitch)
- Founded in 1900 by Alphonse and Dorimène Desjardins
- Named 7th Corporate Citizen in Canada by Corporate Knights (2015 ranking)
- Third Most Socially Responsible financial institution according to Maclean's (2015 ranking)
- Ranked first in North America in Bloomberg's World's 20 Strongest Banks in 2015

It's all about people

- More than 7 million members and client
- 47,654 employees
- Some 4,800 elected officers
- US\$ 62 million in community support (donations and sponsorships) in 2015

Desjardins's regional presence

- Desjardins is the Canadian financial institution with the largest regional presence in Quebec and is well established in Ontario.
- Desjardins caisses are the only ones established in some 400 towns and villages.
- 31% of our service outlets are in sparsely populated areas (municipalities with 2,000 residents or less), while all Canadian banks only have a handful.

Services across Canada and internationally

- 795 Desjardins service outlets in Quebec and Ontario
- 335 caisses* in Quebec and Ontario (*financial institutions)
- 2,152 ATMs in Quebec and Ontario
- 42 Desjardins Business centres in Quebec and Ontario
- More than 400 establishments offering a large range of financial and insurance services outside the caisse network (includes acquisition of State Farm Canada's businesses on January 1, 2015)
- More than 20 entities and business units offering a large range of financial and insurance services
- Active in 30 developing and emerging countries through Développement international Desjardins
- Pioneer and leader in online and mobile banking services in Quebec

4 business segments

- One of the most diversified service offerings in the country:
- Wealth Management and Life and Health Insurance
 - Property and Casualty Insurance
 - Personal Services
 - Business Services

Data and information
as of December 31 2015



Cooperating in building the future

www.desjardins.com

Développement international DESJARDINS

DID

«at a glance »

DID PARTNERS AROUND THE WORLD

(active partnerships in over 30 countries)

10.5 MILLION
MEMBERS AND CLIENTS

3,323
SERVICE OUTLETS

13,201
EMPLOYEES
(49.3% ARE WOMEN)

7,358
BOARD MEMBERS
(30% ARE WOMEN)

ASSETS
CAN \$7.3 BILLION

VOLUME OF DEPOSITS
CAN \$5.2 BILLION

VOLUME OF LOANS
CAN \$5.3 BILLION

AVERAGE LOAN
1,524\$



Desjardins
Développement international

DÉVELOPPEMENT INTERNATIONAL DESJARDINS AT A GLANCE

Active partnerships in more than 30 countries on four continents. Project volume of US \$19 M/year.
More than 100 employees including 25 positions abroad and more than 500 employees in the EFCs operated by DID.

THREE STRATEGIES TO IMPROVE ACCESS TO FINANCIAL SERVICES

CONSULTING EXPERTISE

Since 1970

- ✓ More than 500 short and long-term mandates carried out in 60 countries, on 4 continents



- ✓ A complete range of **specialized solutions** to support the professionalization and growth of financial institutions, or the whole inclusive finance sector, in developing countries: savings, technology, training, supervision and legal framework, governance, agricultural finance, housing finance, etc.



- ✓ A network of 26 partners including 20 large cooperative networks

Since 2014

- ✓ Supporting Desjardins Group's caisses (financial institutions) in Quebec and Ontario in the deployment and monitoring of the impacts of **financial solidarity products**



INVESTMENTS

Since 1998

Managing funds aimed at financing, through debt or equity, institutions that contribute to financial inclusion

Partnership Fund

US \$13,5 M

Desjardins Fund for Inclusive Finance
(Desjardins and other Canadian investors)

US \$13,9 M

In partnership with major microfinance investors, DID is currently active in the following countries:

Azerbaijan, Cambodia, Colombia, Ecuador, Honduras, India, Kazakhstan, Uganda, Panama, Tajikistan, Tanzania, Tunisia, Zambia.

DID also participates in regional funds in Latin America and Africa.

CREATION AND OPERATION OF EFCs

Since 2009

EFCs (Entrepreneur Financial Centres), in which DID acts as operator and investor, are institutions specialized in financial services for MSMEs.

EFC Zambia (2009)

Assets US \$14,3 M, 21,507 clients
13 branches, 262 employees
Average loan size: US \$3,034

EFC Panama (2010)

Assets US \$25,1 M, 2,969 clients
8 branches, 105 employees
Average loan size: US \$7,965

EFC Tanzania (2011)

Assets US \$10,7 M, 5,940 clients
5 branches, 79 employees
Average loan size: US \$5,485

EFC Uganda (2012)

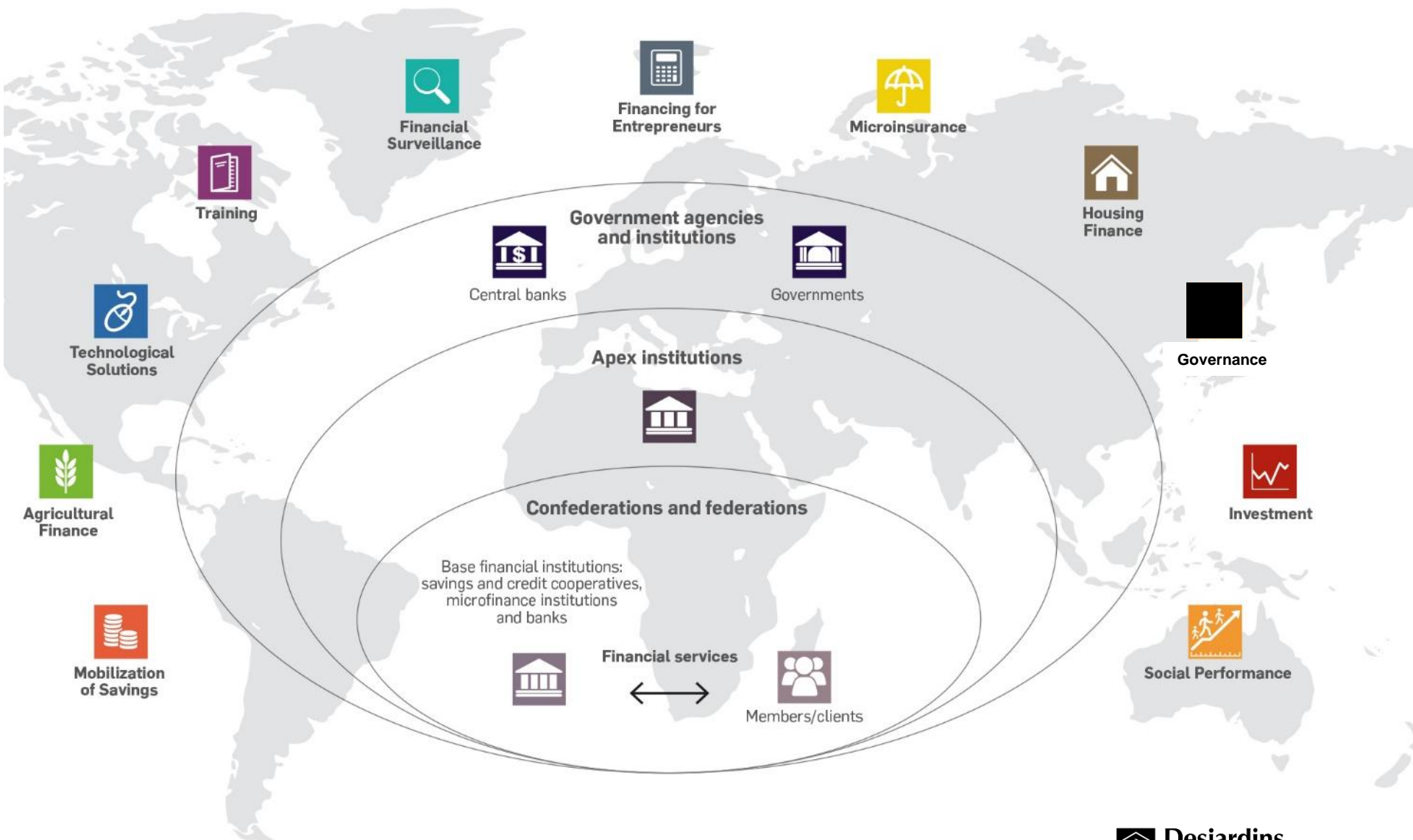
Assets US \$8 M, 3,032 clients
8 branches, 124 employees
Average loan size: US \$5,564

EFC Tunisia (2015)

Assets US \$3 M, 245 clients
2 branches, 35 employees
Average loan size: US \$4,600



DID's specialized solutions for microfinance for better access to diversified financial services that are secure and affordable



GREEN INCLUSIVE FINANCE

Major changes in climate

- Change in rainfall, increased drought
- Significant increase in rainfall (Eastern North and South America, Northern Europe and Northern and Central Asia)
- Drought (Sahel, Mediterranean, Southern Africa and Southern Asia)
- Increase in the number and intensity of cyclones
- Melting glaciers



Potential impact of SMSE activities on the environment

- Certain SMSEs have a negative impact on the environment
 - air, water and soil pollution, soil degradation, impact on health etc.
 - or by certain activities:
 - tanneries, agriculture, aquaculture, metalworking, textiles and craft workers, brickmaking, small-scale mining, etc.



Potential impact of SMSE activities on the environment (Cont.)

- Some SMSEs may be using outmoded techniques and do not have the means to invest in cleaner new technologies
- In urban or rural areas, they may be concentrated in zones or neighbourhoods with inadequate infrastructure and services



Why integrate environmental concerns into financial cooperatives (COOP) or credit union (CU) activities?

- Reduce the effect of COOP or CU activities on the environment
- Reduce the effect of the population on the environment
- Mitigate and adapt to climate change
- Develop a service offer in response to this concern

What is Green Inclusive Finance (GIF)?

- GIF is an alliance between COOP or CU and issues related to the environment. This involves the integration of a strong environmental dimension into microfinance activities, through
 - Avoid major risk exposure for clients
 - promotion of initiatives positives to the environment
 - a series of products (microcredit, micro insurance, etc.) who will take the environment into account
- GIF goes well with the concept of *Think Globally, Act Locally* prevalent in sustainable development

What is Green Inclusive Finance (GIF)?

(Cont.)

- GIF can lead SMSEs to explore new commercial opportunities such as ecotourism, recycling, agroforestry, solar panel installation and maintenance, etc.
- GIF is an emerging sector (a very small proportion of loan portfolios) but growing strongly



Why should we move towards green microfinance?

- COOP or CU uses a triple bottom line that includes social, environmental and economic results
- The impacts of climate change, pollution, waste and other environmental problems need to be addressed by COOP or CU
- COOP or CU must turn towards "green" finance and adapt to this new concern



Potential action for green COOP or CU



*Reduce negative effects

- Reduce the internal ecological footprint of COOP or CU
- Reduce the negative impact of COOP or CU - financed projects by assessing the environmental impact of projects submitted to them.



*Finance actions with a positive impact on the environment

- Agriculture: encourage producers to adopt practices that respect the environment
- Help micro-enterprises for ecologically sound management of waste, such as recycling, recovery (paper briquettes etc.)
- Help COOP or CU clients reduce their use of solid fuels and fossil fuels



The kit consisted of a LPG stove, regulator, hose and 10kg LPG cylinder.

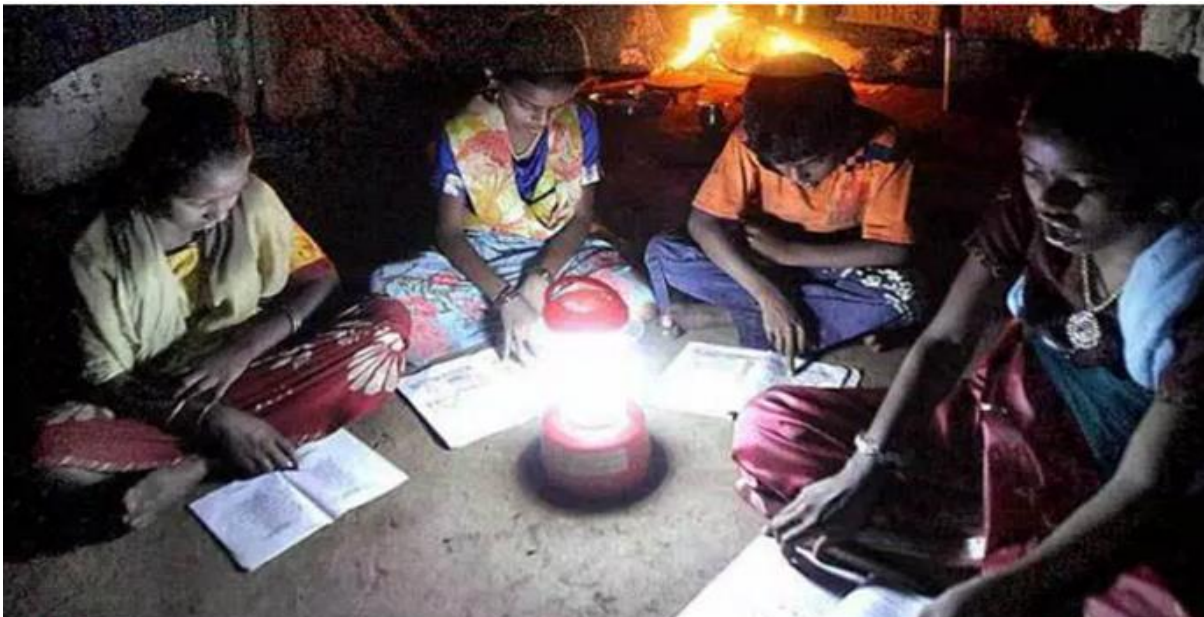
The requirements for COOP or CU to implement green strategies



Desjardins
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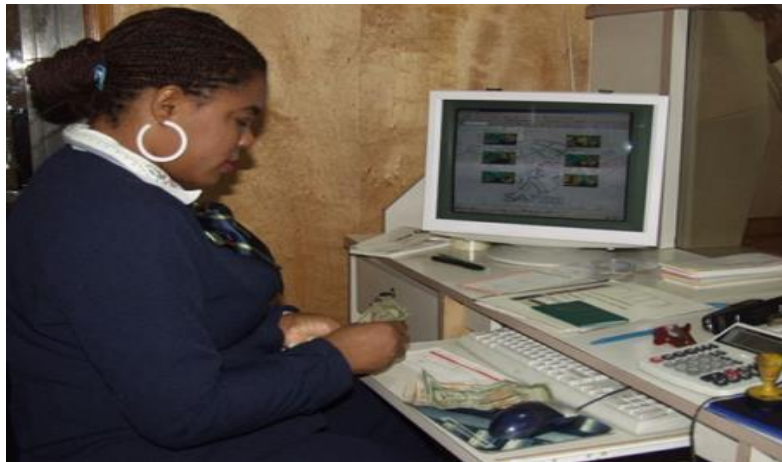
The requirements for COOP or CU to implement green strategies

- Adapt financial products to promote technologies and practices that respect the environment
- Develop non-financial environmental services
- Harness specific technical competencies and put new management procedures in place



Why use COOP or CU as change makers?

- COOP or CU benefit from the trust of their clients and understand their financial habits better than anyone else and know how to help them finance a project.
- COOP or CU must develop their knowledge and create new partnerships to provide financial services that offer access to the means to protect the environment.



Types of financial products with a positive impact on the environment and climate change

- Offer green loans to households, businesses or communities at lower interest rates
- Loans for ecological equipment
- Promotion of clean energy products
- Agricultural micro insurance to cover natural catastrophes



The initial package includes a 5kg cylinder, regulator, hose and installation

NEED FOR LOCAL CREDIT FACILITIES

The use of microfinance has been shown to be a powerful tool, especially when channelled through a trusted local focal point. New initiatives like this are best introduced by a local community leader who has the trust of the local population (Sri Lanka).

Accelerating
the LPG Transition

Winning conditions for green COOP or CU.

- Internal proactive leaders who are:
 - open to this potential market
 - concerned by their clients' environmental risks
 - ready to make a commitment to environmental action and innovate
 - are not afraid of innovation
 - open to develop expertise in this sector (with NGOs or others)

Challenges

- Challenge #1:

- ▶ Persuade COOP and CU



- Challenge #2:

- ▶ Persuade users (member-clients)



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