

DIFFERENCE PERFORMANCE PRESENCE

2007 ACTIVITY REPORT



Desjardins
Développement international

Money working for people

2007 AT A GLANCE

- Sharing of knowledge among DID partners intensified, notably through seminars on agricultural financing, governance, microinsurance and risk management held in Mali, Tanzania, Quebec City and Burkina Faso respectively.
- Six networks in West Africa now have access to insurance products developed with support from DID and Desjardins Financial Security.
- The CFE financial centres for entrepreneurs set up by DID continued to grow and prove their effectiveness in providing support for small-scale entrepreneurs and development of the private sector.
- DID multiplied its interventions and developed its expertise in housing finance.
- A partnership between DID and Télé-Université (Téluq), a component of the *Université du Québec à Montréal* (UQÀM), led to the launch of a specialized university distance training program in commercial credit for community finance institutions, the only program of its kind in the French-speaking world.
- DID widened its geographic scope with new projects in the Republic of Djibouti, Chad, the Democratic Republic of the Congo and Brazil.
- The federation of Haitian financial cooperatives *Le Levier* was set up, making it possible for the cooperatives to offer a broader range of services that are secure and standardized.
- The DECISION System was adopted by four institutions, notably by the central banks of Haiti and Guinea.
- Four weeks of training in strategic management were delivered during the year to managers from fifteen DID partner institutions in West Africa and Mexico.
- The PATMIR project concluded in Mexico. This project, carried out over the past six years in regions of the country where financial services were still lacking, leaves behind three new financial cooperatives that are already mature, sound and effective.
- In Rwanda, DID undertook a new phase with the successful introduction of biometrics, a first with its partners. This innovation will make identification procedures simpler and more secure for clients of the Agaseke financial centre for entrepreneurs (CFE).
- DID assisted the Vietnam Bank for Agriculture and Rural Development (VBARD) to define its strategy for microfinance. The VBARD is the largest bank in Vietnam and has the largest network of branches in rural zones. Established in collaboration with the bank, this strategy targets 1.9 million low-income rural households representing 8.5 million people.
- The second DoingMyPart.Coop contest was launched to make young Canadians more aware of the importance of community finance in developing countries: 300 young people took part.
- The members of the Proxfin international network consolidated their ties and multiplied exchanges related to their shared performance model and their respective good practices.
- In 2007, DID partners with the Bill and Melinda Gates Foundation. The project that led to this association will affect three continents and have a major impact on financial services in rural areas. To achieve this, the project targets the interconnectivity of some 250 cooperatives affiliated with six DID partner networks. On completion, it will enable 830,000 individuals to make inter-institution transactions and transfers of funds.

DÉVELOPPEMENT INTERNATIONAL DESJARDINS: MONEY WORKING FOR PEOPLE

For over 37 years Développement international Desjardins (DID), a component of the Desjardins Group, has been providing support for the creation, development and strengthening of financial institutions in more than twenty countries in Africa, Latin America, the Caribbean, Asia and Central and Eastern Europe.

DID, through its various types of intervention, seeks to empower people in these countries by encouraging local ownership and control of community financial institutions.

Specializing in technical support and investment in the field of community finance, DID relies on the extensive and diverse experience it has gained through its collaboration with a variety of partners. And on one hundred years of experience built up within the Desjardins Group, the largest integrated cooperative financial group in Canada. DID is a partner of the Canadian International Development Agency (CIDA), the World Bank and other multilateral organizations.

In 2007, DID provided direct support to 1749 financial cooperatives affiliated with 22 partner institutions. These cooperatives serve 4.1 million families and entrepreneurs, employ 5329 individuals in their respective communities and enjoy the support of 8664 directors who work as volunteers on the boards of directors of these institutions. Together, they have assets of almost two billions Canadian dollars.



► SELLING MARKET GARDEN PRODUCE IN LOMÉ, TOGO.

Thanks to Claude Mathieu and the many DID advisors who enriched this report with their photos.

Graphic design and infography for the 2007 Activity Report: ezi communication - marketing

DIFFERENCE, PERFORMANCE, PRESENCE: DID'S QUALIFICATIONS FOR THE WORLD SCENE

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



► **MARCEL LAUZON**
CHAIRMAN OF THE BOARD OF DIRECTORS

LEARNING FROM HUNDREDS OF INTERVENTIONS

With 37 years of experience involving over 300 interventions in sixty different countries, DID with its staff of one hundred employees and their qualifications, offers a range of highly praised, world-class skills.

These skills are constantly being replenished with specialized expertise from within the Desjardins Group, recognized as the largest integrated cooperative financial group in Canada, and are enriched through numerous pilot projects being carried out with our partners.

CONCERNS SHARED AROUND THE WORLD

For DID this also means recovering and adapting the expertise gained from one project or country for use in others. DID is focusing to a greater extent on testing new methodologies in collaboration with partners seeking rapid responses in the areas involved and then informing all its partners of the results. These financial laboratories can lead to tangible developments that respond well to local needs but can also be replicated and adapted where required - perhaps even on the other side of the world.

The AMIO mobile application for information on operations was created for Mali in response to specific needs expressed by members of the Nyèsigiso network of financial cooperatives, but this technology is now fully operational in five countries in Africa and Latin America.

The distance-training program for management of savings and credit cooperatives is another success that had been intended for a specific region - French-speaking Africa - but which was subsequently adapted and translated for Tanzania and Russia, bringing this valuable tool and associated expertise to thousands of new learners.

Agricultural financing is yet another sector in which developments travel very quickly by following the same principle of developing on a local scale and then applying the results on a global scale.

A PEOPLE-BASED SERVICE OFFER

All these successful endeavours and the efforts made to transfer them from one area in the world to another are carried out by teams of people who are the heart and soul of DID as well as its strength. Successful completion of our projects is largely based on the relationship of trust we have built up with our partners. Active listening, true collaboration and mutual respect characterize this relationship and are the basis for the way we work. We are fully aware that they are the indispensable keys to our success.

The recent establishment of the Proxfin international network, which extends our ties to our partners well beyond the completion of any technical contracts, is an expression of the strength of that relationship. At DID, as throughout the Desjardins Group, we have faith in the slogan money working for people and make it an integral part of our everyday activities.



► **ANNE GABOURY**
PRESIDENT AND CHIEF EXECUTIVE OFFICER

COMBINING FINANCIAL AND SOCIAL EFFECTIVENESS

Having a strong impact on the community and posting a good rate of return go hand in hand for community finance institutions.

The primary mission of a community finance institution is to provide access to safe and secure financial services adapted to community needs so that living conditions can be improved. Fulfilling that social mission on a sustainable basis requires achieving a financial rate of return that is synonymous with self-sufficiency and permanency.

The following section shows that this dual challenge can be met even in the most disadvantaged and marginalized areas.

1 CREATIVE RURAL SERVICES LEAD TO POSITIVE RATES OF RETURN

Creative solutions and strictly controlled operations by the financial cooperatives set up in 2003 by DID in marginalized rural areas of Chiapas, Huasteca and Puebla in Mexico have enabled these financial institutions to bring proper services to their poor and mainly indigenous clientele while simultaneously making progress towards a positive rate of return.

These institutions total 50,000 members, 71% of whom live in rural areas and 56% of whom are women. The financial cooperatives in Chiapas and Huasteca have already achieved financial self-sufficiency while the most recently established cooperative, located in the state of Puebla, is making steady progress in that direction.



► MEMBERS OF THE TONALA FINANCIAL COOPERATIVE IN CHIAPAS, MEXICO.



2 MATURITY TRANSLATES INTO POSITIVE RESULTS

The PAMÉCAS network in Senegal is a fully established, mature financial institution that is dynamic and effective. It has a 7% return on assets along with financial and operational self-sufficiency approaching 200%. Its attention to the security of the deposits made by its 330,000 member-clients has helped keep late payments on loans at a very low level. The portfolio at risk (90 days) remains around 4% meaning that the positive returns produced by PAMÉCAS are fully sustainable. Network capitalization is 25% and the 37 financial cooperatives have total assets worth \$64 million. Considering this West African country's GDP of CAN \$600 per inhabitant, these are impressive figures.



► THESE WOMEN ARE TAKING PART IN THE ANNUAL GENERAL MEETING OF THEIR FINANCIAL COOPERATIVE IN CONAKRY, THE CAPITAL OF GUINEA.



► IN RUSSIA'S FAR EAST, 76 YEAR-OLD MUSEUM AND RESTAURANT-OWNER ALEXANDROV WITH THREE EMPLOYEES OF THE FINANCIAL COOPERATIVE OF WHICH HE IS A MEMBER.

3 SERVING PRIMARILY RURAL AREAS

The RCPB network has approximately one hundred financial cooperatives located across Burkina Faso, making it 80% rural in character. In fact, the clientele is largely composed of small-scale farmers. The RCPB mission, therefore, is to meet their specific needs while at the same time providing sound management of the risks associated with the agricultural sector.

This challenge has been met successfully. Today more than a million households and small entrepreneurs, mostly small-scale farmers, are members of the RCPB and its assets are worth over CAN \$102 million. Financial self-sufficiency is 110%. In addition, over the last several semesters the portfolio at risk (90 days) has never exceeded 4%, a better than average performance in Africa.

4 HELPING VULNERABLE WORKERS

In India, less than 10% of rural workers have the status of regular employees. To assist them in dealing with their vulnerable status, the BASIX financial group has decided to take an integrated approach with a tridimensional service offer.

The BASIX Livelihood Triad includes financial services (savings, credit, insurance, transfers of funds) as well as agricultural consulting services (improved production techniques, risk management, processing, and alternative market research) and institutional development (training in entrepreneurship, creation of cooperatives and other farmer associations, introduction of technology, analysis and revision of regulatory frameworks). Nearly 2000 employees work on this triad of services.

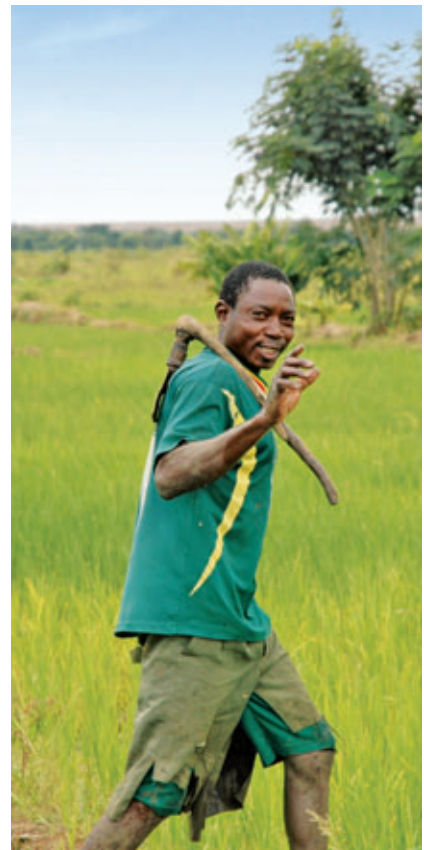
An examination of the portfolio of loans issued under the program highlights the strict management of the program. The portfolio, which is worth CAN \$62 million and has 357,000 borrowers across 15,000 villages, has a repayment rate of 99.1%. After only seven years of activities, the overall program is already profitable. BASIX is striving to reach one million workers with its program by 2010.

5 RECONCILING EXPANSION AND RATE OF RETURN

In Russia, the National Union of Non-Commercial Organizations of Mutual Financial Assistance has achieved particularly impressive outreach, including in Siberia, and now has 213 cooperatives across the country and over 244,000 members. Credit outstanding is worth CAN \$192 million and the volume of savings deposits, CAN \$198 million.

Ever since the National Union was founded in 1994, improvement in its main indicators (assets, membership, volume of savings and loans) has been achieved while maintaining the rate of return for most of its financial cooperatives. In fact, although many of the cooperatives in the network were only recently established, more than 80% now show a positive return on assets.

Another feature of this network is undoubtedly the place occupied by women. They account for 61% of the network's 850 employees and 57% of its clientele. Moreover, the National Union accords them a significant place in strategic positions since 51% of the network's executives are women.



► RICE FARMER IN BURKINA FASO.

PERFORMANCE REPORT

SUMMARY OF DATA SUPPLIED BY DID PARTNER NETWORKS AS OF JUNE 30, 2007

Each semester twenty-two of the thirty DID partner networks of community finance institutions compare their main financial and social performance indicators. The data is compiled by DID and presented in the Performance Report that is available on the DID website.

INDICATOR	AFRICA	AMERICAS	ASIA	EUROPE	GLOBAL
Number of countries	10	3	1	2	16
Number of partners	12	6	2	2	22
Number of branches (mutual)	459	63	955	272	1,749
Number of members and clients	2,247,844	387,603	1,130,757	318,992	4,085,196
Number of members and clients / branch	4,897	6,152	1,184	1,173	2,336
Volume of savings (CAN \$)	346,835,791	83,561,650	487,889,164	356,108,977	1,274,395,582
Volume of credit (CAN \$)	240,347,752	158,585,154	572,164,838	345,246,552	1,316,344,295
Average savings (CAN \$)	154	216	431	1,116	312
Average credit loan (CAN \$)	515	1,532	591	2,812	1,156
Assets (CAN \$)	465,265,608	223,136,072	676,928,137	438,772,346	1,804,102,163
Female membership	36.4%	46.1%	162.7%	55.1%	41.1%
Female member of board	30.3%	36.2%	48.4%	47.3%	34.7%
Credit to women	29.8%	23.6%	54.5%	47.0%	38.6%
Portfolio at risk, 90 days	3.2%	1.8%	0.9%	1.8%	2.91%
Equity / Assets	14.3%	14.1%	6.6%	12.2%	13.5%

The RCPB network of financial cooperatives, which has been receiving support from DID since 1972, is the institution which has been participating the longest in the Performance Report, while the Vietnam Association of People's Credit Funds (VAPCF) is the newest addition.

Eleven of the 22 DID partners transmitting their financial data each semester are financially self-sufficient. Of those eleven, six (6) are in Africa, three (3) in the Americas, one in Asia and one in Europe.

Taken as a whole, DID partners reach over four million members and clients. They collected a volume of savings deposits worth CAN \$1.27 billion, made loans worth CAN \$1.31 billion and hold assets of nearly CAN \$1.8 billion.

During the first semester of 2007 the volume of DID partner savings grew 41% and outstanding loans, 52%. More than 75% of the partners recorded an increase in savings and loans during the same period.

DID partner networks now total 1,749 cooperatives, an increase of 117% during the first semester of 2007. This significant increase in the growth indicators is due in part to the addition of DID's partner in Vietnam, the VAPCF. It should be noted that DID previously provided support to a group of seven PCF pilot projects in Vietnam

which had been included in the Performance Report. Affiliating the 948 PCFs into a federation in Vietnam paved the way for DID to begin providing assistance to financial cooperatives across the network. As a result, statistics for the overall network now appear in the Performance Report.

The overall rate of return for DID partners has been rising due to increases in the adjusted return on assets on all four (4) continents where DID was involved in the first semester of 2007. This situation is due in part to greater control over costs as shown in a lower cost per unit of money lent on each continent over the same period.

In addition, partners located in Africa and the Americas improved loan portfolio quality by lowering their 90-day portfolio at risk over the first semester of 2007.

DID partners consolidated their financial bases with more than a third maintaining or raising their rate of capitalization between the second semester of 2006 and the first semester of 2007.

DID partners employ 5,329 people. More than half of these employees (55%) are women. It should also be noted that more than a third (34.7%) of the 8,664 volunteer directors in DID partner institutions are women.

DIVERSIFIED AND PROFESSIONAL FINANCIAL SERVICES

To make a real improvement in living conditions for the disadvantaged, basic access to undifferentiated financial services is not enough. The services must also be secure and provided on a sustainable basis, in addition to meeting the specific needs of users, such as insurance or specialized financing.

This is the way DID encourages its partners to offer diversified and professional services, essential conditions for the permanence of those services. A wide range of needs requires a wide range of services!

The following examples introduce the developments which are providing responses to the many types of needs that have been expressed.

FINANCING BUSINESSES

The four financial centres for entrepreneurs (CFE) set up by DID in Burkina Faso, Mali, Senegal and Rwanda continue to expand and are now offering specialized financial services to over 2,000 entrepreneurs. The total portfolio of loans disbursed by these institutions since 2003 is worth nearly CAN \$75 million.

The CFEs offer products and services designed specifically for entrepreneurs and are able to provide assistance as client business needs expand. They often provide the additional leverage which entrepreneurs need to get ahead and which is essential to development of the private sector.



► THE FINANCIAL CENTRE FOR ENTREPRENEURS (CFE) SUPPORTS BUSINESS VENTURES THROUGH FINANCING ADAPTED TO THE NEEDS OF MICRO-ENTREPRENEURS.



MAKING BETTER USE OF THE LAND

In developing countries, over 80% of the population live in rural areas and draw their income from agriculture. Providing access to safe financial services adapted to the needs of these farmers is one of the best ways to reduce their vulnerability, improve living conditions and help achieve domestic self-sufficiency for food.

With this in mind, DID and its partners in Burkina Faso, Madagascar, Tanzania and Mexico have developed financial products associated with each phase of agricultural production. These financial products are intended to facilitate the purchase of inputs such as fertilizer and seed, provide safe storage for crops so that they can be sold later for better prices, stimulate processing activities, especially by women, in order to add value to farm production thereby generating additional income, and even finance exports of fair trade products.



► CREDIT AUTHORIZED FOR THIS WOMAN FARMER IN TANZANIA LEADS TO GREATER FINANCIAL SELF-SUFFICIENCY FOR HER AND HER FAMILY.

These developments were presented at a March 2007 workshop in Bamako, Mali which drew a group of fifty DID partners from 12 different countries. Information on these initiatives will be distributed to all DID partners.



► THANKS TO A LOAN FROM HIS COOP, THIS FATHER WAS ABLE TO BUILD A HOUSE FOR HIS FAMILY.



HOMEOWNERSHIP

Everyone wants to own their own home, no matter what country they live in. Moreover, everyone should have access to housing finance products adapted to their circumstances regardless of whether or not they receive a regular income. DID has multiplied its efforts in this area in recent years.

In India, Senegal and Burkina Faso, work has begun under the project to improve professionalism in housing finance. A study was carried out in each country on the overall housing finance environment and a survey was conducted with over 700 members of DID partner institutions in these countries. The data will be used to plan subsequent phases in the project.

At the same time, DID carried out various studies on housing finance in Burkina Faso, Rwanda, Cameroon, Mali and Senegal. These studies were undertaken in collaboration with the International Finance Corporation (IFC) and the Netherlands Development Finance Company (FMO), two stakeholders that have made significant efforts towards improving access to housing finance.

In Russia, through collaboration with the Canada Mortgage and Housing Corporation (CMHC) DID designed various training tools and procedural frameworks for financial institutions interested in starting up an accessible and inclusive housing finance service. In Ghana, DID provided assistance to the entire sector by revising the legal and regulatory framework governing the housing finance sector.



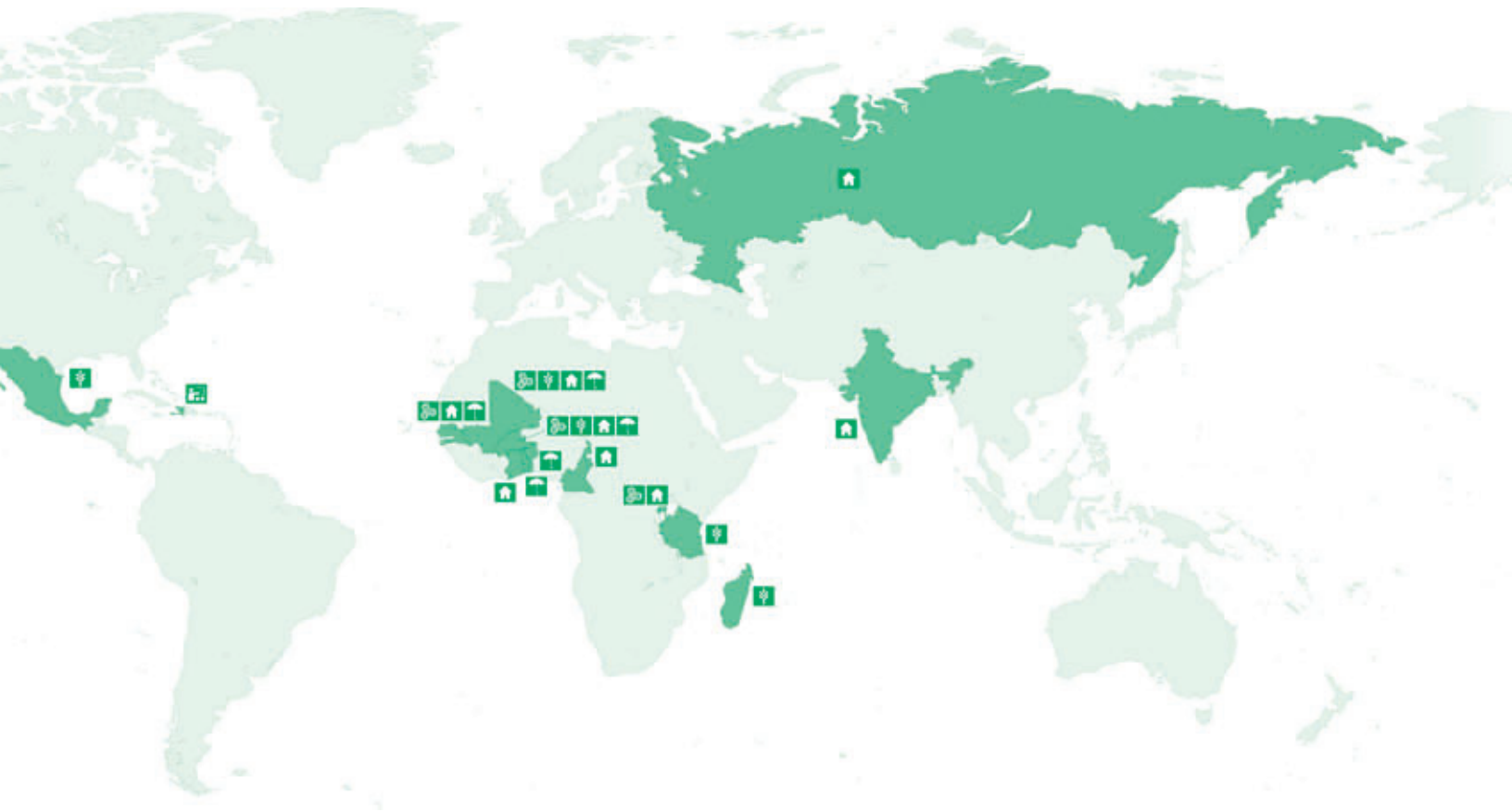
LOAN INSURANCE PROVIDES REASSURANCE

DID maintained its efforts throughout 2007 to have its partners include insurance as one of the products they offer. At the end of the year, six networks based in five countries in West Africa were offering members a loan-life insurance product. There is now a total of 130,000 outstanding loans that are insured in these networks. Payouts from insurance have totaled the equivalent of CAN\$215,000, providing security for the assets of insured families.

On June 4 and 5, Desjardins hosted an international workshop on insurance organized in collaboration with the International Cooperative and Mutual Insurance Federation (ICMIF). The event, which drew 44 insurance managers and specialists from 18 countries in the South and North, identified better solutions designed to meet insurance needs in their respective countries. Later in the year, DID also had the opportunity to showcase the progress it has made in the field of insurance during the Microinsurance Conference held in India in November 2007.

► PARTICIPANTS AT THE INTERNATIONAL WORKSHOP ON MICROINSURANCE HELD IN QUEBEC CITY IN JUNE.





SCHOOLING FOR CHILDREN

One of the needs that community finance institutions strive to meet is helping send children to school. Parents do not always have funds readily available for registration fees and other expenses related to schooling for their children. Indeed, education is a key factor in the fight against poverty and the effort to improve living conditions.

That is why partner financial cooperatives in Haiti designed loans for schooling in collaboration with DID. Since this product was introduced in 2004, the Haitian financial cooperatives have made 1,763 loans to help children attend classes without missing the start of classes, or even worse, having to wait for another year.

The creation, in June 2007, of the *Le Levier* federation of financial cooperatives in Haiti allowed for wider distribution of loans for schooling, which until recently had only been provided in certain regions of the country. The services offered by the financial cooperatives have been harmonized across Haiti thanks to the federation.



► IN HAITI, SCHOOLING LOANS PROVIDE PARENTS WITH THE FINANCIAL MEANS NEEDED FOR THEIR CHILDREN'S EDUCATION.

MULTIPLYING LEVERAGE FOR DEVELOPMENT USING TECHNOLOGIES, TRAINING AND INVESTMENT

Financial institutions cannot deliver professional, sustainable, accessible and user-friendly financial services without the proper tools. DID helps build the capacity of financial institutions and enables them to serve their respective clientele better by providing training to their employees, managers, and directors, by participating in the design and delivery of bank transaction and information technologies and by making a number of investment funds available.

SECURE IDENTIFICATION FACILITATED

Since October 2007, clients of the financial centre for entrepreneurs (CFE) in Rwanda have been using biometrics for improved security. Fingerprints now provide digital signatures which the system must authenticate to allow SAF banking software transactions.

This was the first application of this technology by DID and constitutes another element in DID's efforts to facilitate secure access to financial services. Biometrics are now used every month in Rwanda to authorize an average of 11,500 transactions.

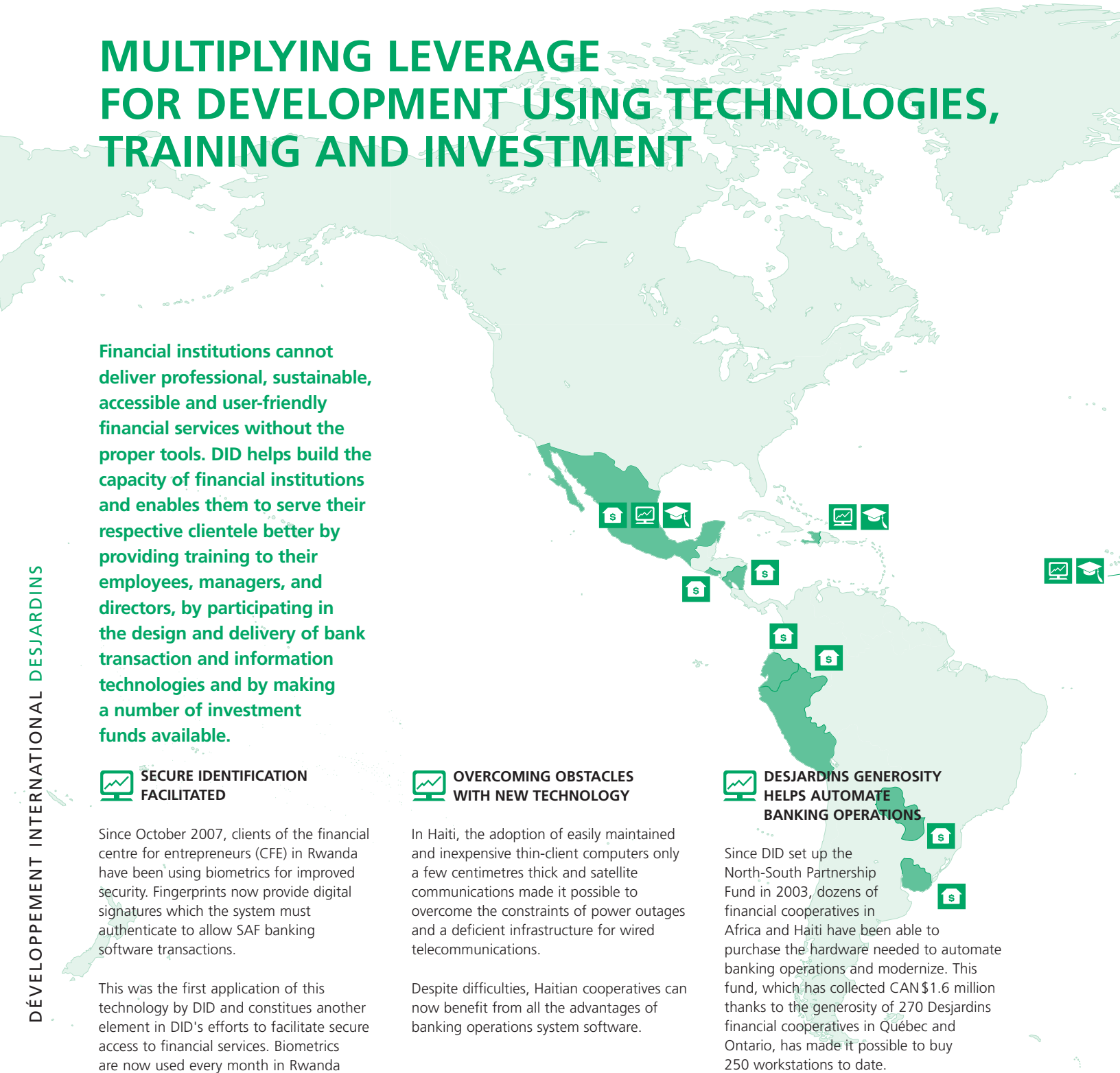
OVERCOMING OBSTACLES WITH NEW TECHNOLOGY

In Haiti, the adoption of easily maintained and inexpensive thin-client computers only a few centimetres thick and satellite communications made it possible to overcome the constraints of power outages and a deficient infrastructure for wired telecommunications.

Despite difficulties, Haitian cooperatives can now benefit from all the advantages of banking operations system software.

DESJARDINS GENEROSITY HELPS AUTOMATE BANKING OPERATIONS

Since DID set up the North-South Partnership Fund in 2003, dozens of financial cooperatives in Africa and Haiti have been able to purchase the hardware needed to automate banking operations and modernize. This fund, which has collected CAN\$1.6 million thanks to the generosity of 270 Desjardins financial cooperatives in Québec and Ontario, has made it possible to buy 250 workstations to date.





BRINGING FINANCIAL SERVICES TO THE PEOPLE

AMIO, a mobile application for banking operations, is now in use in five countries on either side of the Atlantic. Designed for handheld computers, this technology is used to great advantage in remote communities, enabling them to introduce automated banking transaction technology into tiny financial cooperatives operating far from major financial centres.

In addition, loan officers can take this tool into the field to carry out transactions with members in their communities. Over 500,000 individuals can now carry out fast and safe transactions at work or even at home, thanks to AMIO.



► IN MEXICO, COMMUNITIES IN RURAL AREAS ALSO HAVE ACCESS TO SAFE AND SECURE FINANCIAL SERVICES THANKS TO TECHNOLOGY IN THE FORM OF HANDHELD COMPUTERS USED BY EMPLOYEES IN THE SERFIR COOPS.



► TRAINING EMPLOYEES AND MANAGERS CONTRIBUTES TO THE SUSTAINABILITY OF COOPERATIVES.



WELL-INFORMED DECISION MAKERS

The DECISION System created by the DID technological solutions team is growing in popularity. As a tool to assist strategic decision making, it is used to compile and systemize financial and social data quickly and easily. When introduced within all the components of a single financial institution or within several different financial institutions, it can be used to summarize overall performance.

During 2007, the DECISION System was introduced for the first time into central bank environments, in Haiti and Guinea. There it will be used to assist these organizations in supervising the microfinance sectors in their respective countries.

Also during 2007, the DECISION System was introduced into the *Le Levier* federation of financial cooperatives in Haiti and the SANASA network in Sri Lanka raising to 16 the number of cooperative institutions now using this tool. These institutions have a total of 500 base cooperatives and nearly 2.5 million members.



TRAINING NOW AVAILABLE TO MANY

The distance training program on financial cooperative management designed by DID has now been adapted and deployed all across West Africa (in French), Tanzania (in English) and Russia (in Russian). Since the program began in 1996, 4,000 participants in 17 different countries have benefited from this specialized, inclusive and accessible form of training.



STRENGTHENING MANAGEMENT SKILLS

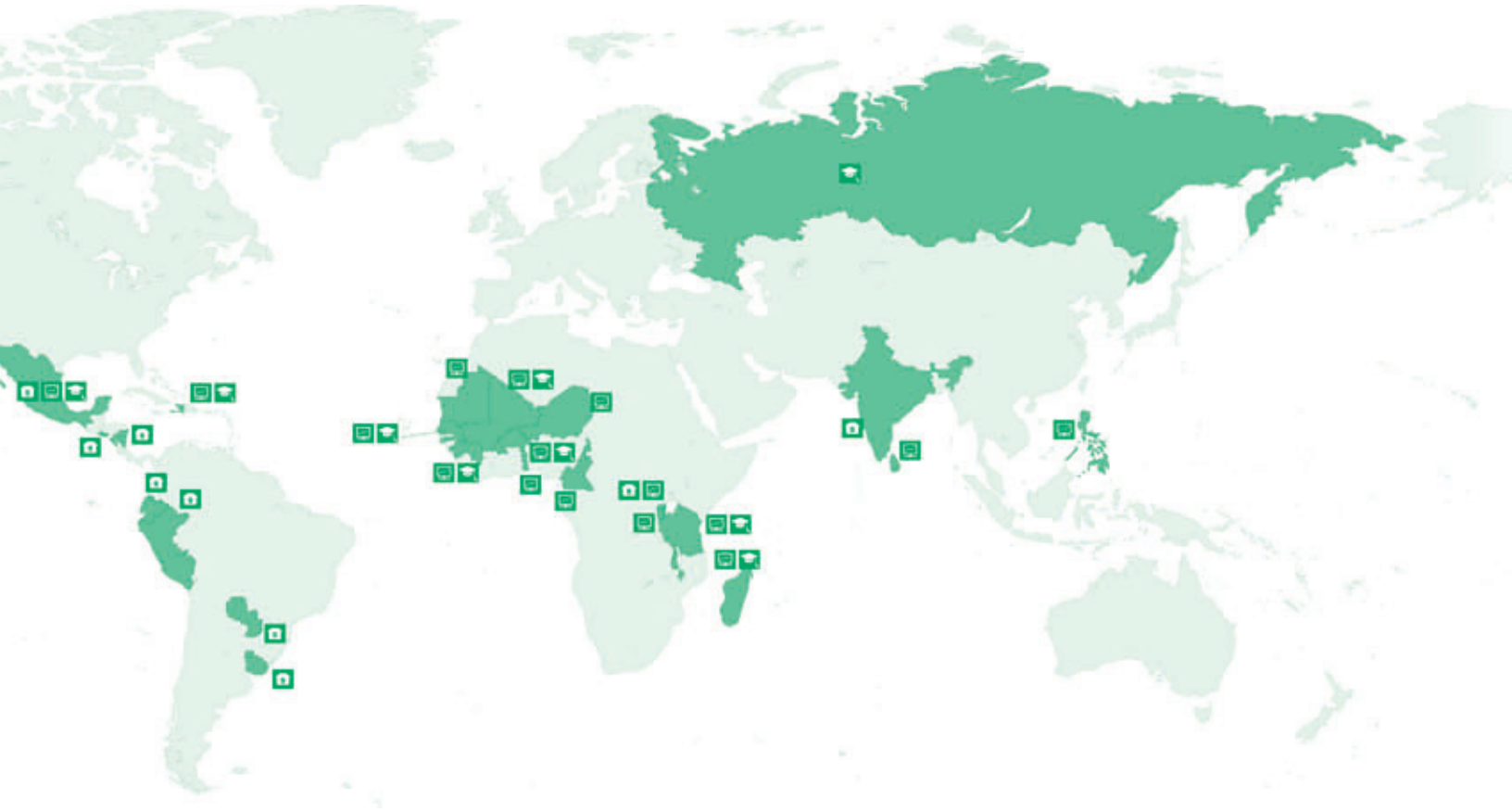
As part of the strategic management training program for senior executives and managers of community finance institutions, four seminars were organized in 2007, two in West Africa (Senegal and Mali) and two others in Mexico.

The topics of these seminars designed and delivered by DID were financial decision making, strategic management of development and governance. Seventy managers from 17 different institutions improved their strategic management skills at these seminars in order to deal more capably with the many challenges they are facing.



BETTER PROFESSIONALISM THROUGH TRAINING

In Madagascar, as part of the partnership with the APIFM association of financial mutuals (*Association professionnelle des institutions financières mutualistes*) and the *Banques Populaires de France* agency for co-operation and development (ABPCD), DID designed and delivered 16 training seminars on various topics for managers and staff from local microfinance institutions. This program provided a total of 43 days of seminars and trained nearly 400 participants from twenty-five institutions of Madagascar.



\$ INVESTING FOR GROWTH

In 2007, DID increased its participation in the Global Microfinance Facility (GMF) which supports development of twenty community finance institutions in Africa, Asia, Eastern Europe and Latin America.

Due to the strong demand for this funding facility, its capitalization was raised from US \$30 million to nearly US \$75 million. DID made a new investment of US \$500,000 in the GMF in 2007, after having invested a similar amount in 2006. The investment was made using the DID Partnership Fund.

In 2007, DID also began transferring the shares it holds in FINDESA, a Nicaraguan institution. A beneficiary of DID assistance since 2003, FINDESA has now achieved a level of maturity that enables it to obtain access to international financial markets more easily.



► USING A STRATEGIC MANAGEMENT TOOL PROVIDES A FAST AND EASY WAY TO COMPILE, SYSTEMIZE AND COMPARE FINANCIAL AND STATISTICAL DATA FROM VARIOUS MICROFINANCE INSTITUTIONS. IT ALSO MEASURES THEIR PERFORMANCE IN RELATION TO THEIR OWN GOALS AND TO INDUSTRY STANDARDS.



TOGETHER FOR PROGRESS

POSITIVE RESULTS FOR PROXFIN'S FIRST YEAR

Proxfin is an international network for study and discussion bringing together 30 partner community finance institutions and DID. These institutions, that share the same business model and values, set up Proxfin to foster communication among themselves and in order to improve their financial and social performance. This grouping is all the more relevant in that these institutions are sometimes unique in their respective countries, while together they form a true community with shared specialties and interests.



By taking advantage of the Proxfin network, successful achievements such as insurance products designed in West Africa, debit and credit cards in Lithuania, an independent audit agency set up in the Philippines, agricultural marketing loans adopted in Tanzania and the mobile transaction service successfully developed in Mexico can be shared around the world and become available to millions of people.

During 2007 several projects were initiated or continued involving testing at various Proxfin member institutions, with results being shared throughout the network. These projects currently concern agricultural finance, housing finance, training and technology.

The members of Proxfin also met in November for an international seminar on risk management. Twenty-two representatives from the member institutions travelled to Ouagadougou, in Burkina Faso, to attend the event and the Proxfin annual general meeting which followed.

In addition, the first exchange visit of Proxfin representatives took place at the end of the year. The Lithuanian Central Credit Union (LCCU) and the National Confederation of Co-operatives (NATCCO), in the Philippines, were the first Proxfin member institutions to take advantage of the exchange program and were able to learn first hand how each other operated.

In its first year, Proxfin has enabled its members to contribute to propagating the network along with its business model and values. Above all, it has allowed them to increase their mastery of this new method of leverage for development and benefit from the exchange of expertise it makes possible.

COUNTRY INSTITUTION

BURKINA FASO	Centre d'innovation financière (CIFsa)* (REGIONAL AFRICA)
BURKINA FASO	Fédération des caisses populaires du Burkina Faso (FCPB)
CAMEROON	Cameroon Co-operative Credit Union League (CAMCCUL)
GUINEA	Réseau des caisses populaires d'épargne et de crédit Yèté Mali
HAITI	Fédération des Caisses Populaires Haïtiennes – Le Levier
INDIA	BASIX
LITHUANIA	Lithuanian Central Credit Union (LCCU)
MALI	Réseau des caisses d'épargne et de crédit Nyèsigiso
MALI	Kafo Jiginew (Fédération des caisses mutuelles d'épargne et de crédit de la zone Mali Sud)
MAURITANIA	Agence de promotion des caisses populaires d'épargne et de crédit (PROCAPEC)
MEXICO	Confederación de las cooperativas de ahorro y crédito de México (COFIREM)
MEXICO	Federación de instituciones y organismos financieros rurales, (FEDRURAL)
MEXICO	Federación nacional de cooperativas financieras UNISAP
MEXICO	Federación regional de cooperativas de ahorro y préstamo CENTRO-SUR
MEXICO	Federación regional de cooperativas de ahorro y préstamo NORESTE
MEXICO	SERFICAM (Puebla)
MEXICO	SERFINSO (Huasteca)
MEXICO	SERFIR (Chiapas-Tabasco)
NIGER	Mutuelle d'épargne et de crédit des femmes (MECREF)
PARAGUAY	Central de Cooperativas del Área Nacional Limitada (CENCOPAN)
PHILIPPINES	National Confederation of Co-operatives (NATCCO)
RUSSIA	National Union of Non-Commercial Organizations of Mutual Financial Assistance
RWANDA	Centre financier aux entrepreneurs (CFE) – AGASEKE
SENEGAL	Union des mutuelles du partenariat pour la mobilisation de l'épargne et du crédit au Sénégal (UM-PAMECAS)
SRI LANKA	SANASA
TANZANIA	Dunduliza
TOGO	Faîtière des unités coopératives d'épargne et de crédit du Togo (FUCEC)
	Développement international Desjardins

*The CIF is a business unit formed by six financial institution networks, all Proxfin members.

NEW MANDATES IN 2007

Country	Project	Funding Agency
AFRICA		
African French-speaking Countries	Study housing finance markets in Francophone African countries, realized in consortium with Canada Mortgage and Housing Corporation (CMHC) and CRC SOGEMA.	International Finance Corporation (IFC)
Benin	Survey on the Demand (of) and Access (to) Financial and non Financial Services	Millennium Challenge Account (MCA)-Benin
Burkina Faso	Housing Finance Market Study	International Finance Corporation (IFC)
Burkina Faso, Haiti, Mali, Togo and Vietnam	Rural-Urban Interconnectivity to Help Fight Poverty	Bill & Melinda Gates Foundation
Chad	Chad Access To Finance Initiative	International Finance Corporation (IFC)
Democratic Republic of the Congo	Relaunching of savings and credit cooperatives	World Bank
Djibouti	Development of microfinance and microenterprise (PDMM)	International Fund for Agricultural Development (IFAD)
Guinea	Development of a microfinance supervisory and regulatory framework	FIRST Initiative
Madagascar	Capacity building of microfinance institutions in Madagascar	Millennium Challenge Account (MCA)-Madagascar
Mali	Feasibility study for the partial guarantee fund concerning the Agricultural Competitiveness and Diversification Project (ACDP)	Agricultural Competitiveness and Diversification Project (ACDP)
Mali	Support for the Bank of Africa (BOA)	Bank of Africa
Rwanda	Support for Rwandan microfinance (PAMIR / CFE Agaseke)	Agaseke Financial centre for entrepreneurs (CFE)
Tanzania	Support to the Development of Dunduliza and its affiliates savings and credit cooperatives in Tanzania	Financial Sector Deepening Trust (FSDT)

AMERICAS AND THE CARIBBEAN

Brazil	Support for development of a Union network of microcredit financial cooperatives in Brazil	Canadian International Development Agency (CIDA) / Développement Solidaire International (DSI)
Haiti	Development of a smart card to be used for inter-institution operations	Development Alternatives Inc. (DAI)
Haiti	Support for microfinance in Haiti, and small and medium enterprises sector (caisses populaires) (MSME-CP)	Development Alternatives Inc. (DAI), with financing from United States Agency for International Development (USAID)
Mexico	Consolidation of institutions in the popular financial sector affiliated with the UNISAP and Noreste federations – phase III	Banco del Ahorro Nacional y Servicios Financieros (BANSEFI)
Mexico	Consolidation of savings and credit institutions affiliated with the following federations: <i>Federación Integradora Nacional de Entidades (FINE)</i> , <i>Federación regional de cooperativas de ahorro y préstamo Centro Sur, FEDRURAL</i> y <i>Victoria Popular</i> . Phase III	BANSEFI
Mexico	Certification and technical assistance to the auxiliary supervision committees	BANSEFI

ASIA AND EUROPE

Vietnam	Vietnam Bank for Agriculture and Rural development (VBARD) RFP11: Microfinance Development Strategy	World Bank / Vietnam Bank of Agriculture and Rural Development (VBARD)
---------	---	--

OUR PRIORITIES FOR 2008

- Achieve the goals that we set with our partners.
- Ensure that the project to develop interconnectivity of financial cooperatives, financed by the Bill and Melinda Gates Foundation, directly benefits the members and attains the development goals from the technical point of view.
- Help our partners meet the specialized needs of their members and clients, especially for support to small enterprise, agricultural and housing finance and insurance.
- Widen the sharing of experience, results and methodologies among DID partners, in particular through the Proxfin international network.

THE DID TEAM

BOARD OF DIRECTORS



FROM LEFT TO RIGHT:

- 1. Marcel Lauzon**
President (Caisse populaire Desjardins Saint-Jérôme)
- 2. André Roy**
Vice president (Caisse populaire Desjardins du Lac des Nations de Sherbrooke)
- 3. Gaétan Pelletier**
Secretary (Caisse populaire Desjardins de La Sarre)
- 4. Danielle Amyot**
Administrator (Caisse Desjardins de La Malbaie)
- 5. Bernard Decaluwé**
External Administrator (Professor at Laval University)
- 6. Jacques Lyrette**
External Administrator
- 7. Réjean Bellemare**
Administrator (Caisse d'économie des travailleurs et travailleuses unis)
- 8. Valérie Dion**
Administrator (Caisse populaire Desjardins Sillery / St-Louis de France)
- 9. Georges Germain**
Administrator (Caisse Desjardins Charles-LeMoynes)
- 10. Teresa Alvarez**
Administrator (Caisse Desjardins Pointe-Platon de Lotbinière)
- 11. Hubert Thibault**
Observer (Fédération des caisses populaires Desjardins du Québec)

2007 STEERING COMMITTEE



FROM LEFT TO RIGHT:

- 1. Anne Gaboury**
President and Chief Executive Officer
- 2. Jean Bernard Fournier**
Senior Director, Development and Communications
- 3. Yvon Bernier**
Vice President, Consulting Expertise
- 4. Serge Gosselin**
Director, Market Development
- 5. Christiane Ruel**
Executive Assistant, General Management
- 6. Claude Royer**
Director, Management Contracts
- 7. Pierre Émond**
Senior Director, Investment, Finance and Accounting
- 8. Paule Drouin**
Director, Human Resources*
- 9. Éric Bélanger**
Director, Technological Solutions

* In December 2007, Michèle Bilodeau joined the Steering Committee as Director of Human Resources. She replaces Paule Drouin, who has been appointed Director of the new DID office in Dakar, capital of the West African country of Senegal, and who has already assumed duties there.

DID IS ALSO THE MEN AND WOMEN WHO...

MANAGE THE PROJECTS IN THE FIELD:

Koffi Abloh, Danielle Albert, Gerardo Almaguer, Elena Anghel, Claude Bélanger, Michel Bélanger, Michel Pierre Bergeron, Yves Boily, Sylvain Bourgelas, Michèle Breton, Yves Charland, Raynald Cloutier, Alain Comeau, Réal Deschênes, Yves C. Dufour, Claude Lafond, Jean-Pierre Lalonde, Suzanne Langlois, Walter Mora Mora, Yves Proteau, Jacques Raïche, Philippe Rouleau, Réal Véronneau, Martin Villemure, Brent Wilson and Pascaline Yépez.

WORK IN THE HEAD OFFICE AND AROUND THE WORLD TO ENSURE THAT PROGRAMS ARE RUN EFFICIENTLY:

Sylvain Barrette, Jean-Marc Crevier, Gisèle Gagnon, Sylvie Gauvin, Michel Lagacé, Louis Paré, Marisol Quirion, Martin Ruel, Josée St-Hilaire, Jean Turcotte, Guy Vaillancourt and Lise Veilleux.

PROVIDE EXPERTISE FOR THEIR MANY MANDATES DESPITE JET LAG AND TIGHT DEADLINES:

Alain Beaugard, Ghislain Bélanger, Brigitte Belzile, Linda Bergeron, Gisèle Boucher, Éric Boudreault, François Bussières, Néry Cifuentes, Patrick Cyr, Manon Desbiens, Richard Ferron, Paul Julien, Vincent Lagacé, Claude Lapointe, Stéphanie-Myléna Leduc, Dave Létourneau, David MacDonald, Claude Marceau, Claude Martel, Diane Martel, Annie Martineau, Élise Matte, André-Paul Michaud, Jean-Frédéric Paradis, Nathalie Parent, Jacques Pelletier, Catherine Tremblay, Jacques Tremblay and Karina Turgeon.

PROVIDE ONGOING SUPPORT TO IMPLEMENT PROJECTS THROUGH THEIR COMMITMENT, ADVICE AND ESPECIALLY... THEIR ABILITY TO DEAL WITH SEVERAL PROJECTS AT THE SAME TIME:

Hélène Aubé, Manon Audet, Sylvie Beaulieu, Geneviève Blais, Paul Boulé, Nathalie Bugeaud, Nicole Champagne, Danielle Croteau, Sylvie Dionne, Steve Doiron, Dany Duval, Hélène Fournier, Mireille Fournier, Lucille Guay, Johanne Guérin, Judith Leathead, Brigitte Lee, Karina Lehoux, Mélanie Lemelin, Céline Létourneau, Anik Lupien, Geneviève Matton, Annick Michaud, France Michaud, Cindy Morin, Louise Picard, Andréa Nava Rodriguez, Carmen Rodriguez, Lucie Rousseau, Christiane Ruel, Nancy Ruel, Johanne Tanguay, Isabelle Thivierge, Éliazar Tolosa and Geneviève Trudel.

OFFER THEIR VALUABLE EXPERIENCE TO OUR PARTNERS ON A VOLUNTEER BASIS:

Jacques Aubin, Gilles Bisson, Pierre Biron, Philippe Dugas, Michel Duval, André Laroche, Raymond Rioux, Réal Rioux, Gilles Roy and Constant Voyer.

UNDERTAKE SHORT-TERM MISSIONS TO SUPPORT DID PROJECTS:

Raymond Arsenault, Ghislain Boudreau, Guy Champagne, Patrice Denis, Michael Dorosz, Nicole Dubois, Jacques Durocher, Marc Godbout, André Hotte, Carole Houde, Hélène Lafleur, Véronique Lagacé, Pierre Larocque, Pierre Markowski, Adriana Maturana, Jean-François Paquin, Garnier Parent, Régina Piecaitis, Jocelyne Racine, Almincar Rodriguez, Jean-Guy Therrien, Jean Thompson, Pierre Tremblay and Bernard Venne.

WORKED AS INTERNS WITH OUR PARTNERS UNDER THE INTERNATIONAL YOUTH INTERNSHIP PROGRAM:

Michèle Archambault, Dominic Asselin, Geneviève Clermont, Marie-Claire Duguay, Sémirath Fagbemi, François Grondin and Patricia Riopel.

THIS TEAM IS ASSISTED BY OVER A HUNDRED LOCAL EMPLOYEES WHO COMBINE THEIR EFFORTS WITH THOSE OF THE DIRECTORS AND ADVISORS WORKING IN THE VARIOUS COUNTRIES WHERE DID IS ACTIVE.

DID PARTNERS

AFRICA

ALGERIA

Ministère des Finances

BENIN

Institut supérieur panafricain d'économie coopérative (ISPEC)

BURKINA FASO

Fédération des caisses populaires du Burkina (FCPB)

BURUNDI

Banque nationale de développement économique (BNDE)

Coopérative d'épargne et de crédit mutualiste (CECM)

Fédération nationale des Coopec du Burundi (FENACOBUR)

CAMEROON

Cameroon Co-operative Credit Union League (CAMCCUL)

GHANA

Ecobank Ghana Ltd

Fidelity Bank

Ghana Home Loans (GHL)

Home Finance Company Bank (HFC Bank)

Merchant Bank

GUINEA

Banque centrale de la République de Guinée (BCRG)

Caisses populaires d'épargne et de crédit de Guinée Yèté Mali (CPECG)

MALI

Bank of Africa

Fonds de garantie hypothécaire du Mali (FGHM)

Réseau des caisses d'épargne et de crédit Nyèsigiso

Union des caisses mutuelles d'épargne et de crédit du Mali « Kafo Jiginew »

MAURITANIA

Agence de promotion des caisses populaires d'épargne et de crédit (PROCAPEC)

Banque centrale de la République de Mauritanie

NIGER

Mouvement des caisses populaires d'épargne et de crédit (MCPEC)

Mutuelle d'épargne et de crédit des femmes (MECREF)

DEMOCRATIC REPUBLIC OF THE CONGO

Bureau central de coordination (BCECO)

Congo Central Bank (BCC)

RWANDA

Banque nationale du Rwanda (BNR)

Centre financier aux entrepreneurs (CFE) - AGASEKE

SENEGAL

Union des mutuelles du partenariat pour la mobilisation de l'épargne et du crédit au Sénégal (UM-PAMECAS)

TANZANIA

Dunduliza and the Savings and Credit Cooperative Societies (SACCOS) associated with the project

Moshi University College of Cooperative and Business Studies (MUCCOBS)

TOGO

Faïtière des unités coopératives d'épargne et de crédit du Togo (FUCEC)

REGIONAL PARTNER

CIF financial innovation centre

AMERICAS AND THE CARIBBEAN

BRESIL

ÉCOSOL

HAITI

Association nationale des caisses populaires haïtiennes (ANACAPH) and the savings and credit cooperatives associated with the project

Banque de la République d'Haïti (BRH)

Conseil national des coopératives (CNC)

Le Levier federation of Haitian savings and credit cooperatives

(Réseau ACOOPECH : coopératives d'épargne et de crédit haïtiennes)

MEXICO

ASP Financiera

Comisión Nacional Bancaria y de Valores (CNBV)

Confederación de Cooperativas Financieras de la República Mexicana (COFIREM)

Federación Centro Sur

Federación Integradora Nacional de Entidades (FINE)

Federación Noreste

Federación UNISAP

Federación Victoria Popular

Fedrrural

SERFIR Chiapas

SERFINSO Huasteca

SERFICAM Puebla

NICARAGUA

Financiera Nicaraguense de Desarrollo S.A. (FINDESA)

PARAGUAY

Central de Cooperativas del Área Nacional (CENCOPAN) and the savings and credit cooperatives associated with the project

ASIA

INDIA

BASIX

PHILIPPINES

National Confederation of Co-operatives (NATCCO)

SRI LANKA

SANASA Development Bank

VIETNAM

Central Credit Fund (CCF)
People's Credit Funds (PCF)
State Bank of Vietnam

CENTRAL AND EASTERN EUROPE

LITHUANIA

Association of Lithuanian Credit Union (ALKU)
Lithuanian Central Credit Union (LCCU)

RUSSIA

Altay Association of Credit Unions
Kuzbass Association of Credit Unions
National Union of Non-Commercial Organizations of Mutual Financial Assistance
South-Russian Association of Credit Unions
Volgograd Association of Credit Consumer Cooperatives

FINANCIAL PARTNERS

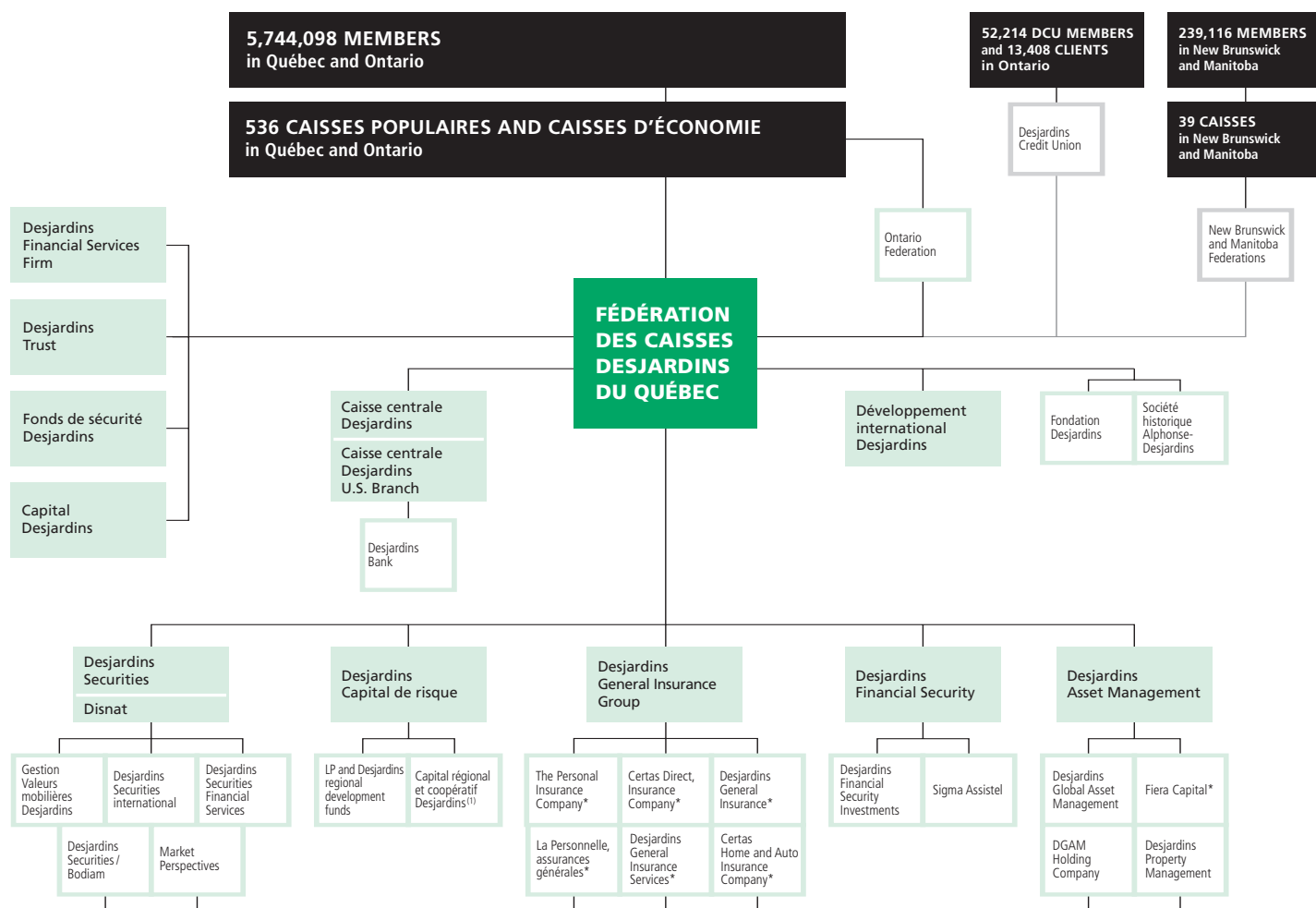
African Development Bank (AfDB)
Asian Development Bank (ADB)
Banco del Ahorro Nacional y Servicios Financieros (BANSEFI)
Bill & Melinda Gates Fondation
Canadian International Development Agency (CIDA)
Canadian Local Fund Management Centre in Haiti / Health and Education Fund
Common Development Fund Mali – Canada
Consultative Group to Assist the Poor (CGAP)
Desjardins Group
Development Alternatives Inc. (DAI)
Financial Services Deepening Trust (FSDT)
FIRST Initiative
Fondation Eduardo dos Santos (FESA)
Government of the State of Tabasco, Mexico
Government of Quebec
International Finance Corporation (IFC)
International Fund for Agricultural Development (IFAD)
Millennium Challenge Account (MCA)-Benin
Millennium Challenge Account (MCA)-Madagascar
Ministère de l'agriculture, de l'élevage et de la mer (Djibouti)
Netherlands Development Finance Company (FMO)
Programme de développement des services financiers ruraux (PDSFR - Niger)
Projet de Développement du Secteur Financier (PDSF - Mali)
Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA)
Sistema de Cooperativas de Crédito do Brasil (SICOOB)
Société d'habitation du Québec (SHQ)
United Nations Capital Development Fund (UNCDF)
U.S. Agency for International Development (USAID)
World Bank

EXECUTING AGENCY PARTNERS

ADA Luxembourg
Association professionnelle des institutions financières mutualistes (APIFM)
Banques populaires de France Agency for Co-operation and Development (ABPCD)
BASIX
Canada Mortgage and Housing Corporation (CMHC)
CIF financial innovation centre
Credit Reference Bureau Africa Ltd (CRB Africa-Kenya)
CRC SOGEMA
Heenan Blaikie
Laval University
Télé-université (TÉLUQU)

THE DESJARDINS GROUP

DID IS A COMPONENT OF THE DESJARDINS GROUP,
THE LARGEST INTEGRATED COOPERATIVE FINANCIAL GROUP IN CANADA.



(1) Venture capital, public fund managed by Desjardins Venture Capital.

As at December 31, 2007

Note: Chart does not reflect the legal ownership structure.

— Ownership link
— Auxiliary members
* Shared ownership

DIFFERENCE PERFORMANCE PRESENCE

DIFFERENCE

DID stands out in many ways on the international microfinance scene. Its affiliation with the Desjardins Group in particular ensures it has leading expertise, vast experience in managing cooperative financial institutions and the humanist values that have always marked Desjardins.

- A component of the Desjardins Group, the largest cooperative financial group in Canada
- A pioneer with thirty-seven years in the promotion of community finance
- A broad range of expertise aimed at broadening access to diversified, top quality financial services

PERFORMANCE

For DID, performance is synonymous with sustainability and security, two essential values in its sector of activity. Effective performance makes it possible for DID and its partners to meet the financial service needs of communities in dozens of developing countries in a sustainable manner.

- Recognized worldwide as a leader in the microfinance sector
- Capable of providing relevant solutions that can be adapted to the needs encountered
- Focused on leading its partners towards self-sufficiency and sustainability

PRESENCE




DID and the financial institutions that it supports are present and active in many parts of the world. Together, they make it possible for millions of families and entrepreneurs, often living in marginalized and extremely poor regions, to gain access to financial services that are adapted to their circumstances and will grow with their needs.

- A presence on four continents and at the heart of the communities targeted
- Active in informing and educating communities about economic matters
- Engaged in developing technologies and approaches that will bring services to individuals
- A close collaborator with the financial institutions that it supports



www.did.qc.ca

Développement international Desjardins
150, avenue des Commandeurs
Lévis (Québec) Canada G6V 6P8

 (418) 835-2400  (418) 833-0742  info@did.qc.ca



Canadian International
Development Agency

Agence canadienne de
développement international

This publication was made possible with financial support from the Government of Canada through the Canadian International Development Agency (CIDA).

