

# Développement international Desjardins (DID) Putting blended finance at the service of micro and small entrepreneurs

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**Name of Organization:**

Développement international Desjardins (DID)

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**Name of Project:**

Entrepreneur Financial Center (EFC) of Tunisia

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**Type of Investment + Grant Funding:**

C\$3.2 million (equity and short-term debt); \$6.0 million (technical assistance)

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**Country and Region:**

Tunisia (the Middle East & North Africa)

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**Sector/s:**

Financial services / MSME finance

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**Key Impact Focus and Primary Metrics:**

- 237 employees (48% women)
  - 7 300 client entrepreneurs (21% women)
  - CAD33 million loan portfolio (74.4 million Tunisian dinars)
  - Average outstanding loan: \$6,012
  - 50% female board representation
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*“Having access to financial services is gratifying for a woman entrepreneur as she feels she has support and guidance through the various stages of her business’s evolution.”*

HOUDA BOUAFIA, EFC CLIENT ENTREPRENEUR

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According to the World Bank, more than half the businesses in Tunisia have insufficient access to financial services, which motivated Développement international Desjardins (DID) to set up an Entrepreneur Financial Centre (EFC) in the country.

For the past 50 years, Développement international Desjardins (DID) has worked to boost the economic autonomy of disadvantaged populations living in developing and emerging countries through technical assistance and impact investment aimed at promoting financial inclusion and education.

## CASE STUDY

One of five Entrepreneur Financial Centers (EFC) set up by DID as an investor and operator, EFC Tunisia is a compelling example of the power of blended finance. The EFCs target improved access to secure and affordable financial services for entrepreneurs operating micro and small enterprises, supporting job creation and poverty reduction. A \$2.5 million CAD (equity) and \$0.7 million debt commitment from DID and \$6 million CAD from Global Affairs Canada (GAC) for technical assistance offered an exceptional leverage effect that allowed EFC to raise an additional \$32 million from other public and private investors and lenders. The wide-ranging technical assistance funded by GAC and provided by DID included the onsite deployment of three full-time managers, developing and carrying out different training programs, risk management, governance, credit processes, internal policies and I.T. system implementation.

Set up in 2015, EFC Tunisia is now entirely managed by a local team. Commitments to gender equality and environmental risk management are spelled out embedded in written policies and strategies. The organization even also conducted climate vulnerability analysis of its loan portfolio and put together developed an innovative strategy to support female entrepreneurship, including a mentoring program and leadership training. The EFC also integrated digital services combining artificial intelligence and credit scoring. In January 2021, the EFC established the DAAM foundation to cover the needs of entrepreneurs, particularly women.

Open to accredited and institutional investors and managed by DID, EFC is a joint investment between DID capital and the Desjardins Fund for Inclusive Finance (DFIF). DID was involved in attracting debt investors into the EFC.

### Deal and T.A. Program Size (\$):

- Debt: \$0.7 million
- Equity: \$2.5 million
- TA: \$6 million

### Instrument/s Used:

Equity and short-term debt + TA

### Expected IRR:

10% expected IRR

### Investment Term:

Exit in 2024 in line with the life of the FDFI fund

