

The Grameen Crédit Agricole letter

Number 1 – March 2011

EDITORIAL FROM JEAN-LUC PERRON



Spring is the time for transformation: on 31 March, the Grameen Crédit Agricole Microfinance Foundation adopts a new image! At www.grameen-credit-agricole.org you can find comprehensive information about the Foundation and its financing offers, reports about microfinance institutions and social businesses for whose development we provide support, as well as articles about current developments in microfinance and social business. The Foundation was created in 2008, at the initiative of Crédit Agricole and in partnership with Professor Yunus. Endowed with 50 million euros by Crédit Agricole S.A., it carries out its actions with an impartial, partner-based and long-term vision of its.

After a period of having been favourably viewed by the media, microfinance now finds itself attacked by critics and its contributions to the struggle against poverty called into question. Prof Muhammad Yunus, the microfinance pioneer recognised by the international community as the "banker to the poor", is being subjected to a campaign of denigration and destabilisation in his own country. In this difficult atmosphere, the Foundation and its partners in Africa and in Asia are quietly demonstrating that financial services offered by microfinance institutions are effective in helping the poor attain a better life, as long as the the service are accompanied by suitable methods and respects the social mission of microfinance. We will continue to keep you informed about our initiatives through this periodic newsletter and by updating our website regularly.

NEWS

On the 28 March, Grameen Crédit Agricole Microfinance Foundation signed a partnership agreement with the French Development Agency (AFD).

This agreement will allow the Foundation to benefit from an AFD guaranty of 50% on the financing that it grants to microfinance institutions in Sub-Saharan Africa and the Mediterranean region, the two priority zones for French assistance. In concrete terms, it guarantees a sum of 20 M€ from the Foundation for intervention in these two zones over the next two years. It follows an initial collaboration between the Foundation and PROPARCO, the private subsidiary of AFD, in favour of the Kenyan microfinance institution KWFT DTM (Kenya Women Finance Trust DTM Ltd).



The Foundation supports Prof Muhammad Yunus, recipient of the Nobel Peace Prize, member of its Board of Trustees



During this time when Prof Yunus is being unfairly attacked and the independence of the Grameen Bank that he founded in 1983 threatened, the Board of Trustees of Grameen Crédit Agricole Microfinance Foundation, meeting in Dakar on 4 March 2011 under the presidency of Mr. René Carron, assured Muhammad Yunus, recipient of the Nobel Peace Prize and one of the Director of the Foundation's Board, of its support and friendship. The work of Prof Yunus and the Grameen Bank, which today reaches more than 8 million people in Bangladesh (97% women), has inspired thousands of organisations around the world that work to facilitate access to inclusive financial services for the millions excluded from the traditional banking system. It is crucial that this work be respected, that the institutional model developed in Bangladesh not be cast into doubt for political ends, and that the governance of the Grameen Bank remain under the control of its direct beneficiaries.



FOCUS ON A MFI

Meeting of the Foundation's Board of Trustees in Dakar on 4 March 2011 and visit of the projets supported in Senegal



The Board of Trustees of the Foundation chose Senegal for its meeting and to visit the projects supported by the Foundation, namely, CAURIE, an MFI based in Thiès; MEC-FEPRODES, an MFI in Saint-Louis; and La Laiterie du Berger, a social business based in Richard Toll.

Also on 4 March, Grameen Crédit Agricole Microfinance Foundation, in partnership with AP-SFD, INAFI and APIX, organised a high-level conference in Dakar dedicated to microfinance and social business. Prof Muhammad Yunus addressed the participants via a recorded message from Bangladesh, and Prof Latifee, Managing Director of Grameen Trust and Vice President of the Grameen Crédit Agricole Microfinance Foundation, made the concluding remarks at this conference attended by more than 80 people.

In 2010, the Foundation developed its interventions and reinforced its original position in the world of microfinance and social business.

On 31 December 2010, after two fiscal years, Grameen Crédit Agricole Microfinance Foundation has approved financing for **27 microfinance and social business institutions in 17 countries, for a total of 23.4 million euros.**

In 2010, the Foundation approved 13 new investment projects, including 11 projects for refinancing microfinance institutions in 8 countries. The Foundation extended its activities to 4 new countries (the Philippines, East Timor, Indonesia and Azerbaijan); gave approval for a social business investment project in Bangladesh; and invested in the TCX fund, which enables it to cover its loans in exotic currencies against the risk of exchange rate changes. In addition, the Foundation set up its first technical assistance missions, from which 4 partners benefited.

At the end of 2010, the Foundation's MFI partners consisted of 1,111,000 borrowers, of whom 91% are women and 68% from rural areas. The geographic distribution of these borrowers reflects the Foundation's priorities: 51% in Sub-Saharan Africa, 23% in Southeast Asia, 17% in Eastern Europe and Central Asia and 8% in the Middle East and North Africa.

MEC FEPRODES, lender of hope in Saint-Louis, Senegal

Created in 1997 by the members of the Federation of Women Producers in the Saint-Louis region in the north of Senegal, MEC FEPRODES is a mutual-benefit institution whose objective is to promote access to credit for women and young people, especially those living in rural areas. It offers various microcredit products, such as loans for agriculture, small business and the craft industry, as well as services related to savings and money transfers. It also provides its members with training and consulting services. At the end of December 2010, MEC FEPRODES had more than 11,000 active members, 70% of whom were women. In 2010, the Foundation made a loan available in CFA francs, equivalent to 152,000 euros, with a maturity of 2 years.



FOCUS ON PARTNERS

Microfinance Transparency

MF Transparency is an NGO created by Chuck Waterfield, which campaigns for fair and transparent pricing in the microfinance industry. Grameen Crédit Agricole Microfinance Foundation



supports this initiative and partnered with MF Transparency to organise a one-day seminar on price transparency in West Africa, on 3 March 2011 in Dakar. This event brought together seventy people, with MFIs, professional networks, experts and investors being represented, along with governments, the Central Bank of West African States (BCEAO) and development agencies. Work and training sessions concentrated on establishing microcredit prices and protecting clients. This seminar was a unique occasion for an open and constructive dialogue among stakeholders in this sector on subjects such as the advantages and disadvantages of caps on interest rates in the West African Economic and Monetary Union and conditions for implementing price transparency.

