After a period of rapid growth up to 2010, microfinance is marking time.

The study conducted by the Microcredit Global Summit Campaign reveals that the number of people benefiting from microcredits in the world fell for the first time from 205 million in 2010 to 195 million in 2011. This decrease is due to the India factor, where we see a decrease of 14.2 million in the number of microcredit beneficiaries, due to the crisis of confidence in microfinance institutions following the excesses observed in Andhra Pradesh. Elsewhere in the world, microfinance is experiencing restrained growth. However, Sub-Saharan Africa, that has the lowest rate of access to formal financial services (12%)\(^1\), remains the “poor cousin of Microcredit”, with less than 7% of beneficiaries.

Sub-Saharan Africa accounts for only 8% of loans granted by investment funds specialising in microfinance.\(^2\) This proportion increases to 26% for the Grameen Crédit Agricole Foundation, which is active in eight countries of the region. Nevertheless, we cannot be satisfied with this proportion when our mandate sets a high priority for Sub-Saharan Africa. This is the real issue of the “Facility for agricultural and rural microfinance in Africa”, recently launched by the Foundation in partnership with the French Development Agency: to finance about twenty institutions that today are not eligible for funding from the Foundation, because of weaknesses in their organisation or risk management. By modifying its financial criteria and providing technical assistance to help them improve, the Foundation hopes to contribute to the emergence of institutions that are strong and true to the social mission of microfinance, especially in rural areas. The Facility will have a technical assistance fund of €1.6 million over a three-year period, including €1.3 million provided by AFD and €300,000 provided by the Foundation. It will be deployed as of the second quarter of 2013 in West Africa and East Africa with the support of local intermediaries in Dakar and Nairobi.

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1. Source CGAP
2. Source Microrate survey 2012
The Grameen Crédit Agricole Foundation and the Agence Française de Développement (French Development Agency) strengthen their cooperation within the framework of the «Facility for Microfinance in Africa»

On 26 February, the Grameen Crédit Agricole Foundation and the Agence Française de Développement (AFD) signed a risk and technical assistance sub-participation agreement to better contribute to the development of microfinance, particularly in Sub-Saharan Africa.

The sub-participation role of AFD consists of taking 50% of the credit risk on the financial assistance granted by the Grameen Crédit Agricole Foundation to microfinance institutions (MFIs), subject to compliance with financial and geographical criteria. This agreement, of a total amount of seven million euros, corresponds to an intervention capacity for the Foundation of €14 million, of which three million is earmarked for the Facility for Microfinance in Africa.

Funding provided by the Foundation, coupled with technical support and backed by the guarantee of the AFD, constitutes an original mechanism that will be deployed in West and East Africa under the name of “Facility for Microfinance in Africa”. In order for the Foundation to support a larger number of microfinance institutions, mainly in rural areas, the guarantee eligibility criteria have been adapted.

The technical assistance agreement will allow the Foundation to provide assistance to these institutions to improve their institutional functioning and consolidate their growth model. The technical assistance agreement is for €1.62 million for the next three years, made up of a grant of €1.32 million from the AFD and €300,000 provided by the Grameen Crédit Agricole Foundation.

This scheme will enable the Foundation to support the growth of a larger number of microfinance institutions by targeting modest-sized institutions. At the same time, this mechanism will help strengthen institutions with real growth potential despite institutional weaknesses that made them ineligible for funding from the Foundation under its normal investment criteria.

In their mission of fighting poverty and improving access to financial services for the most disadvantaged, the AFD and the Grameen Crédit Agricole Foundation consider sub-Saharan Africa as their main priority. The African Facility will allow tailored financing to be offered to local microfinance institutions, many of which have not reached a sufficient size and maturity to refinance themselves through local banks or international microfinance funds, while at the same time helping them to develop strengths, particularly in the areas of organisation, lending methodology and management.

The African Facility will be deployed by the Foundation during the next three years, with local offices in Dakar and Nairobi, in conjunction with AFD agencies in both target areas. The partners hope to assist twenty or so microfinance institutions with this innovative mechanism.

For more information on the African Facility:
The Grameen Crédit Agricole Foundation is active in 18 developing countries

As of 31 December 2012, after four years of activity, the Grameen Crédit Agricole Foundation had approved 75 investments, for a total of €46.4 million. As of today, it supports 28 microfinance institution partners and six Social Businesses in 18 countries. The Foundation’s microfinance partner institutions have 1,726,000 active borrowers, 87% of whom are women. Out of these final beneficiaries, 85% live in rural areas and 28% are located in Sub-Saharan Africa.

In 2012, the Foundation undertook new initiatives to expand and diversify its action in favour of the poorest:

- The Foundation created the “Grameen Crédit Agricole Social Business Fund” a specialised investment fund (SIF) under Luxembourg law, whose purpose is to invest in Social Businesses, mainly in developing and emerging countries. This fund is intended for investors or qualified professionals who wish to combine solidarity and entrepreneurship. Indeed, the fund will seek social impact by accompanying, in the form of equity and loans, Social Business enterprises based on a sustainable business model and an undeniable social mission.
- The Foundation continued its commitment to the development of agricultural microinsurance by organising a study tour to India that attracted 23 professionals from 12 countries.
- The Foundation also signed a partnership agreement with PlaNet Guarantee within the framework of the Sahel Harvest Insurance project. This project aims to develop crop microinsurance, based on yield indicators and weather indicators in West Africa. The Foundation participates in the work of the International Microinsurance Network, in particular the development of a Social Performance indicators handbook.

The Grameen Crédit Agricole Foundation takes an active part in debates and initiatives for promoting responsible microfinance, true to its social mission to fight poverty and exclusion, and for developing and disseminating methods and indicators for assessing the social performance of microfinance institutions. It has played an active role in the development of the Global Appeal for Responsible Microfinance, adopted and disseminated by the Convergences 2015 platform. It contributes to the development of “social business” as defined by Professor Yunus. Last October, the Foundation also organised a conference on Microfinance and Social Business in Cambodia chaired by Jean-Marie Sander, Chairman of the Foundation, which brought together nearly 300 participants.

The Grameen Crédit Agricole Foundation contributes to the Meetings on Development and International Solidarity

Last November, at the request of the French President, Pascal Canfin, Minister for Development, launched the Meetings on Development and International Solidarity. Their goal is to reform the French development aid policy, by involving all relevant actors, including NGOs and businesses, in the process of reflection. The consultation process, opened on 5 November 2012, was closed by the President on 1 March 2013.

In order to address all the issues dealing with development and international solidarity, the discussion process for these Meetings is organised into five thematic workshops each of which hosted three round tables. The process is coordinated by Anne-Sophie Cerisola (MAE) and all reference documents as well as the contributions of the Meetings can be found on the website of the Meetings.
The Cambodian MFI Chamroeun, partner of the Grameen Crédit Agricole Foundation, welcomed in Lyon by the regional bank Crédit Agricole Centre Est

Senior executives of Chamroeun (Cambodia) came to Paris in late January for the institution’s Board of Directors meeting held in the offices of the Grameen Crédit Agricole Foundation, a shareholder of this institution since 2012.

This day gave Chamroeun the opportunity to discover the way a cooperative bank works, and for Crédit Agricole to better understand the reality of the lack of access to financing for excluded populations, an issue already addressed during the study tour conducted to Cambodia in October 2012 and in which, among others, Raphael Appert took part.

For Sophea Suon, Managing Director of Chamroeun: “During this visit, we were impressed by how the Crédit Agricole works, in particular as regards customer relationship management which is based on trust between the customer and the bank”.

The Foundation’s commitment

Chamroeun is a highly socially-oriented MFI, created by Entrepreneurs du Monde, that displays the lowest average loan of the sector (about $100) and targets women living in outlying suburban areas. The Foundation began to provide loans in local currency to Chamroeun in 2010 before becoming a shareholder of the institution in early 2012.

KWFT, partner of the Foundation in Kenya, awarded the 2012 Mission-Critical Innovation Award

The 2012 Mission-Critical Innovation Awards ceremony, sponsored by HP and Intel, was held on 3 December in Frankfurt, Germany. These awards are a worldwide competition recognising organisations that utilise HP and Intel technologies to provide leading-edge mission-critical solutions for addressing their data-intensive, large-scale needs.

The Humanitarian/Environmental Impact Award went to two companies: Istituto G. Corporale (ICT) and the Kenya Women’s Finance Trust (KWFT). KWFT DTM (Kenya), KWFT DTM (Kenya), a partner of the Grameen Crédit Agricole Foundation since 2009, selected HP Superdome 2 and HP Integrity BL890c i2 servers to create a highly available data centre and reduce file processing time from 12 hours to less than four hours. KWFT DTM also increased uptime from 82% to 99%, thus speeding up loan processing time.

Kenya Women Finance Trust Limited (KWFT - Kenya), which is now a deposit taking MFI, with 67.2% market share, is the largest regulated institution serving women only in Africa. The institution targets low income women as the entry and contact point for their families with the objective of alleviating poverty through the provision of innovative savings and credit products tailored to meet customer needs.

Renewed support from the Grameen Crédit Agricole Foundation

In 2009, the Foundation agreed to finance KWFT up to USD 2 million, with no exchange risk for KWFT, in the form of a three-year loan. A year later, the Foundation renewed and expanded its support through a new loan in local currency (equivalent to €2 million) over a seven-year period.

For more information on KWFT: http://www.kwft.org/index.php

For more information on Chamroeun: http://www.grameen-credit-agricole.org/en/content/chamroeun/
The Grameen Crédit Agricole Foundation joins the Board of Directors of the Social Performance Working Group (SPTF)

JÜRGEN HAMMER, Head of the Investment Unit of the Grameen Crédit Agricole Foundation, was elected for a two-year term to the board of directors of the SPTF (Social Performance Task Force), the global body responsible for developing and disseminating standards, methods and indicators for monitoring and reporting on social performance in microfinance and for disseminating best practices.

The SPTF which used to be an informal structure with a small secretariat supported by a grant from the Ford Foundation, is composed of more than one thousand members, representing approximately 600 organisations around the world, from the various microfinance stakeholders groups: donors and investors (multilateral, bilateral and private), microfinance institutions, global, regional and national associations, technical assistance providers, rating agencies specialised in microfinance, academics, regulators, etc.

The SPTF is governed by a board of 16 members, chaired by Frank Degiovanni, Director of the Ford Foundation.

For the Foundation, this election is the recognition of the pioneering role it has been playing since its inception in 2008, at first, with the help of the NGO CERISE, by integrating from the very beginning Social Performance Indicators (SPI) into its process of analysis and due diligence, and subsequently, thanks to its active role in the work of the SPTF. In particular, the Foundation hosted a two-day SPTF meeting, with 60 participants, in Paris in February 2012, at the premises of Amundi, in Cotentin.

As part of its technical assistance activities, the Grameen Crédit Agricole Foundation assists in the organisation of an exchange visit to Madagascar by MFIs from Kivu (DRC)

From 5 to 12 November 2012, GAMF Kivu, a professional association of 23 MFIs in South Kivu (Democratic Republic of Congo), organised an exchange visit to Madagascar, where representatives of four MFIs from South Kivu, including Foundation Partners HEKIMA and PAIDEK, were able to meet with TIAVO, a Malagasy partner of the Foundation.

The one-week visit, organised with the financial and logistical support of the Grameen Crédit Agricole Foundation, aimed to find out about the funding system implemented in order to offer financial products that meet the needs of Malagasy farmers. Through this visit, GAMF wanted to see how TIAVO’s network performs its agricultural lending activity with mutual members, what are its strengths and weaknesses and how GAMF could adapt this experience to South Kivu.

Representatives of the four Congolese MFIs met with their counterparts from TIAVO, including its Vice-President, as well as farmers and partners, while visiting various agencies throughout the country.

At the end of the visit, they decided to consider the establishment of an action plan aimed at improving farmers’ access to financial products in South Kivu thus enabling them to expand their production and access more profitable markets.

For HEKIMA, “this visit has been [...] vitally important because it will help us to make far-reaching reforms, drawing on TIAVO’s experience, and by partnering with various stakeholders in agriculture, to provide agricultural products with the potential to create a profitable value chain”.

For more information: http://www.sptf.info/

For more information on the Foundation’s partners: http://www.grameen-credit-agricole.org/institutionsetentreprisespart
The Grameen Crédit Agricole Social Business Fund has been approved by the Autorité des marchés in Luxembourg

For more information on our partners: http://www.grameen-credit-agricole.org/institutionsetentreprisespart

New investments

In January and February, the Grameen Crédit Agricole Foundation invested once again in Tajikistan and Indonesia

The Foundation has approved a loan to **OXUS** (Tajikistan) of an amount in somoni equivalent to €458,000 over a three-year period. **OXUS Tajikistan** is a microfinance institution created at the initiative of ACTED that, in 1997, disbursed its first micro-loans in the Vakhsh Valley, through a microfinance programme. Following the success of this initiative, ACTED launched several microfinance programmes across the country until 2006 when OXUS was registered with the Tajik National Bank as a Micro Lending Organisation. Since then, **OXUS Tajikistan** has developed the portfolio it inherited from ACTED. As of 31 December 2012, around 45% of **OXUS Tajikistan**’s customers were traders and 47% of them lived from livestock and horticulture. The institution is present mainly in rural areas where 79.5% of its 10,847 customers live and work. 34% of these clients are women. At the same time, more than 50% of the customers of **OXUS** use their loans to finance activities related to trade and services, while 40% use their loans for livestock and horticulture.

In addition, on 15 February the Foundation disbursed a loan in local currency equivalent to one million euros for the benefit of **MBK Ventura** (Indonesia) over a two and a half year period. "**Mitra Bisnis Keluarga**" (MBK) is a microfinance institution (MFI) that uses the Grameen Bank methodology to provide working capital to low-income women in Java, in order to provide them with access to formal financial services (financial inclusion), to reduce their vulnerability, and to raise their living standards. Since launching its operations in 2003, MBK has become the largest Grameen-style microfinance institution in Indonesia. MBK hopes to contribute to the government’s objective of meeting the Millennium Development Goals, particularly related to fighting poverty and empowering women. As of 31 December 2012, **MBK Ventura** had 329,103 active borrowers, all of them female living in rural areas.
Focus MFI and Social Business

ALIDé (Benin)

The Association de Lutte pour la promotion des Initiatives de Développement (ALIDé) (Association for the promotion of development initiatives) is a microfinance institution established in January 2006 following the institutional transformation of the Credit Savings Programme of the French NGO Initiative Développement (ID).

ALIDé’s mission is to provide sustainable access to productive credit, savings and training support to the most disadvantaged families in suburban and rural areas excluded from formal credit and savings systems. To do this, the institution aims to combine efficient methodologies and quality services to customers in order to become financially sustainable.

Today, ALIDé works through eight branches in the working-class districts of Cotonou and its surroundings as well as in the municipalities of Abomey Calavi, Allada, Porto-Novo, Misséréité, Adjara de Dangbo and Avrankou. As of 31 December 2012, the institution had 19,816 borrowers that included 92% women and 26% customers in rural areas.

For more information on ALIDé: http://www.alide-bj.org/index.php

Focus Partners

PIIF (Principles for Investors in Inclusive Finance)

After receiving the recommendation of its Ethics, Compliance and Audit Committee, the Grameen Crédit Agricole Foundation decided to abide by the “Principles for Investors in Inclusive Finance”

These six principles were launched on 27 January 2011 in The Hague, at the initiative of HRH Princess Máxima of the Netherlands, Special Representative to the UN Secretary General for inclusive finance development, and based on the proposal of a group of investors in microfinance. They aim to improve accessibility to financial institutions by the poorest populations and are part of the broader framework of the Principles for Responsible Investment (UN PRI) of the United Nations.

Inclusive finance includes, but is not limited to, microfinance. It focuses on expanding access by the poor and vulnerable to affordable and accountable financial products and services. Inclusive finance also targets micro and small enterprises that do not have access to financial products and services. Inclusive finance covers a wide range of services: savings, credit, insurance, transfers and payments.

The PIIF are hosted by the PRI Association, to the extent that the PIIF provide a means for investors in inclusive finance to implement the six Principles for Responsible Investment. Thus the signatories are also asked to sign the Principles for Responsible Investment.

For more information on the PIIF: http://www.unpri.org/areas-of-work/piif/