On 28 June, I was in Dhaka for the Social Business Day, together with 1,000 participants and delegates from thirty countries.

I found a country under severe social and political tension. Social tension: Bangladesh has become “the textile workshop” of the world, but this situation is affected by the slowdown in global demand, the questioning of the scandalous conditions of employment in the textile industry, and the suspension by the United States of its preferential tariff agreement with Bangladesh. Political tension also exists, heightened by the prospect of parliamentary elections in six months and by the trials of the leaders of the Islamist party for acts of collaboration with Pakistan during the war of independence of 1971. In denying the establishment of a government of technocrats and independent members to ensure the smooth conduct of the elections, as tradition would have it, the Prime Minister Hasina Sheick, has repeatedly sparked off strikes and demonstrations initiated by the main opposition party. The party in power, which has just lost five local elections, is suspected of trying to manipulate the next election.

It is in this context that the Prime Minister continues her efforts to place the Grameen Bank and Grameen companies under government control. The Commission of Inquiry she established to investigate the organisation and governance of the Grameen Bank and Grameen companies, made known some of its proposals at the end of June: give the government a majority 51% interest in the capital (compared to the 3% it holds today), divide the bank into 19 regional entities, require a minimum of eight years education to serve as a director, thus excluding the nine women elected to the Board of Directors of the Bank by some five million client-shareholders. These proposals have provoked an outcry. The Government seems reluctant to continue its offensive against the Grameen Bank, which serves 25% of the population of Bangladesh, and against Professor Yunus, considered a national icon.

Furthermore, the replacement process of Mr Yunus as Managing Director of the Grameen Bank has stalled: a year ago, the government tried to force it through by amending the statutes of the bank by ordinance. The procedural errors made enabled women elected to the board of Grameen Bank to appeal, but the High Court will probably not hand down a decision before the elections.

With regard to the Grameen companies, the covetousness of the government focuses mainly on Grameenphone, the leading mobile operator in the country. The recommendation of the Commission of Inquiry to withdraw Grameenphone’s licence has caused a very strong reaction from the Government of Norway and Telenor, the main shareholder of Grameenphone. Telenor is threatening to withdraw from the bidding for the new 3G licences.

It is in this context of great nervousness that Professor Yunus is pursuing the path he has set out, with the support of a growing number of institutions, companies, NGOs and universities. Moreover, he received the much noticed support of the ambassadors of Japan and the United States at the Social Business Day.

International financial institutions, cooperation agencies and development banks are increasingly interested in supporting social business, as is the case of the African Development Bank, which held a conference in Tunis on this topic with the help of our colleagues from Yunus Social Business, or USAID, who has just signed an agreement with Professor Yunus to promote social business in several countries.

Policymakers increasingly see social entrepreneurship as a response to the crisis. The European Commission is implementing its “social business initiative,” while the French government recently approved a bill recognising and promoting the development of the social economy.

The next Convergences Global Forum to be held in Paris on 17, 18 and 19 September (www.convergences2015.org), and the next “Global Social Business Summit” on 7, 8 and 9 November in Kuala Lumpur (www.gsbs2013.com) will be new opportunities for exchange between all social business stakeholders for providing innovative and sustainable solutions to the challenges of poverty, insecurity and exclusion.
The Foundation is increasing its commitment to Africa within the Take-off Facility for Microfinance in Africa

On 26 February, the Foundation and the French Development Agency (AFD) signed a guarantee and a technical assistance agreement to better contribute to the development of agricultural and rural microfinance in Sub-Saharan Africa

As part of this initiative, the Foundation has just selected two senior consultants who will be based in Africa: El Hadji Diop, in Dakar (Senegal), will be in charge of the West African region, and Sharon Morsin, in Nairobi (Kenya), will be in charge of the East African region. These two experts, with whom the Foundation has already worked, will help identify and analyse the MFIs eligible for funding through the Facility and will coordinate technical assistance missions for strengthening the skills of these MFIs that are financially supported by the Foundation.

Already, six investment projects have been approved by the projects committee of the Foundation: in Zambia, Benin, Senegal, Burkina Faso and Kenya (two projects). The first technical assistance missions will be conducted during the third quarter of 2013.

The Foundation’s investments increased by 32% in 2012

The Foundation publishes its 2012 Annual Report

In addition to its financial statements and detailed information about its activities and achievements in microfinance, microinsurance and social business, the Foundation also presents in its annual report comparative data on its position relative to all microfinance investment vehicles (MIV) and the main findings of the Foundation’s social audit conducted by CERISE in 2012.

To download the annual report in pdf format:
The Board of the Social Business Fund meets in Dhaka (Bangladesh)

The Board of Directors of the Grameen Crédit Agricole Fund met at the Yunus Centre in Dhaka (Bangladesh), on 27 June, under the chairmanship of Professor Muhammad Yunus with the attendance, by telephone conference, of several Directors.

The meeting focused on the on-going fundraising, with the goal of a first closing of 12 million euros. The Board decided to postpone this closing to 31 October.

Furthermore, Jean-Luc Perron, Christophe Person and Pascal Webanck took an active part in the fourth annual Social Business Day that was held on 28 June. The event brought together over 1,000 participants from 34 countries. Christophe Person spoke at the workshop on “Social Business: investors and entrepreneurs” and Pascal Webanck spoke at the workshop on “Microfinance and Social Business”, in particular alongside Professor Huzzatul Islam Latifee, Managing Director of Grameen Trust, and Mohammad Shahjahan, Acting Managing Director of Grameen Bank, both directors of the Foundation, as well as Larry Reed, Director of the Microcredit Summit Campaign.

Moreover, Jean-Luc Perron presented the Foundation and the Grameen Crédit Agricole Fund during the closing plenary session, which was chaired by Professor Yunus.

The Foundation pursues its commitment to agricultural microinsurance

On 14 June, Thérèse Sandmark, Microinsurance Officer at the Foundation, participated in the conference “Flexible microfinance financial products for addressing risk” organised by Ferdi (Foundation for Studies and Research on International Development) in Clermont-Ferrand. This conference brought together a group of practitioners in the insurance, microcredit and microsavings fields. On this occasion, Thérèse was able to meet potential partners from the University of Berkeley and from Clermont-Ferrand.

From 17 to 19 June, Thérèse Sandmark and Philippe Guichandut, Head of the Development and Technical Assistance Unit at the Foundation, attended the meeting of the Microinsurance Network (MiN) organised in Königstein (Germany). The MiN’s mission is to promote the development of effective insurance services for low-income people by encouraging the sharing and dissemination of knowledge. The Foundation is particularly active in MiN’s working groups on agricultural insurance and social performance indicators and in the Funders Discussion Group.

Finally, from 24 to 29 June, Thérèse participated in a mission to Burkina Faso as part of the Sahel Harvest Insurance Project implemented by PlaNet Guarantee, in partnership with the Grameen Crédit Agricole Foundation. The objective of the mission was to review the current crop year and the sales of agricultural insurance products by PlaNet Guarantee. Despite the many challenges faced by the sector, the Foundation continues to support the project that provides innovative solutions to farmers in the region.

For more information on the Social Business Day:
http://socialbusinessday.net/about/social-business-day-2013

For more information on the Foundation’s activities in agricultural microinsurance:
The Grameen Credit Agricole Foundation takes an equity stake in la Sénégalaise des Filières Alimentaires S.A. (SFA)

The Grameen Crédit Agricole Foundation has just formalized its entry into the share capital of the Sénégalaise des Filières Alimentaires S.A. (SFA), with a 20% stake, alongside Durabilis, which will own 80% of the shares and ensure the management of the company. Durabilis is an impact investment company specializing in the development of value chains in the agro-food sector, in particular in Guatemala and Burkina Faso.

Established and accompanied by Durabilis since 2011, SFA produces mainly white rice, from paddy grown by small farmers in the Senegal River Valley, duly supervised and assisted by SFA. Today, the company’s customers are mainly medium-sized wholesalers in Dakar. Its purpose is to provide security to small low-income producers through contract-based agriculture, by ensuring the sale of their production and by assisting them in their farming practices so as to improve productivity. In particular, SFA implements innovative financial support mechanisms for small producers in partnership with local microfinance institutions. A social business charter defines the social mission of the company, the objectives it seeks to achieve and monitoring indicators.

In Senegal, SFA is also engaged in a pioneering approach for the development of market-oriented rice varieties, so as to ensure the marketing of the rice produced and to promote the country’s food security. Indeed, local production only covers 25% of the consumption of the country which imports nearly 800,000 tons of white rice each year. Thus, in 2012, the first full year of operation, SFA assisted more than 760 farmers in three villages, and sold more than 626 tons of rice. The social and financial objectives for the next three years are to sell more than 4,700 tons of rice and to support 3,000 producers.

On 12 June, at the headquarter of Crédit Agricole SA Group in Evergreen, a conference was held on microcredit with the screening of the short movie, “Person to Person”, directed by Wim Wenders. The screening was followed by a discussion on the making of the film and the challenges of microcredit in the world, with Marc Oberon, the producer of the film, and Arnaud Poissonnier, president and co-founder of Babyloan, the first European peer-to-peer social microcredit website.

This event was held as part of the Solidarity Days, organised by the Communications Department of Crédit Agricole SA from 10 to 14 June, and the Solidarity Challenge proposed by Babyloan, partner of the Foundation, for the benefit of the employees of Credit Agricole SA.

For more information on the Solidarity Days:
http://intranet.credit-agricole.com/fr_intra/Etre-engage-et-responsable/Mecenat-mes-metiers-nous-engagent/Les-coups-de-pouces Solidaires
Can you make a quick report on the political situation in Mali?

The political situation in Mali is evolving positively. The various parties reached a consensus on settling the crisis that requires presidential and legislative elections and the signing of an agreement with the Tuareg. We hope that, with the elections on 28 July, the country will definitely be heading towards a resolution of the crisis, that economic activities will restart, that cooperation will resume and that trust will be restored again.

More specifically, in relation to the microfinance sector, what are the latest initiatives implemented?

Two crises have impacted the microfinance sector in Mali. Firstly, the sector crisis, with difficulties for some microfinance institutions to meet their commitments. To this has been added the socio-political crisis with the coup in March. The combination of these two crises has greatly impacted the microfinance sector and decreased trust between the sector and its traditional partners. However, the institutions and the sector as a whole are taking concrete steps to reduce the impact of these crises. These measures include improving portfolio quality, reducing costs as well as cleaning up the sector. The French Development Agency (AFD) is currently conducting a study that has two components: a reorganisation component and an assistance component for the sector to help it get out of the crisis.

And concretely, what do you expect from this study compared to previous studies that have been conducted?

This study is more complete and comprehensive. It is not content to just work on cleaning up the sector. It also focuses on support and funding. This is a study that will help clean up the industry, but will also accompany it by helping institutions that are doing well to continue their business and by ensuring that those who are in difficulty are accompanied in resolving the crisis. In addition, stakeholders were involved in this study, in the terms of reference, the objectives and expected results, and there is thus a kind of ownership that gives us hope that we will be able to get better results than with previous studies.

In this context, what can you tell us about the situation of Soro and the measures that have been taken to continue your activities in such a context?

Soro has been very proactive in relation to the situation in the country. Quickly, the Board, in collaboration with the technical team has initiated discussions to take prompt and effective measures to reduce the impact of this dual crisis on the institution. We reviewed our goals and reduced our expenses by approximately 100 million CFA francs to reflect the decline in the volume of activities and, of course, income. This has enabled the institution to maintain its profitability but also to reduce human resources based on available funds, by merging some areas and abandoning certain activities. In 2013, we continued to work on controlling operating expenses and on the optimal and effective use of resources. We hope this will be successful and that, in the meantime, the country’s situation will improve and that activities will resume, as will the collaboration with partners.

Concerning your existing customers, you have probably not been able to meet all their requests for refinancing. What was your policy for satisfying a maximum number of customers while having limited resources?

Soro opted for a strategy of refinancing, as far as possible, existing customers and of abandoning some areas. However, all customers could not be refinanced and others have seen their funding reduced by approximately 40%. We were forced to adopt this strategy, but this was also proposed by the customers who preferred to see the average loan amount reduced so that a maximum number of customers could receive a loan and continue to carry on their agricultural or commercial activity, their source of
Providing hope through lending

Six

Newsletter
Grameen Crédit Agricole

Revenue. The average loan amount has thus been reduced from 120,000 CFA francs to 75,000 CFA francs.

Concerning the financing of agriculture and the current campaign, how did this year’s funding go?

Unfortunately, we do not have sufficient resources to fund all needs. We are about at 60% of our projected targets for 2013 due to lack of financial resources. The demand remains high but we have had to make a choice in terms of locations and areas.

Despite this lack of funding, is your customer reimbursement rate satisfactory?

Despite this situation, the reimbursement rate remains stable and has not degraded. Perhaps this is related to our methodology, the trust between ourselves and our customers, which has been built up over the years.

If you had requests to be submitted in order to slightly revitalize your institution’s activities, what would they be and to whom would you address them?

We fully understand that the situation of our country is difficult and that there is no incentive to invest. But we believe that the partners should continue to trust us and that it is now that we need more funding. We believe that, with the prospect of the elections and the exit from the crisis, all the partners will come back and join us in this process of funding rural communities that so desperately need it. Recent years have been very difficult for these communities with declining funding and, therefore, declining production and incomes and deteriorating living conditions for the affected people. We ask our partners to consider these aspects but also to make a selective analysis of the situation that shows, on a case by case basis, what can be done for each institution. As such, 2014 is going be a very difficult period with the election of a new president and the pick up in activity.

And concerning your relationship with the Foundation, what can you tell us about it and how do you see it over the coming years?

The relationship between Soro Yiriwaso and the Grameen Crédit Agricole Foundation is a relationship of quality, trust and transparency, exemplary and diverse. After making contact in 2009, the collaboration immediately took off with due diligence assignments and the granting of the first loan.

In addition to the provision of financial resources, Soro Yiriwaso has benefited from the support of the Foundation, especially in the organisation of a conference call involving all national and international partners of our institution. It also put us in touch with the JTA (Jardin Tropical Amélioré – Enhanced Tropical Garden) as part of a market gardening programme.

We are very satisfied with our relationship with the Foundation and we hope that this relationship will strengthen, expand and diversify over the coming years, perhaps with new activities and new forms of financing.
New investments

The Grameen Crédit Agricole Foundation makes new investments

In May, the Grameen Crédit Agricole Foundation disbursed a loan for a total amount of €396,000 over a one-year period to Soro Yiriwaso (Mali). Since 2009, this is the third loan the Foundation has granted to this institution, created in 1986 as a microcredit programme implemented by Save the Children USA. The mission of Soro Yiriwaso is to increase economic opportunities for disadvantaged Malian entrepreneurs, especially women. It focuses especially on those working in the agricultural sector and rural areas. As of 30 June 2013, the institution had 32,293 active borrowers, of which 97% were women, and a loan portfolio of €3.6 million. 90% of its clients live in rural areas. This loan was eagerly awaited by Soro Yiriwaso so as to enable it to finance the crop year and to encourage other donors to renew their support at a particularly critical time for Mali.

In addition, the Grameen Crédit Agricole Foundation disbursed its third loan of a total amount of €792,000 to Viator (Azerbaijan), over a three-year period. Viator began its microcredit activity in 1999 as a project of the Norwegian Humanitarian Enterprise (NHE) that sought to implement microcredit activities in the area of Ganja. Viator’s mission is to provide economic help to poor people to enable them to increase their income through tailored and sustainable microfinance services. As of 30 June 2013, Viator financed 17,741 active borrowers, 39% of them women, for a portfolio of €9.8 million, through a network of six branches. In addition, the institution, with 61% of rural clients, has just launched its website through which it aims to inform the public about its activities and development.

Moreover, the Foundation has just disbursed the second tranche of a loan in Cambodian riels equivalent to €500,000 over a three-year period to Chamroeun (Cambodia). It also increased its equity holding to 19.91% in late June. Chamroeun is a microfinance institution created on the initiative of the French NGO Entrepreneurs du Monde that, since 2006, has helped poor families living in disadvantaged urban areas. It assists them to increase their income, to cope with unexpected expenses, and to develop long-term projects through loans and through savings and microinsurance services. The institution, which is run as a social business, helps microentrepreneurs to improve their management skills and self-confidence through the provision of appropriate training and business counselling. As at 30 June, Chamroeun had 44,528 active borrowers, 86% of them women. The institution operates exclusively in urban and peri-urban areas, mainly in the Phnom Penh region.

Finally, the Foundation disbursed the first tranche of a €1 million loan to KRK (Kreditimi Rural i Kosovo – Kosovo), over a three-year period. KRK is a project initiated in 2000 by ADIE International as the Rural Finance Program of Kosovo (RFPK). The project turned into a microfinance institution shortly after, when the new regulations on financial institutions came into force in Kosovo. KRK’s mission is to provide access to financial services in rural areas of Kosovo in a sustainable manner, giving priority to the agricultural sector. As of 30 June 2013, KRK had 6,562 active borrowers, of which only 10% are women. All clients of the institution are located in rural areas.

For more information on the partners of the Foundation:
http://www.grameen-credit-agricole.org/en/institutionsetentreprisespart
Focus on MFIs & Social Business

La Laiterie du Berger (Senegal)

The “Laiterie du Berger” is a Senegalese company, founded in 2005 by Bagoré Bathily, a young veterinarian, in order to help improve the situation of Fulani herders by getting better value for the milk from their herds. Headquartered in Richard Toll in the North of the country, it manufactures and distributes fresh dairy products of high quality, from milk it collects locally, that are sold mainly in Greater Dakar. Today, the Laiterie du Berger is the only outlet for these farmers, and it promotes local agricultural production and strengthens the economic base in rural areas. It also contributes to greater food security in Senegal that relies for over 90% on imports of milk powder.

In this way, the Laiterie du Berger provides a fixed income to around 850 herder families (this varies depending on the season from 700 farmers in times of drought to 1,000 farmers when rains are abundant) and encourages them to improve the productivity of their herds and the quality of their milk. It played a key role in the development of the ASSTEL project, led by the GRET, in collaboration with ASODIA, which aims to implement an integrated advice and infrastructure programme to enable farmers of the Dagana area to have better access to services, forage and water resources. This project, that the Foundation helped to define, has been endowed with €1.78 million over a three-year period by the AFD, the Midi Pyrenees region, IFPRI and Monegasque Cooperation. In this context, the Laiterie du Berger provides a livestock food supply service to breeders during the “lean” season, in particular by utilising cane straw, made available free of charge by the Senegalese Sugar Company.

With a dynamic marketing policy under the DOLIMA brand, the Laiterie du Berger today represents 13% of the market for fresh dairy products and is number three in the sector in Senegal. The Laiterie directly employs 139 people. By focusing on the quality of its fresh products made from the milk it collects, it has developed a pioneer dairy industry in West Africa and has become a reference for the sub-region.

The Foundation became a shareholder in 2010 and now holds a 10% stake in the Laiterie du Berger, alongside investment funds that share the same social business approach, as defined by a charter: Investisseurs & Partenaires, present right from the start, danone.communities which provides support in the areas of marketing and industrial processes, and PhiTrust.

On 21 June, the Foundation hosted the board of the Laiterie at its headquarters in Paris. Despite the many challenges it faces, the Laiterie du Berger recorded a sharp increase in production and sales, and should reach breakeven in 2014.

Convergences

Launched in 2008, Convergences is the first platform in Europe for thought on how to establish new convergences between public, private and solidarity operators for promoting the Millennium Development Goals (MDGs) and the fight against poverty, insecurity and exclusion in the North and South.

Adopted in 2000, the Millennium Development Goals (MDGs) aimed at halving global poverty and hunger by 2015. This deadline is approaching and the conclusion to be drawn is that we are still far from a world that gives everyone access to essential goods such as good food, clean water, health services, clean energy and basic education. A long intergovernmental and UN process has been initiated to determine, before the 2015 deadline, a method and a new horizon likely to mobilise public actors, international organisations, companies and NGOs, with a view to a sustainable and fair world. Convergences is involved in this debate and intends to present the contribution of its members.

“They allow us to interact with other French microfinance, development and social entrepreneurship players”

The Grameen Crédit Agricole Foundation has been a member since the beginning of Convergences, and its Managing Director, Jean-Luc Perron, is its Vice-President. The Foundation will therefore be present once again at the 2013 Global Forum of Convergences to be held in Paris from 17 to 19 September at the Palais Brongniart and the Hotel de Ville. This year the Foundation is organising, in collaboration with the Microinsurance Network, a conference dedicated to microinsurance “Perspectives for Microinsurance - How to move from experimentation to a broad dissemination?”

In addition, Jean-Luc Perron is part of the Convergences International Prize Jury that, for the third consecutive year, in partnership with the City of Paris and the European Commission, will reward the best partnerships between a socially accountable actor, a private actor and/or a public actor, at the European and international level. Do not miss this great event, where 5,000 people are expected!

For more information on Convergences:
http://c2015.org/?lang=en