was struck by the warmth and optimism of the people we met, and their dynamism in developing their business or their farm and thus provide decent living conditions to their families and education for their children. Microfinance institutions also demonstrate ingenuity to make the most of the latest technologies, including the use of M-Pesa’s M-banking services, while keeping a strong focus on their geographical area and on the population through groups of borrowers. ACRE-Africa has been innovative also in ensuring very small amounts –for example, the cost of a bag of seeds– thanks to an approach based on weather-related indices.

These visits could only strengthen some of my convictions which I shared with the experts who met on 9 March in Nairobi, at the invitation of the Grameen Crédit Agricole Foundation and the AFRACA, the Association of African agricultural banks:

1. **Humanity needs a strong and productive agriculture**, which does not mean large industrial farms-based agriculture. According to the IFAD, 80% of the food consumed in low-income countries is produced by small family farms. We will not meet the great challenge of feeding the world if we leave by the modernisation wayside the 450 million farms of less than two hectares that are an essential component of the agricultural sector in developing or emerging countries.

2. **Our civilisations require respected and recognised farmers.** The balance of our societies, the life of pour territories, and the fight against climate change are at stake. This is especially true in sub-Saharan Africa, where in the next 15 years population growth will bring to the labour market 330 million young people. Without an offer of decent living conditions in the countryside, these young people will migrate on a massive scale to the crowded and polluted cities where public services are saturated.

3. **Farmers need funding and insurance products that allow them to settle, grow and protect themselves.** The challenge of a more productive family farming requires in particular the access to financing adapted to the harvesting cycle and the long-term profitability of agricultural investments. All studies show that despite the efforts of agricultural banks and agricultural microfinance institutions, a tiny fraction of farmers’ needs have now a satisfactory outcome. The reasons are known: physical distance, natural hazards, price volatility, inadequate infrastructure, lack of financial literacy. The good news is that technological innovation can solve at least part of these difficulties, as shown by the example of weather risk index-based crop insurance that relies on space-based observation.

The lessons that I have learnt throughout this trip is that technical and financial innovation are there to serve rural and agricultural development of the poorest.
In 2014, the Grameen Crédit Agricole Foundation increased by 118% its new funding operations

In 2014, the Grameen Crédit Agricole Foundation implemented 35 new funding operations in the form of loans, guarantees or equity investments for the benefit of microfinance institutions or social businesses, compared to 16 in 2013.

As of 31 December, 2014 and since its inception in 2008, the Grameen Crédit Agricole Foundation has approved altogether 144 funding operations for a total amount of EUR 90.9 million. During the year, it supported 41 microfinance institution partners and 12 social businesses in 24 countries for a total of € 37.8 million in commitments.

The microfinance institutions partner of the Foundation serve 2.6 million active borrowers, 84% of them women. 80% of these final beneficiaries live in rural areas and 24% of them live in Sub-Saharan Africa. The average loan amount is 388 euros.

The Grameen Credit Agricole Microfinance Foundation and the International Finance Corporation (IFC of the World Bank Group) have signed a memorandum of understanding to promote agricultural microinsurance in developing countries

The Grameen Credit Agricole Foundation actively promotes innovative approaches that enable smallholder farmers to protect themselves against crop or livestock losses that occur because of climatic or other natural risks. Alongside Pacifica, the Foundation is a stakeholder of a research initiative on index insurance supported by Pôle Finance Innovation. With Planet Guarantee, it takes part in the Assurance Réculte Sahel project in 4 countries of the Sahel region in West Africa. In 2014, the Foundation made a 500,000 USD equity investment in ACRE Africa (Agriculture and Climate Risk Enterprise), a company that offers crop insurance cover for less than 100 USD to farmers in Kenya, Rwanda and Tanzania.

Since 2009, IFC, a member of the World Bank Group, has been promoting agricultural index insurance and providing support through a dedicated fund – the Global Index Insurance Initiative (GIIF) – to projects that seek to roll out such insurance in developing countries. The GIIF is supported by the EU and the governments of the Netherlands and Japan and has so far helped 600,000 farmers insure themselves against natural risks. The GIIF recently launched an online knowledge management platform during an event in Brussels on 20 January.

On this day, the Foundation and GIIF signed an MoU, the aim of which is to share knowledge and experience and to promote the growth of index insurance as a tool to improve food security. Indeed, to insure a farmer owning less than 1 or 2 hectares against the risk of crop loss and the loss of productive assets because of climatic phenomena enables him to invest more in his farming enterprise and to be more productive.

In partnership with GIIF and other institutions, the Foundation will continue to work on the development advocacy strategies and on coalition building with private and public sector actors keen to speed up the growth of agricultural insurance in developing countries. The pursuit of these objectives is fully in line with the planned work around the post-MDG agenda of the United Nations and the goals of the Climate Change Conference that will be held in Paris in December.

More information on IFC, here.
Access to the GIIF online platform, here.
14-15 SEPTEMBER, 2015:
Global Index Insurance Conference
“Building Innovative Solutions for the Insurance Industry”


Climate risk has been an issue of key significance for the insurance industry. Index-insurance is an innovative financial instrument designed to help smallholder farmers to better manage the increasing risks that climate change poses to their harvests and livelihoods.

The Global Index Insurance Conference is a flagship event dedicated to designing and scaling up innovative solutions in the insurance industry. It will be the first and the largest gathering ever of global, regional and local stakeholders interested in index insurance and other innovative solutions to address the impact of climate change and natural catastrophes. It will bring together eminent speakers and the thought leaders of the insurance sector from around the world.

This specialized learning event, with its plenary session and technical meetings, is an opportunity to develop insurance solutions for hundreds of millions of people in need of protection for their families and businesses.

The conference will touch upon the following key issues:

- Sharing innovation in the index-insurance space to mitigate risks for households; Micro, Small & Medium Enterprises and governments.
- Creating synergies, better alignment and public private partnerships in scaling up index-insurance markets.
- Addressing major challenges in developing index-insurance markets in developing countries.
- Leveraging index-insurance as a tool to address inclusive finance and growth, unlock investments and build sustainable markets.

On 8 March, the Board of Directors of the Foundation met in Kenya

On 8 March, the Board of Directors of the Grameen Crédit Agricole Foundation met in Kenya, Nairobi, under the chairmanship of Jean-Marie Sander.

At this meeting, the Board renewed the terms of office of Jean-Marie Sander, Chairman of Crédit Agricole SA, M Shahjahan, former Managing Director of Grameen Bank and Christian Talgorn, President of the Caisse Régionale de Crédit Agricole de Morbihan and president of the European Association of Cooperative Banks as directors, for a period of three years. Jean-Marie Sander was reappointed by the Board as President of the Foundation.

Raphael Appert, Chairman of the Projects Committee, made a comprehensive presentation of the new financial commitments of the Foundation in the microfinance and social business fields. He emphasised that, as of March, 2015 and since its inception in late 2008, the Committee met 40 times and approved 153 operations for a cumulative total amount of EUR 95 million equivalent. Since the last Board of Directors held in October 2014, two new microfinance investments and two new Social Business companies have been approved.

The directors approved the annual report and the 2014 accounts submitted by the Managing Director, with a favourable agreement of the Audit Committee. In 2014, the Foundation increased by 80% its commitments, expanding its portfolio of loans, guarantees and equity investments to almost EUR 38 million. The financial year 2014 closes with a loss of EUR 94,000.

The Board heard the reports of the Managing Director on the implementation of the Foundation’s 2014-2018 development plan and on the progress of the Grameen Crédit Agricole Social Business Fund.
On 10 and 11 March, Jean-Marie Sander, Chairman of the Grameen Crédit Agricole Foundation, the Directors and the Foundation’s team met with the management teams of partner microfinance institutions and social business enterprises, as well as with groups of beneficiaries, in Kenya.

**Directors of the Grameen Crédit Agricole Foundation to meet the Foundation’s partners and groups of borrowers in Kenya**

These field visits were particularly interesting and challenging for the Foundation Directors who were able to establish personal relationships with the leaders of partner microfinance institutions and concretely measure the impact of the financing set up by the Foundation on the lives of borrowers, especially women, and that of the agricultural microinsurance coverage provided by ACRE-Africa to protect small farmers against weather risks.

For Raphaël Appert, Managing Director of Caisse Régionale de Crédit Agricole Centre-Est and Chairman of the Foundation’s Projects Committee, “the visits were very rich and very interesting. They will give us some food for thought on the role the Foundation can play in agricultural development in rural areas.”

For Pierre Deheunynck “meetings with microfinance institutions, social business enterprises and their clients allow to assess the positive impact of the Foundation. This is also an opportunity to see the close proximity between the values upheld by the Foundation’s mission and the values of the Crédit Agricole Group. Finally, it is an incredible learning opportunity for all of our businesses because these institutions and companies are very innovative.”

During the visits, some lessons and testimonies were obtained by the Foundation’s Directors and team:

**KENYAN WOMEN FINANCIAL TRUST**

has 235,000 active borrowers, which are almost exclusively women. The latter are KWFT entry point to provide low-income families with savings and innovative credit products and therefore reduce poverty. The Foundation is a partner of KWFT since 2010 with an outstanding long-term local currency loan which amounts to 1 million euros. Three years ago, KWFT received a license to collect deposits and savings from its customers and is thus coming closer to the banking model while maintaining a strong social vocation. In addition to financial services, KWFT offers its customers small solar power plants and other equipment that improve the lives of rural people, especially women.

**MUSONI-KENYA**

for its part, focuses on the technology: loan officers enter the data of new borrowers and their loan applications directly on their tablet PC. The loan is transferred by the M-Pesa system on the e-money account of the borrower, who also reimburses through M-Pesa; the information system is run on a platform located in Amsterdam, shared with 18 other microfinance institutions. It is fascinating to see how people with very low incomes and who are sometimes illiterate embrace the most advanced technology and trust, for their deposits as well as for their transfers, electronic money. The organisation of borrowers remains traditional: mixed groups act as guarantors for loans granted to their members by Musoni to develop small commercial businesses. These groups follow very precise rules: the absent member who has not been excused at the bi-monthly meeting must pay a 150 shillings fine (around €1.45)! The Foundation will soon grant a first loan to Musoni-Kenya.
BIMAS
which started as a programme of the NGO Plan International, is characterised by a fierce desire to be at the service of the territories’ rural development. Its founding president, Lazare Njagi Migua wants to give power to those who have none. BIMAS, with almost 12,000 active borrowers, is particularly active in the agricultural sector, both for livestock and crop production. The Grameen Crédit Agricole Foundation granted in 2014 a loan in local currency equivalent to € 521,000. This is the first international loan subscribed by BIMAS. The Foundation will also help BIMAS to strengthen its organisation through a technical assistance programme funded within the framework of the “Take-off facility for agricultural and rural microfinance in Africa”, an innovative scheme launched two years ago by the Foundation, in partnership with the AFD (Agence Française de Développement). The message from the BIMAS President after our visit was particularly touching: “Indeed, the humility and dedication of your team have been an important challenge for us. You have travelled thousands of miles to meet with us and discover the power of rural populations in Kenya, apparently powerless.”

JUHUDI KILIMO
is also a very agricultural microfinance institution that has developed a range of loan products to finance the purchase of livestock or equipment. This asset-financing scheme is often coupled with insurance products, in particular from ACRE-Africa. Juhudi is also very active in distributing, among its clients, renewable energy equipment –solar lamps– or improved stoves to reduce by 50% the consumption of charcoal and greatly speed up the cooking time. As of end of September, Juhudi had nearly 19,000 active borrowers, all located in rural areas. In 2014 the Foundation granted to the institution a loan in local currency equivalent to € 482,000 as well as a grant for technical assistance within the framework of the “African Facility”.

Finally, the Directors had the opportunity to visit in the field ACRE AFRICA, which was established in June 2014 at the initiative of the Syngenta Foundation and in whose capital the Grameen Crédit Agricole Foundation has invested 500,000 USD. ACRE (Agriculture and Climate Risk Enterprise Ltd.) is a social business enterprise that aims to expand in Eastern Africa the agricultural insurance innovative model successfully tested for four years by the project Kilimo Salama, based on weather-related and yield indices. Meteorological data is provided by satellite imagery or weather stations installed by the company. The field visit and a meeting with a group of women beneficiaries of index-based insurance policies enabled the directors of the Grameen Crédit Agricole Foundation to analyse the crop insurance products offered, for very low amounts insured, including the replanting warranty: the bag of seeds purchased by the farmer is equipped with an electronic card. By entering the code of the card on his/her mobile phone, the farmer triggers the geolocation of his/her field and starts a three-week period. If during this period, the indices show a water deficit preventing germination of the plant, the farmer is compensated based on the purchase price of the bag of seeds or receives a voucher for a new bag. In 2014, 232,000 farmers benefited from this type of index-based microinsurance products in Kenya, Rwanda and Tanzania.
«New frontiers on microfinance and Social Business in East Africa»: the Grameen Crédit Agricole Foundation partners with AFRACA to organise a conference in Nairobi (Kenya)

On 9 March, the Grameen Crédit Agricole Foundation, in partnership with AFRACA (African Rural and Agricultural Credit Association) organised a conference in Nairobi in the presence of Jean-Marie Sander, Chairman of Crédit Agricole SA and of the Foundation, Saleh Usman Gashua, Secretary General of AFRACA, and Professor Latifee, Managing Director of Grameen Trust. Professor Yunus, who was unable to join due to a trip to India, sent a video message to the conference participants.

During the conference, which brought together nearly 120 microfinance and social business practitioners in the premises of the Kenya School for Monetary Studies, speakers discussed and illustrated the perspectives offered by technological innovation to support farmers in East Africa, and the opportunities offered by Social Business and green microfinance in rural areas.

Cameron Goldie-Scott, from Musoni, presented the information system offered by the institution to its customers and that allows loan officers to enter new borrowers’ data and loan applications directly on their tablet PC. The loan is then transferred by the M-Pesa system on the e-money account of the borrower, who reimburses through the same system. Similarly, on the topic of green microfinance, Veronica Karoki, Research Manager at KWFT, another partner of the Foundation since 2009, focused on the issue of access of excluded people, especially women, to clean energy sources, another extremely important issue within the context of poverty alleviation and climate change.

The conference was also an opportunity to present the Egg-Energy (Engineering Global Growth) initiative in Tanzania. The institution, represented by its Managing Director, Malcolm Wigmore, aims to equip low-income households, without access to electricity grids, with affordable solar stations, equipped with a remote control system through the mobile network. The focus is on distribution and service as well as on the search for energy solutions adapted to the needs of customers.

The Foundation has been asked by the Micro Insurance Network to facilitate the activities of the Agriculture Working Group. Under the previous facilitation of Roland Steinmann, the group has regularly discussed key issues in agricultural microinsurance, most recently conducting a study of the different distribution channels used to bring products to farmers and farming communities.

The Foundation intends to build on past work, but also to seize the opportunities presented by the new momentum building around agricultural microinsurance in international development circles as the related issues of food security and access to credit in rural areas take centre stage. It will also be important for the group, in collaboration with the MiN, to clearly define its role alongside two newly formed initiatives created at the international level, namely the Global Index Insurance Facility’s Community of Practice (CoP) and the ILO’s Global Action Network (GAN). The launch of these initiatives is testament to the growing traction agri-insurance has in policy circles, but it is also a reflection of the importance of working towards policy coherence across the sector.

On a broader level, the MiN has also recently elected a new board and will be launching new strategic approaches to its work, with a focus on increasing value for MiN members. Three priorities have been identified, including refocusing mission delivery and pursuing greater engagement with insurance companies, regionalising its activities and increasing its presence across the various continents, and ensuring that continuing steps are taken to create a healthy environment for sustainable and profitable microinsurance growth.

More information on the MiN, click here.
Grameen Crédit Agricole Foundation co-chairs the Social Investor and DFIs (Development Finance institutions) Meeting on Responsible Finance 2015 in Luxembourg

The European Investment Bank (EIB) hosted the SPTF (Social Performance task Force) social investor working group meeting in Luxembourg on March 11-12. Day 1 was a day of pre-meetings for members of the working group.

The objective of the day was to discuss among members updates on all ongoing initiatives and identify key action items for the group for the year. On Day 2, the group opened the discussion to a broader audience that had not always been part of the conversation in the past. The objective of the day was to exchange experiences and ideas with the broader audience and, based on the discussions of Day 1, refine the action plan for the SPTF social investor working group for 2015.

One key theme common throughout all discussions of the two-day meeting was the importance of coordinating the work of the different initiatives and tools, harmonizing language, and working collectively. A strong appeal was issued to all to increase commitment to implementation – any initiative that the group works on can only achieve its goals to improve practice in the responsible finance sector if it is taken up and translated into change by a growing number of stakeholders. There are a number of challenges and hurdles to be addressed, internally and externally. This working group focuses on addressing them, sharing them, and by doing so supporting individuals who commit to push change in their respective organizations.

In its role as co-representative of the investor group on the Board of the Social Performance Task Force, the Foundation plays a leading role in pushing forward the development of a new version of the Social Performance Indicators (SPI4) with a reduced number of indicators that can be used by investors for due diligence and monitoring (“SPI4 light”). The goal is to narrow down and finalize a list to 70-80 indicators. The next steps are to finalise this tool and test its uptake by the industry.

Further information, click here

The e-MFP Investors in Tier 2/3 MFIs Action Group Annual Survey released

For the third year in a row, the e-MFP Investors in Tier 2/3 MFIs Action Group publishes its Annual Survey. In this edition, the Survey presents the results of the consolidated analysis of the portfolios of the participants as of end 2013 by tier, type of investment and geographical location and the trends for years 2012-2013.

The Grameen Crédit Agricole Foundation participated in the survey. The figures show that the Foundation ranks 4 out of 11 investors in terms of total amount invested in Tier 2/3 MFIs with 79,41% of its portfolio invested in the microfinance field.

To download the full survey, please click here.
FOCUS SOCIAL BUSINESS

Green Village Ventures (GVV) - India

Green Village Ventures (GVV) is an Indian company that provides access to electricity services to rural families in Uttar Pradesh, India’s most populous state and one of the poorest. The company offers solar powered lighting solutions at a price and with a quality that can compete with kerosene, heavily subsidized by the state and used by very poor families. Green Village Ventures intends to build on its implementation and local knowledge to develop and provide access services to essential goods to the poorest people of the state.

Green Village Ventures was established in 2008 to facilitate access to basic services in poor rural areas, with emphasis on reducing fuel consumption. After four years of field testing and having proved the validity of the concept, GVV has started to roll out an innovative model based on renting solar lanterns to poor rural households in Uttar Pradesh. With this model, the company gives access to lighting at a monthly cost 50% lower than that of kerosene.

Through its partnership with the Indian Post, GVV is able to access the most remote villages on the basis of local implementation and the postman social legitimacy. Solar panels are installed on the roof of the post office in every village and the postman runs the activity: recharge batteries for solar powered lamps every day and distribute them among the villagers at sunset. GVV employees are responsible for training postmen, setting up communication campaigns to disseminate the concept of solar powered lamps across villages and maintain equipment, but do not interfere in any way in the relationship between customers and postmen.

The Foundation has chosen to partner with Green Village Ventures because of its business model and its strong local roots that allow the institution to rapidly increase its social impact. The model, based on a strong partnership with a public service, is also very innovative and replicable in terms of sales of basic services to poor households. Since 2014, Grameen Crédit Agricole has invested €200,000 in equity and holds a 13.3% equity stake in the company. It participates actively in the governance of the company.

FOCUS PARTNERSHIP

AFRACA (African Rural and Agricultural Credit Association)

The African Rural and Agricultural Credit Association (AFRACA), a member based Organisation, was established in 1977.

In 2003, AFRACA received a diplomatic status from the Kenyan government. Its mission is to improve the rural finance environment through the promotion of appropriate policy framework and to support member institutions to provide sustainable quality financial services to the rural population.

The concept of Regional Agricultural Credit Associations (RACAs) finds its origin in the FAO sponsored Regional Seminar on Agricultural Credit for Small-holder farmers held in Accra, Ghana in 1973. Subsequently, the World Food Conference on credit for small-holder farmers in developing countries held in Rome in 1975 recommended that FAO should assist its member countries to establish such associations in different parts of the world. This resulted in the founding of three regional credit associations: African Regional Credit Association (AFRACA), Near East, North Africa Agricultural Credit Association (NENARACA) and the Asia Pacific Rural and Agricultural Credit Association (APARCA) and later a similar Association (ALIDE) was established for the Latin America Region.

During the period under review, AFRACA’s Strategic direction rests on five pillars, namely:

1. Policy and Advocacy
2. Knowledge Management and Information
3. Sharing: Partnership and Networking
4. Capacity Building
5. Creating opportunities for agricultural value chain finance in Africa (Business Linkages, Business Opportunities)

Within this framework, AFRACA co-organised a conference on microfinance and Social Business in Eastern Africa, in partnership with the Grameen Crédit Agricole Foundation, on 9 March, in Nairobi.

With this event that brought together near 120 microfinance and social business practitioners, the Foundation has strengthened a partnership also developed with the International Confederation of Agricultural Credit (CICA) of which Jean-Marie Sander is also the president.