This was the observation made by the World Bank 2015 FINDEX Survey. The good news is that the number of excluded adults declined by 500 million compared to the previous survey conducted in 2011. Of course, the mere holding of an account at formal financial institutions, including microfinance institutions, is a basic criterion for financial inclusion. It accounts neither of the actual use or ease of access to services, nor of the benefits the poorest derive from a banking or quasi-banking relationship. Indeed financial inclusion goes far beyond access to credit or to a banking account. Access to savings and insurance products are just as important to deal with contingencies and reduce risks.

Despite these limitations, the survey underlines the challenge of financial inclusion on a global scale. It also reveals the inequality in financial inclusion:

- Inequality depending on the country: the “bancarisation rate” is on average 14% in the Middle East and 34% in Sub-Saharan Africa, compared with an average of 62% worldwide.
- Inequality according to gender: in developing countries, the bancarisation rate of women is 9 points lower than that of men.
- Inequality between the urban and rural world, due to the difficulty in accessing financial services, despite the development of “mobile money”, especially in sub-Saharan Africa where 12% of adults hold this type of account.

Sub-Saharan Africa / Middle East, women, and rural areas are precisely the three priority areas of the investment and support policy chosen by the Grameen Crédit Agricole Foundation, which is confirmed by the figures at end of 2015. On that date, the 46 partner institutions of the Foundation totalled 3.2 million active borrowers, 84% of them women. 78% of these active borrowers live in rural areas and 24% of them live in sub-Saharan Africa.

Another survey conducted in 2015 by the CGAP reveals that after several years of steady growth, international funding of financial inclusion stabilized in 2014 at $31 billion, 72% of which was public funding and 28% private funding. It can be noted that the allocation of these international resources among regions of the world does not reflect their relative position in terms of financial inclusion: Eastern Europe and Central Asia attract 31% of the funding, while Africa and the Middle East only receive 24% of this windfall, although their bancarisation rate of 34% and 14% respectively is well below the 51% rate observed in Eastern Europe and Central Asia.

If cooperation agencies and international financial institutions share our belief that financial inclusion is a key to development, it is urgent they revise the allocation of their resources to give priority to regions and sectors lagging behind.

1. Source: Global Finex Database, IBRD 41559 / April 2015
2. Source: CGAP brief “Current trends in international funding for financial inclusion”, December 2015
In 2015, the Grameen Crédit Agricole Foundation implemented 23 new financing operations through loans, guarantees or equity investments in favour of microfinance institutions or social business companies.

Over its seven years of operation, the Foundation has approved 163 financing operations for a total amount of €106 million. It currently supports 46 partner microfinance institutions and 13 social business companies in 27 countries, among the poorest. The Foundation’s partner microfinance institutions serve 3.2 million active borrowers, 84% of them women. 78% of these active borrowers live in rural areas and 24% of them live in sub-Saharan Africa.

In 2015, the Foundation pursued its efforts to expand and diversify its action in favour of the most deprived.

It pursued the implementation of the “Take-off facility for rural and agricultural microfinance in Africa”, launched in 2013 with support from the French Development Agency. As of end of 2015, the Foundation supported 16 microfinance institutions within the framework of this scheme, of which 14 through loans, and had conducted nearly 60 technical assistance missions. Investments made within the framework of the African Facility represent 32% of microfinance commitments in sub-Saharan Africa.

The Foundation also continued the development of the Grameen Crédit Agricole investment Fund (the GCA Fund) dedicated to social business companies. The Foundation has already invested in 13 social business companies in ten countries, including Haiti in 2015, in areas related to agriculture, health, culture, financial services and renewable energy. The target size of the fund is €20 million.

In the field of agricultural insurance, the Foundation pursued its support to the Harvest Insurance Sahel project, a pilot project conducted in four African countries led by Planet Guarantee, with the financial support of the World Bank. It has also intensified its commitment to the research initiative on agricultural index-based insurance conducted in partnership with Pacifica, the Europlace Institute of Finance, Airbus and the Universities Paris-Dauphine and Nanterre, including by taking an active part in the Global Index Insurance Conference organised in partnership with IFC (World Bank). The Foundation has also strengthened its partnership with ACRE-Africa, which provides index-based insurance products to nearly 400,000 small farms in Kenya, Rwanda and Tanzania.
BABYLOAN WANTS TO DEMOCRATISE GREEN MICROFINANCE

From the beginning of 2016, the Total initiative “Access to energy” plans to finance 2,000 small businesses by 2018 in a dozen countries, mainly in Africa, Latin America and Southeast Asia, through the platform developed in partnership with Babyloan.

Contributors can lend small amounts, from 10 euros. The amounts collected will then be lent to local microentrepreneurs, for amounts up to 10,000 euros. Total funds the technical development of the platform, which will soon be available, as well as the costs of setting up and auditing the network of local partners through Babyloan. The latter will keep its hands on the choice of supported entrepreneurs.

Babyloan, which is active both in France and in 20 developing countries, has now exceeded €12 million lent for a total of 26,711 projects supported.

SPI-ALINUS: A NEW SOCIAL PERFORMANCE MEASUREMENT TOOL AT THE SERVICE OF INVESTORS

INTERVIEW WITH CÉCILE LAPENU FROM CERISE AND JÜRGEN HAMMER FROM THE GRAMEEN CRÉDIT AGRICOLE FOUNDATION

The aim is to standardise the collection of information, improve data quality and facilitate the management of social performance over time. SPI4-ALINUS allows actors to speak the same language around social performance issues. It also allows an MFI to define its “social state” and to develop a plan of action and improvement. Monitoring social performance through SPI4 should be supplemented with outcome indicators distributed evenly across the six dimensions of the Universal Standards for Social Performance Management, to which the “Green microfinance” dimension, also important for investors, is added. The Foundation and CERISE will increase their efforts so that investors can take possession of this tool and widely disseminate it among MFIs.

EUROPEAN MICROFINANCE WEEK 2015: FINANCIAL INCLUSION FOR SUSTAINABLE DEVELOPMENT

During the European Microfinance Week, held from 18 to 20 November 2015 in Luxembourg and organised by the European Microfinance Platform (e-MFP), over 450 practitioners, investors, academics and support providers gathered, with this year’s attention on Financial Inclusion for Sustainable Development.

Throughout the conference, the workshops, Action Groups and plenaries addressed the various financial, social and environmental components of sustainability, including: identifying overheated and underserved markets to better target growth and increase sustainability; incentivising long-term financing by investors; new approaches to managing risk; protecting clients from shocks in difficult contexts and providing them with a suite of financial services for sustainable livelihoods; and increasing environmental sustainability – through finance for clean energy products and improved agricultural practices.

Within this framework, the Grameen Crédit Agricole Foundation moderated two workshops on “Managing Social Performance: SPI4 – ALINUS” (Jürgen Hammer) and on “MFIs and agricultural credit and insurance: does it have to be an unhappy marriage?” (Philippe Guichandut).

More information on the European Microfinance Week, click here.
CRÉDIT AGRICOLE SA AND ITS SUBSIDIARIES RISE TO BABYLOAN’S “GRAND DÉFI SOLIDAIRE”

On 23 November, Babyloan, the first European solidarity-based microcredit platform, challenged employees from Crédit Agricole SA, Crédit Agricole CIB and Crédit Agricole Assurances to support, through microloans (€10 minimum), the projects of eleven microentrepreneurs with no access to traditional banking services.

A dedicated website allowed participants to choose, worldwide, the projects they wanted to support, and monitor in real time the progress towards the target: an overall funding of €6,000 completed by fund matching by the company up to €3,000 in case the target was reached.

155 employees took up the challenge during twelve days! And with €8,200 lent, these new “Babyloanians” have far exceeded the goal. Thanks to their mobilisation which allowed unlocking the fund matching, a total of twenty-eight microentrepreneurs will be able to create or develop an economic activity and thus overcome their precariousness.

CONVERGENCES PUBLISHES THE 4TH BAROMETER OF SOCIAL ENTREPRENEURSHIP


In a context of economic and social crisis, the coexistence of people becomes more fragile. Every day, many people commit themselves to address societal challenges, to give substance to the social cohesion and demonstrate that modernity implies solidarity. According to the 2015 Opinion Way survey presented in this 4th edition, one in two French considers that social entrepreneurs contribute to social cohesion. The 2015 Barometer pays tribute to those entrepreneurs who, every day, contribute to build a better world: “Zero exclusion, Zero Carbon, Zero Poverty”.

Beyond the diversity of its legal forms, social entrepreneurship makes the company model available to the service of a social cause, be they employment, access to housing, education for all, protection of the environment or access to healthcare. Social entrepreneurs appear to be wonderful tools to promote social cohesion and essential stakeholders to favour inclusive and sustainable growth. 93% of them are in fact optimistic about their ability to solve societal problems, according to the Opinion Way survey.

MICROINSURANCE NETWORK INDUSTRY MEMBERS, INCLUDING THE GRAMEEN CRÉDIT AGRICOLE FOUNDATION, COMMIT TO INNOVATIVE, SUSTAINABLE SOLUTIONS FOR CLIMATE CHANGE

As the COP21 concluded in Paris, a global climate agreement was announced setting a binding 2-degree target for rise in global temperature. The Microinsurance Network has confirmed its commitment to reduce the impacts of climate change by enhancing resilience of low-income people.

The members of the Microinsurance Network, [among which the Grameen Crédit Agricole Foundation], also highlighted that finding solutions for the reduction of climate change impact, is not only a part of their aforementioned inherent mission to enhance the resilience of low-income households, but that it also presents business opportunities and ensures the safeguard of private insurance markets. While climate change poses potential threats to the insurance industry, it also offers prospects for innovation and developing creative products and services to minimise the causes and effects of extreme weather events.

The Microinsurance Network industry members have committed to climate adaptation and mitigation by investing and raising awareness on long-term infrastructure resilience to disasters, as well as realising their crucial role in expanding the scope and type of insurance data and models to improve risk reduction and resilience. The Network has stressed the need for innovative, sustainable and effective partnerships with businesses, the public and private sectors, as well as civil society, to help relieve the burden of low-income households in the face of environmental hazards.
JÜRGEN HAMMER APPOINTED AS CHAIRMAN OF THE BOARD OF THE SPTF (SOCIAL PERFORMANCE TASK FORCE) AT GLOBAL LEVEL

JÜRGEN HAMMER, CIO and Head of Social Performance management has been appointed as Chairman of the Board of the Social Performance Task Force (SPTF). He succeeds Frank de Giovanni from Ford Foundation.

The Social Performance Task Force is a membership organisation with more than 2,600 members from all over the world, organised along and comprising every stakeholder group in inclusive finance: practitioners/MFIs, donors, investors, associations (global, national and regional), technical assistance providers, rating agencies, researchers, regulators and others. Its mission is to engage with inclusive finance stakeholders to develop, disseminate and promote standards and good practices for social performance management and reporting.

In addition to the chairmanship of the SPTF, Jürgen will also be in charge of the Strategic Outreach for the organisation, mainly in Europe. This new function was created based on the observation that the investor and donor stakeholder group is among the most active and driving forces of SPTF’s work: the implementation of Social Performance management (SPM) by the investor community is vital to realizing the Task Force’s vision of making SPM standard business practice and fundamental to achieving the social promise of inclusive finance. The main objectives of this cooperation are to promote the SPTF’s work and outputs with funders and asset owners involved in inclusive finance and to engage in a dialogue about the concept of global return for an investor’s “impact” in this sector.

A cooperation agreement has been signed between the GCA Foundation and the SPTF to structure this work.

Congratulations to Jürgen: this appointment comes as recognition of his vibrant commitment to the social dimension of microfinance.

More information on the SPTF, click here.

PHARE CIRCUS INSTALLS ITS TENT IN A NEW LOCATION

Phare, the Cambodian Circus created and operated by the social business company PPSE, moved to a new location at the beginning of January. Thanks to the efforts of everyone, from artists to the human resources team, under the supervision of Sophheak SAM, Technical Manager, the installation was made in record time, without needing to interrupt shows.

By settling on a plot of 5,580 square meters that owns, close to the city center, PPSE is equipping itself with the resources necessary to develop a long-term project and create additional facilities for spectators (restaurant, shop) and training of artists (Gym). The $ 500,000 financing came from PPSE’s shareholders, a long-term loan granted by the Grameen Crédit Agricole Foundation and a $ 50,000 fundraising from the crowdfunding campaign “A home for Phare”. Dara Huot, Managing director of PPSE, is pleased to “own a permanent venue that we had the chance to tailor to our needs.” The first show in the new tent was fully booked out and very successful.

More information on the Phare Circus: Click here

Click here to view the video of the inauguration of the new tent
CHAMROEUN (CAMBODIA) RECEIVES THE MIX S.T.A.R

Chamroeun, the Cambodian microfinance institution of which the Foundation is a shareholder, alongside Entrepreneurs du Monde, received last January the STAR (Socially Transparent And Responsible) recognition awarded by the MIX Market. Chamroeun is the second Cambodian partner of the Foundation to achieve such recognition.

MIX S.T.A.R. MFIs are recognized as such for having achieved a high level of compliance with the Social Performance Task Force’s (SPTF’s) Universal Standards of Social Performance Management (USSPM). To receive this recognition, MFIs must report on and provide appropriate documentation for each area of the USSPM that is also covered by MIX’s social performance (SP) indicators, as well as having documented environmental protection policies in place.

Chamroeun places social vocation at the heart of its business model. It provides financial services to the poorest, those excluded from the supply of more commercial microfinance institutions. To maximize the impact of credit and effectively help very poor families, it also offers a wide range of training and economic, social and personal support services. Chamroeun is a partner of the Grameen Crédit Agricole Foundation since 2012. As of end of September 2015, the institution had 44,296 active borrowers, 83% of them women and 64% of them living in rural areas. ■

SÉNÉGALAISE DES FILIÈRES ALIMENTAIRES (SFA) AND THE BOUNDOUM RICE PRODUCERS UNION COMMIT THEMSELVES IN 2016

On January 19, the leaders of SFA, of which the Foundation holds a 20% equity stake alongside Durabilis, signed, with representatives of the village sections of Boundoum Barrage, in the Senegal valley, commitments to deliver and purchase paddy at an agreed price for the two seasons of 2016. The signatories sections represent over 700 small producers.

This agreement is in line with the dynamics of the inclusive value chain project developed over the last three years by SFA, and of which the inauguration of a 10,000 tons capacity rice mill was an important milestone in 2014. It is also part of the technical support process that SFA is implementing in partnership with the Bey Dunde project supported by Canadian Cooperation, and the “Nataal M’Bay” project funded by USAID to train farmers in better farming practices and improve yields. The technical support programme is geared to achieving an average yield of 7.5 tonnes per hectare by 2017.

The agreement also strengthens the financial partnership between SFA, the CNCAS and the Boundoum Producers Union. The Government of Senegal is determined to achieve self-sufficiency in rice production. The project of SFA firmly fits into this vision. ■
THE TEAM OF THE GRAMEEN CRÉDIT AGRICOLE FOUNDATION CHANGES

In 2015, the team of the Foundation was renewed with several departures and the arrival of new colleagues.

Within the SB team (Social Business), Alexandre Borme and Benjamin Touboul left. Alexandre, who joined the Foundation in 2012, works now with Entrepreneurs du Monde where he joined the social entrepreneurship team to develop energy access projects. On his side, Benjamin, who joined the Social Business team in early 2015, has embarked on a personal Social Entrepreneurship project. At the same time, we welcomed Aïssatou Le Blond and Maud Minoustchin. Aïssatou, who worked for Investisseurs & Partenaires, is in charge of the Social Business portfolio in West Africa and Madagascar. As for Maud, who spent eight years in the ENGIE Group, first at the Research Department and then at the Sustainable Development department, is in charge of several Social Business investments in Africa, Asia and Haiti.

Within the MFC (Microfinance and Communication) team, Yann Gelister, in charge of the Foundation’s microinsurance activities decided to make a career shift to enter upon the study of medicine in Great Britain.

Also within the microfinance team, Laurent Chauvet joined the Foundation at the beginning of the year after more than four years working as an analyst for Planet Rating and several field experiences, in particular in Sudan and Peru.

Yann Masurol joined the Foundation in 2009, decided to pursue his career with AFD where he joined the service in charge of ARIZ guarantee, and likewise, Héléoise Porte, who joined the Foundation in 2013 as a microfinance analyst, joined the IFC (International Finance Corporation) in Dakar.

Within the AF (Administration and Finance) department, Alexia Jaunet provides support as an assistant. Alexia participated in the launch of the Grameen Crédit Agricole Foundation back in 2008, alongside Jean-Luc Perron.

Finally, within the new RSP (Portfolio Risk & Social Performance Management) department, Dominique Weiss is in charge of the analysis of counterparty risk and social performance. After four years working as a microfinance analyst for the Foundation, she joined the Regional Council of Ile de France in 2013 where she was in responsible for subsidies granted to innovative SMEs. We welcome all of our new colleagues and wish the old ones to succeed in their new projects.

NEW INVESTMENTS

THE FOUNDATION RENEWED SEVERAL HISTORICAL PARTNERSHIPS

In Indonesia, the Foundation renewed its partnership with KOMIDA, partner since 2010, though a loan in local currency equivalent to €1.6 million over a three-year period. KOMIDA is a microfinance NGO founded in 2004 and that began offering microcredits in August 2005 to people affected by the tsunami in Banda Aceh (North Sumatra). The Institution has transformed into a savings and credit cooperative since then and has currently 230,000 active borrowers, all of them women living mainly in rural areas (90% of them).

In Sri Lanka, the Foundation granted a new loan to BERENDINA MICROFINANCE INSTITUTE (BMI), with whom it works since 2012. The three-year period loan was granted in local currency for an amount equivalent to €1.5 million. BMI started as a microfinance programme within Berendina Development Services, an NGO founded by the Dutch Foundation Stichting Berendina. The institution has 68,000 active borrowers, 81% of them women. All BMI’s borrowers are located in rural areas.

In Senegal, the GCA Foundation also renewed its partnership with MEC FADEC, partner of the Foundation since 2013. It granted the MFI a loan in local currency equivalent to €310,000 over a three-year period, within the framework of the African Facility. This institution was created in 1999 as a World Vision project, and in March 2000 it became a savings and credit cooperative with the aim of “fighting poverty by organising and training its members and supplying adapted and diversified financial services in the areas of Këbëmer and Louga.” MEC FADEC has 2,300 active borrowers, 65% of them women for a loan portfolio of €750,000.
FOCUS SOCIAL BUSINESS

PALMIS ENÈJI S.A. (HAITI)

PROVIDE THE MOST VULNERABLE WITH BETTER ACCESS TO ENERGY FOR COOKING AND LIGHTING

In Haiti, 72% of households do not have access to electricity. Lighting is provided by candles or kerosene lamps whose light levels are too dim for domestic or school activities. To cook, they use rudimentary and ineffective coal fires that deepen deforestation and generate extremely harmful smoke for their users. Yet suitable products exist: solar lamps allow better and less expensive lighting in the long term. Improved and LP-gas stoves consume less energy for cooking. But these products are not available in Haiti and financial services facilitating their purchase are rare.

Palmis Enèji, launched in 2012 as an Entrepreneurs du Monde programme and that became a limited company in 2014, wants to promote access for all to clean, modern and economical energy. It operates as a franchised business distributing improved and LP-gas stoves as well as solar lamps, by working with:

- Franchised resellers, through three levers: economic (business diversification, stock financing, negotiation of purchase prices); training (technical, management, marketing); communication (advertising, marketing);
- Families, through two other levers: promotion and awareness (public demonstrations, information campaigns, etc.), microcredit.

Grameen Crédit Agricole has supported the transformation of the Palmis Enèji NGO programme into a social business company by investing € 46,000 that is 15% of the shareholding. GCA, which participates actively in the governance of the company, alongside Entrepreneurs du Monde and Yunus Social Business Haiti, supports Palmis Enèji because of the economically innovative aspect and the replicable nature of the model, and due to the social impact of the project in one of the poorest countries in the world.

More information on Palmis Enèji, click here

FOLLOW UP

EVPA (EUROPEAN VENTURE PHILANTHROPY ASSOCIATION)

PARTNERS SINCE 2012, THE FOUNDATION AND THE EVPA PROMOTE SOCIAL INVESTMENT

The Grameen Crédit Agricole Foundation participated in the annual EVPA conference which brought together 500 participants in Madrid on 1 and 2 December 2015.

The next annual EVPA conference will be held in Paris on 3 and 4 November 2016, at Maison de la Chimie.

More information on the EVPA, click here

Crédit photo: Philippe LISSAC / Thierry LEDOUX / e-MFP / PPS E / SFA