

Newsletter n° 28
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THE FOUNDATION
GRAMEEN CRÉDIT AGRICOLE

www.gca-foundation.org

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Foreword

Pascal Webanck
Chief Financial Officer

In 2017, our Foundation decided to strengthen its microfinance activities by setting ambitious goals.

As of June 30, our results show that we are meeting the objectives set with our Board of Directors: growth of the microfinance loan portfolio (EUR 46,2 million committed) and operating cost control.

New cooperation agreements with entities of the Crédit Agricole Group have also been set up. These partnerships enable us to access new countries and to offer intervention schemes adapted to local legislation. **We are therefore very pleased to work with our friends of the Crédit Agricole Group towards inclusive finance by facilitating access of people traditionally excluded from the**

formal banking system to financing. These cooperations offer much promise.

We also signed a new partnership with the French Development Agency within the framework of the African Facility. This agreement will enable the Foundation to pursue and strengthen its small-scale microfinance institutions professionalization programme.

Finally, the Foundation is continuing its efforts to improve the social performance of the partners it supports and finances. On this issue too, the results are satisfactory. **Our first integrated annual report, which we have recently published, dedicates a large part of its content to this topic.** 

News



Philippe Brassac's speech to the 10th Convergences World Forum

Crédit Agricole S.A. CEO Philippe Brassac gave a speech late on Tuesday 5 September, before the closing soiree of the Convergences World Forum at Palais Brongniart in Paris.

[Further information](#) 

African Facility: success of the first phase of the project implemented in partnership with AFD

Three years after the launch of the first African Facility, a programme set up in 2013 by the Grameen Crédit Agricole Foundation in partnership with the French Development Agency (AFD), the results show the validity of the scheme.

[Further information](#) 



GCA FOUNDATION Key figures AS OF JUNE 2017

29 Countries

53,2 TOTAL COMMITMENTS
Million Euros

54 supported MFIs

15* SOCIAL BUSINESS COMPANIES
Supported

GEOGRAPHICAL DISTRIBUTION OF COMMITMENTS

17,9%
Eastern Europe
& Central Asia

4,3%
Western
Europe

34,5%
South
& South-East Asia



40,0%
Sub-Saharan
Africa

3,1%
Middle East
& Northern Africa

0,2% Latin America
& Caribbean

*Including ACAD Finance and Chamroun which are also MFIs



The GCA Foundation publishes its first Integrated Annual Report

The 2016 Integrated Report of the Grameen Crédit Agricole Foundation is now available. Synthetic, this annual report presents the activities of the Foundation over the past year, highlighting in particular the social performance of its partners.

[Further information](#) 

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From Microfinance to inclusive finance

One third of the world's population is excluded from the traditional banking system

Although the figures are difficult to consolidate, the World Bank estimates that 2 billion adults do not have a bank account. A number of reasons may explain this phenomenon. Low income, random income and no guarantee are among the most numerous. These findings are supplemented in specialist studies by the cost of financial services and the incompatibility of relational business models targeting solvent populations and ignoring the “bottom of the social pyramid”. Women, poor rural communities and remote populations are among the most affected by this situation.

From microcredit to inclusive finance

The first objective of microfinance is to fill this gap by offering small loans to these populations to finance income-generating activities and thus enter the virtuous cycle of social integration through economic dynamics.

Since the beginning, the method based on a loan with the joint guarantee of the group remains the most frequently used. On the other hand, the sector has evolved considerably, thanks to the experience of great successes and some remarkable failures.





In recent years, the most remarkable development has been the measurement of Microfinance Institutions social performance using indicators drawing on the notion of responsibility, respect and ethics. Microfinance practitioners, grouped in associations and supported by organisations specialised in objective measurement have developed widely tested standards. They are now included in the investment policies of some financing institutions, including the Grameen Crédit Agricole Foundation.

In 2013, the World Bank set a universal access to financial services for all working-age adults by 2020, as part of a dedicated report. In this report, the World Bank urges policy makers to focus on products that benefit poor communities, women and other vulnerable groups first. While in the 1990s

“The World Bank estimates that 2 billion adults do not have a bank account”

microfinance represented the entire offer to excluded people, technological innovations have played a major role in promoting the financial inclusion of low-income populations in Kenya, the Philippines and Tanzania.

Inclusive finance, including standard offer and new low-cost technologies, has become the generic term for actions aimed at low-income populations.

At the **Grameen Crédit Agricole Foundation**, we define inclusive finance by its ability to provide access to useful and appropriate financial products or services (transactions, payments, savings, credit and

insurance, etc.) at an affordable cost. This finance is responsible because it records its profit over the long term by seeking to converge the interests of the lender, the final beneficiaries and the ecosystem.

Traditionally, two criteria are used by classical finance to evaluate the expected performance: the financial performance sought and the risk of not achieving that performance. In the area of inclusive finance, a third criterion is taken into account: the impact. It can be social and / or environmental. Alongside the other two criteria, the impact supplements the analysis.



“Inclusive finance is a three-dimensional finance: performance, risk and impact.”

Inclusive finance promotes community spirit

One of the strengths of inclusive finance is that it takes into account the common good. Take due account of the impact, along with the return or the risk enables it to be integrated from the beginning. Inclusive finance promotes the harmonious development of territories, social inclusion and sustainable development, the development of the economy in its social and solidarity dimensions as well as entrepreneurship. This dimension generates by itself a virtuous circle of utility. It is also committed to transparently reporting on its use, context and impact.

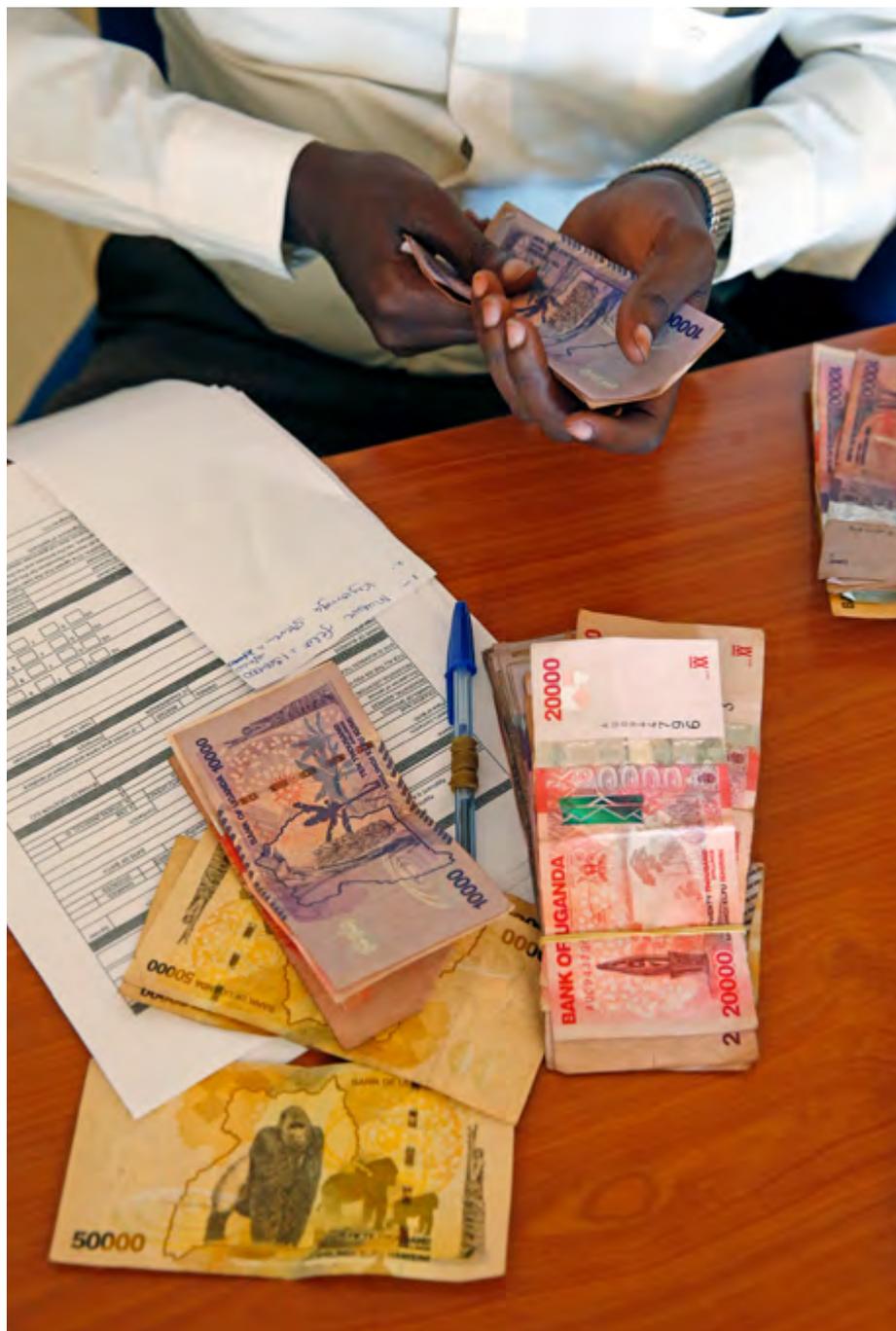
However, the concept of impact should be approached in an objective manner. In this respect, experience on the concept of social performance on which practitioners have managed to define standards and methods will be extremely valuable.

An alarming problem in Europe

In Europe, a recent study produced by Mastercard estimates that 138 million people are cut off from society financially speaking, i.e. without neither a bank account nor means of payment. As for the French, 25% of them say they have difficulties accessing financial products and services. Among them, one-third is under the age of 34 and 21% has a full-time job.

Inclusive finance, a bias for the future

Inclusive finance is an emerging topic driven by major societal challenges (inequalities, migration, exhaustion of resources, concerns over climate change, etc.). It benefits from high visibility thanks to the power of digital and collaborative networks.



In France, this particular finance responds to growing demand from the public. Several surveys show that a large majority of French people want their savings to be useful to the economy and want to know what their money is used for.

Disappointed by the impact of public action, they expect companies (especially banks) to act effectively for a future that is respectful of people and the environment. This feeling has

increased markedly since the financial crisis of 2008, as evidenced by the forward march of socially responsible investment funds (SRI: EUR 746 billion in outstanding amounts in 2015, according to Novethic, that is an increase of 29%). An increase mainly due to employee savings and that would undoubtedly be even greater if the investor had more confidence in the promises from banking institutions. 

