We are glad to present you the 31st issue of our Newsletter. This special edition puts light on the Foundation’s 10th year anniversary and the good last year results. As of December 2018, the Grameen Crédit Agricole Foundation recorded 81 million euros in commitments, of which 36% in Sub-Saharan Africa. In one year, our portfolio increased by 22%. The Foundation has thus reinforced its support to women entrepreneurship and rural economies: women and rural populations represent respectively 75% and 79% of the customers served by the partner institutions.

In this issue, you will discover the development of two of the many projects launched last year with the Crédit Agricole Group: the Fund for Inclusive finance in Rural areas (FIR) and the “Solidarity Banker” programme. You will also read an article of Hélène Sananikone, Equity Manager at the Foundation, on the possible harmony between social and economic performance. You will also discover a testimony of Jonathan Michaud, an agronomist of Crédit Agricole Franche-Comté, who, after a Solidarity Banker mission, has joined for 2 years a project aiming at structuring the dairy sector in Senegal. A great project that we are proud to support.

Have a pleasant reading!
Harmony between social and economic performance is possible

By Hélène Sananikone, Equity Investment Manager, Grameen Crédit Agricole Foundation

“Social” and “business” are two terms that have often been considered incompatible and for many continue to be so. Nevertheless, there are economic models which set structural objectives to reconcile social impact and economic development in one plan. In the beginning of the 2000s, professor Yunus laid the foundations of a model with these characteristics: social business. Like any conventional business, it aims to turn a financial profit, but must at the same time meet its social utility objective which is integrated into the core of its governance and operations.

Projecting a profitability profile when you are concerned about social impact is no easy matter, because this objective entails additional costs for the company. The break-even point necessarily takes longer to reach, as the capital requirement is often mechanically greater, but the equation is far from impossible.

More specifically, when executives are driven by a determined resolve to create positive externalities by creating value for their company, they find the means to generate social impact and to sustain their action. Increasingly in demand, this model that combines impact and profitability is establishing itself more and more as a model for the future. At the foundation, we see more and more companies that are seeking to serve low-income (Base of Pyramid, BoP) customers by relying on the volume effect but also by pooling the costs on an extensive range of products. In this case, the social objectives turn out to be a wealth creation lever. A case in point is the Laiterie du Berger, a Senegalese social business company in which the Grameen Crédit Agricole holds a shareholding stake.

The Laiterie du Berger: an entrepreneurial adventure

The Laiterie du Berger is the story of a Senegalese family and friends who believed that it was possible to structure a milk production sector in Senegal. At the outset, the project entailed proposing an economic model to Fulani stockbreeders to enable them to increase their income and thus to improve their standard of living, thanks to a model for the production, collection, and marketing of Senegalese milk.

When the project was developed, many thought it was impossible: using Senegalese fresh milk to make dairy products is like building an oasis in the desert: very expensive and not very competitive vis-à-vis competitors who use only milk powder imported directly from major producing nations.

Faced with these difficulties, the project initiators looked for industrial and financial partners for the long run to build a milk value chain together. The Laiterie du Berger thus developed a hybrid model by using milk produced locally together with milk powder to bring down the cost of industrial production. The company moreover developed an umbrella mark, “Dolima,” that covers a range of products at an affordable price intended for populations with varied income level, all of which were nonetheless interested in consuming dairy products. The company recently reinforced its growth with the slogan “Good for me, good for my country” which enabled “Dolima” to become a national reference.

After 12 years of activity, the Laiterie du Berger provides a wide range of well segmented dairy products and has now reached the economic balance point. The factory is fully operational and new investments are planned to keep up with the demand for Dolima products.

Thanks to the tenacity of its founder and joint shareholders, the company has always been mindful of its social mission while having to wait for many years for its economic model to be put in place. It is by mastering the agricultural value chain “from farm to table,” or “from farmer to consumer,” that this project not only managed to see the day but also to break even – a process that took 10 years.

A future to be shared by and between Franche-Comté and Senegal

A second chapter will now open thanks to the entry of a new shareholder: Crédit Agricole Franche Comté. Following a “Solidarity Banker” mission in June 2018, the regional bank accepted to second an agricultural engineer for two years to KOSAM 2, a project that aspires to set up a milk sector. The territorial problems of the North of Senegal are actually similar to what Franche-Comté went through to create the Appellation d’Origine Contrôlée du Comté (AOC) [designation of origin] and the development of dairy farm milk. The aim is to sustain the income of stockbreeders by building their production capacity and making sure that the Laiterie du Berger has the necessary supplies to develop its specific range.

The story of the Laiterie du Berger shows us that although complex, the marriage between profitability and social impact is possible. At the Grameen Crédit Agricole Foundation, we are convinced and will continue, alongside our partners, to promote this vision of the future of the company and sustainable finance.
The dairy sector in Senegal: a promising experiment

Par Jonathan Michaud, Agronomist, Crédit Agricole Franche Comté

The rationale of the Laiterie du Berger

Processing milk collected from Fula stockbreeders in the Richard Toll region in the North of Senegal has been part of the business plan of the Laiterie du Berger (LDB) from its very beginning in 2008. The Fula people are nomadic stockbreeders who have always produced milk, mainly for consumption on the farm, considered as a by-product of a suckler herd. The LDB aspires to turn this milk into a full-fledged production to be sold and generate stable income for the household.

This powerful idea of an integrated and sustainable development through the marketing of an agricultural output by a social business company brought together many initiatives around the LDB which are being pursued by stakeholders in research, development or by the LDB itself. Although they at times suffer from a lack of coherence, all these actions have nonetheless made it possible to draw many lessons and thus contribute to the premises of a real territorial dynamism around milk product. The Laiterie du Berger and its shareholders wanted to capitalize and enhance this rich experience at this time to embark on a new stage of development for the milk sector in Senegal.

An ambitious partnership to develop the milk sector in Senegal

Alongside the Grameen Crédit Agricole Foundation, the regional bank of Crédit Agricole Franche-Comté wanted to invest so as to guide and support the LDB in this exciting project. A support mission was consequently carried out against this background under a skills-based volunteering programme called “Solidarity Banker”. The aim is to chart a development plan for the dairy sector aimed at reconciling the needs of the Laiterie du Berger, its social impact, and the expectations of the stockbreeders and the territory.

The action plan proposed after two weeks of work was endorsed by the Board of Directors of the Laiterie du Berger last June. It is the outcome of a collaborative effort with the teams of the LDB and the Foundation, and consultations with the other shareholders, capitalizing on past experience and taking advantage of the analysis of the principal stakeholders.

The mini-farm: point of entry of the strategic plan

The action plan comprises two phases. First, the plan is to deploy 15 mini farms to try and test the model while building the necessary material and immaterial conditions (forage harvesting method, stockbreeding advice, training for farmers, structuring for stakeholders). Then, in a second phase, the plan is to deploy 100 mini farms gradually throughout the territory to reach a larger number of stockbreeders.

A mini farm is a dairy specialization hub in the dominant suckler herd. It is the place where all the material and immaterial production factors converge to optimize and maximize dairy production: feeding, watering, reproduction monitoring, advice.

From a very practical perspective for the stockbreeders, the mini farm consists of stabilizing the best four dairy cows of the herd every moment of the year, where the point of departure consists of the purchase of four Moor zebus (animals with better milk potential than the local zebus) and a hybrid bull (a cross between a European dairy breed and a zebu). Securing the zootechnical conditions (water, feed supplement, production and reproduction monitoring) coupled with advice and guidance to appropriate the required stockbreeding practices will enable the stockbreeder to product 20 litres of milk per day.

The price of the milk paid by the LDB will secure profitability to pay for the initial investment while ensuring income for the household (see diagram below).

The technical trajectory is coupled with a financial trajectory, whereby the value of the capital is vastly improved after a 4-year cycle, the time it takes for the hybrid females (from the crossing of the Moor zebus and the hybrid bull) to go into lactation.

The mini farm thus makes it possible to meet the three key factors of success for the development of a dairy sector around LDB: temporarily, giving stockbreeders and the territory the time to appropriate and capitalize on the changes; the trajectory, making material and immaterial means and resources available (animals, feed, etc., and training and support, respectively) so that each breeder can embark on a path of technical progress; and the gradual removal of restrictive factors in the territory (lack of access to water, difficulties in feeding the livestock, etc.) to enable a larger number of stockbreeders to improve and increase the milk production of their herd.

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