EDITORIAL FROM JEAN-LUC PERRON

The concept of Social Business was invented in 2007 by Professor Yunus1 before the crisis shook the firmest pillars of our financial and economic model and put into question the best-established certainties of economic thought. Designed first as a response to the problems of poverty and access to essential goods in developing countries, this innovative approach seems increasingly relevant in the context of our very developed countries. Each day, situations of precariousness and exclusion in Europe grow because of the crisis. While the traditional approaches – be they social protection systems or action by charities – are no longer enough, Social Business can make its own contribution, reconciling solidarity spirit and enterprise spirit. A sign of this interest is the European Commission’s “Social Business Initiative”, which seeks to put social entrepreneurship and social economy at the heart of the Single European Market. Commissioner Michel Barnier’s office has just conducted public consultation to develop legal framework favourable to the creation of Social Business Investment Funds. Grameen Crédit Agricole Microfinance Foundation responded jointly with Amundi, a Crédit Agricole Group subsidiary specialised in asset management2.

This keen interest in Social Business is encouraging, but includes the risk that this term, which is not protected by any certification, be confused with the much broader one of “corporate social responsibility” and be claimed by any initiative or business having even an indirect impact. Let us reiterate: a Social Business is a business at the service of a social mission. Social impact is at the heart of its project. This business must be managed prudently and is designed to be profitable, yet profit made is not intended to make its stakeholders rich, but to consolidate and expand its social impact.

Grameen Crédit Agricole Microfinance Foundation has been given the mission of promoting this approach and of facilitating the creation of Social Business projects in developing countries. In keeping with it, we are working actively in creating a Grameen Crédit Agricole Social Business Fund, which will enable the Foundation to make this mission more visible and allocate it greater resources. Along with help from socially motivated investors and in partnership with companies that want to put their professional expertise at the service of development, we would like to be “project facilitators”3 in order to give the poorest access to essential goods and services they are deprived of. The Foundation’s Board of Trustees is encouraging us in this pioneer initiative.

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1 See: “Creating a world without poverty. Social Business and the Future of Capitalism”, 2007, Public Affairs, USA
2 Read this response (PDF)
3 “Facilitateurs de projet”: This is the title used by the newspaper Le Monde in its interview with me in its 13 September edition. For more information (PDF)
HKL Visits Crédit Agricole’s Centre-Est Headquarters

A delegation of five managers from our Cambodian partner Hatta Kaksekar Ltd (HKL) visited the headquarters of Crédit Agricole Centre-Est in Lyon on 31 August. They were met by Raphaël Appert, Managing Director of the Caisse Régionale and Trustee of the Foundation, as well as by Nicole Lavocat, Marketing Director. This visit was part of HKL reflections on its strategic development plan.

After a presentation about Crédit Agricole Centre-Est, the HKL managers visited the Chazay d’Azergues local agency and its president’s vineyard, followed by a “Point Vert” tobacconist’s, where basic banking services are provided so that customers don’t have to travel to an agency.

The managing director of HKL, Mr Hout Leng Tong, was delighted with the visits and stated that his team was able to “take advantage of good advice, such as on funding successful farming activities... savings mobilization and how technology and the Management Information System helped facilitate operations... They were also very impressed by one of the Crédit Agricole agencies, with its broad portfolio, large number of clients, and the fact that there are more machines who work there than employees!”

Comparative Study on the Foundation’s Position in Microfinance

In August 2011, Symbiotics Research & Advisory SA published the results of its annual survey on the evolution of Microfinance Investment Vehicles (MIVs). As of 31 December 2010, there were 102 active MIVs managing nearly 7 billion dollars of assets.

The comparative study, with the figures of the portfolio of operations approved by the Foundation as of 30 June 2011, reinforces the Foundation in its strategic choices and in its specific positioning.

The study shows that the Foundation:

- **Works as a matter of priority in Africa.**
  This region represents 35% of its investments, compared to an average of 7% in the investment funds analysed by Symbiotics.

- **Invests mainly in tier 2 and tier 3 MFIs.**
  The average amount of loans granted by the MIVs analysed represents USD 1.7 million compared to 1.1 million for the Foundation.

- **Supports mainly the MFIs with a strong social mission** and that work in rural areas (76% for the Foundation compared to 44% according to the Symbiotics survey), with women (92% compared to an average of 60% for the MIVs analysed by Symbiotics) and with the poorest people. The average amount of loans granted by institutions financed by the MIVs of the Symbiotics survey is 7 times higher (USD 1,632) than the average loan granted by the Foundation’s partner institutions, or USD 221.

- **Neutralises the exchange risks of partner MFIs by lending mainly in local currency.**
  The ratio of loans in local currency among MIVs surveyed by Symbiotics is 33%, compared to 93% for the Foundation.

To find out more

New Investments

The Malagasy MFI TIAVO has benefited from a guarantee of 245,000 EUR over three years, representing 50% of a loan granted by a subsidiary of the Crédit Agricole group, Banque Nationale d’Investissement (BNI Madagascar). This loan is going to enable Tiavo to develop its action with small-scale farmers of the Fianarantsoa region.

The Foundation has also granted Thaneakea Phum Cambodia (TPC), an MFI working mainly in rural Cambodia, a second loan in Thai bahts. The amount is equivalent to 1 million US dollars, and it will be for a 3-year period with a maximum grace period of one year.

To find out more
FOCUS IMF

HKL (Cambodia)

Created in 1996 as an NGO, thanks namely to support from OCSG/OXFAM, Hatta Kaksekar Limited (HKL) obtained MFI status in 2001.

It is one of the largest MFIs in Cambodia and works actively in 13 provinces of the country. This is especially thanks to the size of its portfolio, valued at 39.2 million euros in June 2011, and to its 53,569 active borrowers.

It works mainly in rural areas (77%) and with women (78% of borrowers).

HKL loans granted for agriculture represent 34% of its portfolio.

HKL offers mainly individual loans in dollars, whose average amount is 732 euros.

Foundation Grameen Crédit Agricole has granted HKL a loan of 2 million US dollars over three years.

FOCUS PARTNERS

Babyloan

In September 2008, Babyloan was launched by the limited company ABC Microfinance, founded by Arnaud Poissonnier and Aurélie Duthoit, along with collaboration by the NGO ACTED and the bank BRED. Babyloan is an Internet portal making it possible to collect loans from Internet surfers – the “Babyloanians”, who are currently 12,000 in number – in order to finance projects by small-scale entrepreneurs based in development countries. It represents an extra source of financing for the website’s MFI partners.

Besides fund collection, Babyloan plays an active role in awareness-raising and education about microfinance among a broad general public, especially on such occasions as the “Rencontres de Babyloan” gathering in Paris or the “Babytour” throughout France.

Today, after three years of existence, the platform is developing fast and is the foremost European platform of solidarity microcredit. More than 33,500 people have seen their living conditions improve thanks to the 2,200,000 euros collected, which have enabled the financing of more than 6,708 projects throughout the world.

The “Finansol” label and “Entreprise Solidaire” state approval were recently conferred on Babyloan, and in July the World Bank awarded it its financial innovations prize.

The Foundation holds 5% of the capital of ABC Microfinance. It has been joined by several Crédit Agricole Caisses Régionales that have found appeal in Babyloan team’s very strong commitment to responsible microfinance as well as its entrepreneurial and innovative spirit. Thanks to the partnership that links the Foundation and Babyloan, the Foundation’s MFI partners can have access to new sources of financing, and contacts have been established in particular with Crédit Agricole’s Caisses Régionales.

You’re invited to become a Babyloanian!