EDITORIAL: INDIAN PARADOXES

India is a country of paradoxes. Bangalore, "the Indian Silicon Valley", is among the world's High Tech capitals. The International Monetary Fund is forecasting a 7.3% growth in the Indian GDP in 2013. India will purchase 126 Rafale fighters, at a cost estimated to be $12 billion. Yet the index of world hunger ranks India 67th out of 81 countries; 230 million Indians suffer daily from hunger and a bill (Food Security Bill) aims to provide free rice and wheat to 800 million people who do not have the means to feed themselves properly. Programme cost: 15 billion euros per year. The majority of beneficiaries of this programme, many of them farmers, are living in rural areas, which could lead to a situation of a negative incentive to produce. Wouldn’t a small part of this programme be more effective if it allowed the cost of financing for small farmers through self-help groups and microfinance institutions to be lowered?

In the microfinance field, India is also a country of paradoxes: we saw an institution that registered a growth rate of 165% per year, went public successfully and collapsed within months. It had simply forgotten that microfinance is based on a close relationship and trust with borrowers, incompatible with such a pace of development, and that its goal is to create social value for the poor, not to enrich stock exchange shareholders. The abuses reported in Andhra Pradesh, often repeated and greatly amplified by the media, have brought discredit to the entire Indian microfinance sector, making one forget the dedication of thousands of loan officers and MFI managers loyal to the social mission of microfinance. These abuses have caused a liquidity crisis that has affected the entire sector. The Indian Government has acted wisely by asking a Commission created by the RBI to make recommendations for better regulation and supervision of the microfinance sector. These new rules, which should come into force in 2012, are likely to restore confidence in the sector.

The new regulation allows non-resident agencies to lend directly to MFIs in India, which was not allowed to date. The Grameen Crédit Agricole Foundation stands ready to assist MFIs that meet its financial and social criteria, and thus contribute to poverty eradication, especially in the countryside.

NEWS

Foundation’s results in 2011

In 2011, the Foundation developed its operations and reinforced its original position in the world of microfinance and social business.

As of 31 December 2011, after three fiscal years, the Grameen Crédit Agricole Microfinance Foundation’s financing operations benefited 24 microfinance institutions and 4 social businesses in 15 developing countries and emerging economies, for a total amount of 24.4 million euros.

In 2011, the Foundation approved 18 investment projects, including nine projects for refinancing to new microfinance institutions and to one new Social Business. The Foundation extended its activities to three new countries (Madagascar, Sri Lanka and Tajikistan). For the first time the Foundation approved an equity investment in a Microfinance Institution in Cambodia. In addition, the Foundation provided technical assistance missions, from which six partners benefited.

At the end of 2011, the Foundation’s MFI partners consisted of 1,223,000 borrowers, of whom 91% are women and 74% are from rural areas (a significant increase compared to the end of 2010- 68%). The geographic distribution of these borrowers reflects the Foundation’s priorities: 38% in Sub-Saharan Africa, 45% in South and Southeast Asia, 5% in Eastern Europe and Central Asia and 12% in the Middle East and North Africa.
The Foundation is active in a new country: Tajikistan

At the last Project Committee of the year 2011, the Foundation approved two new investments in a new country: Tajikistan. Arvand delivers loans and savings/deposit services in the Northern region of Tajikistan, around Dushanbe, the Tajikistan capital, mainly to the rural and farming population. Humo became one of the first microfinance institutions registered by the National Bank. It operates in the South and the North of the country. The institution is among the top five microfinance institutions in the country.

The choice of Tajikistan by the Foundation was due to the fact that this country, with 7.6 million inhabitants (estimate July 2011), was the poorest republic of the Soviet Union and is the poorest country in Central Asia as well as in the former Soviet Union today. According to the national poverty line, 53.5% of the population was poor in 2007. In 2010, Tajikistan ranked 127th out of 182 countries on the UNDP Human Development Index. By offering loans in Somoni (the local currency), thanks to the currency hedging provided by TCX, the Foundation has signed a first.

End of 2011: The Foundation on all fronts!

At the end of 2011 the Foundation was very active in various events of the sector. The Foundation participated in two workshops during “The Microfinance Week” in Luxembourg from 2 to 4 November, organized by the European Microfinance Platform. The Foundation was also present at the 7th International Microinsurance Conference in Rio, organized by the "Munich Re Foundation" and "Microinsurance Network". It was also involved, along with Professor Yunus, in the Global Social Business Summit 2011 organized in Vienna by the "Grameen Creative Lab." The Foundation was involved in three workshops at the third Global Microcredit Summit in Valladolid from 14 to 16 November that, once every four years, brings together the community of stakeholders, whether from the North or the South.

These involvements provide an opportunity for the Foundation to highlight the results of its work after three years of activity, to participate in innovative thinking on issues such as micro-index insurance of crops, and to play an advocacy role, in particular by promoting the "Paris Appeal for Responsible Microfinance," launched as part of Convergence 2015 (www.appeldeparis.org). The Foundation is now a recognized player in the microfinance and social business fields, with a very specific position, inspired concepts forged by Professor Yunus and in line with the values of commitment and solidarity of the Credit Agricole Group.
FOCUS IMF

Arvand (Tajikistan)

The MicroInvest Loan Fund was created in 2005, and in 2009 its microfinance activities were transferred to Arvand, a limited liability company, which was registered with the National Bank of Tajikistan as a microfinance deposit-taking organization. Arvand provides loans and savings/deposit services in the Northern region of Tajikistan, around Dushanbe, the Tajikistan capital, mainly to the rural and farming population. The institution’s portfolio quality ranks among the best in Tajikistan and the institution has succeeded in maintaining a satisfactory portfolio quality even throughout the crisis of 2009.

The institution is among the top five microfinance institutions in the country and is an active member of AMFOT, the Tajikistan microfinance network. The GCAMF has approved a senior loan in local currency, equivalent to €500,000, with a final maturity of three years.

FOCUS PARTNERS

The Foundation is among the first partners to be certified "SPI" by CERISE (Comité d’Échanges, de Réflexion et d’Information sur les Systèmes d’Epargne-crédit - Committee for Exchange, Reflection and Information on Systems of Savings-Credit). This is the culmination of a close relationship between the Foundation and this network of exchange of practices in microfinance, an offshoot of five French development organisations, to integrate the SPI (Social Performance Indicators) audit methodology into its analysis tools. Based on a 4-dimensional group of criteria (targeting of the poor and excluded / adaptation of services and products to target clients / social and economic benefits for clients / the institution’s social responsibility), this methodology makes it possible to understand the degree to which an institution conforms to its social mission and to compare it to its peers. The Foundation has included criteria for evaluating the social quality of its own actions within its analysis tool. By adopting a tool that is standardised and accepted in the sector, the Foundation is helping to popularise it. This makes it possible to lighten reporting and information collection constraints weighing on the MFIs and to establish references.