In early September, the European Parliament almost unanimously approved the text of the regulation proposed by the European Commission that creates the “European Social Entrepreneurship Fund”. This Regulation, which will be applied in all Member States once finally adopted by the Council and the Parliament, is part of the Social Business Initiative announced by Michel Barnier in October 2011 on behalf of the European Commission. It will allow funds that invest 70% of their assets in social enterprises to benefit from both a European label and a European passport.

From 19 to 21 September, more than 4,000 participants took part in the Convergences 2015 World Forum at the Palais Brongniart and the Paris Town Hall, on the topics of microfinance and social entrepreneurship. The former French Prime Ministers Michel Rocard and Alain Juppé introduced the proceedings.

On 30 October, the French President, François Hollande, met with Professor Yunus. Besides assuring French support for the identity and integrity of the Grameen Bank, the President emphasized the role of the “new financial engineering” invented by Professor Yunus to fight against poverty and exclusion, and agreed to be the “Social Business Ambassador” to major international organisations.

This convergence of policy makers encouraging the development of new forms of business and investment at the disposal of social causes could be considered a coincidence or a fad, if it were not for the increasing number of very concrete initiatives in the field that give the poorest access to the essential goods and services of which they are deprived. This is what the board of directors of the Grameen Crédit Agricole Foundation realised during the study tour organised to Cambodia from 14 to 18 October: the Teuk Saat platform developed by the NGO 1001 Fontaines allows 60,000 people to access safe drinking water at home through a network of franchised small rural entrepreneurs; the NGO PPS, which has been catering for children in precarious situations for the past 18 years in Battambang by giving them an artistic education, plans to expand its activities by creating a cultural social business; Chamroeun, a microfinance institution created by Entrepreneurs du Monde, allows the most disadvantaged families from Phnom Penh to receive loans and advice for developing small income generating activities.

When concrete initiatives and policy directions converge towards a common goal, one can only be optimistic about the future of Social Business.
The Global Appeal for responsible microfinance

The Foundation confirms its commitment to responsible microfinance to serve the fight against poverty and exclusion.

At its meeting of 16 October, the Ethics, Compliance and Audit Committee adopted the “Global Appeal for Responsible Microfinance”. This appeal results from the “Paris Appeal for Responsible Microfinance”, launched by Convergences 2015 in May 2011. The Foundation, through its Managing Director, had played an active role in the development of this Appeal, which sought to remind us of the social vocation of microfinance as a development tool in the fight against poverty and financial exclusion, in response to attacks against microfinance following the excesses observed in some regions of the world.

More recently, the major U.S. microfinance networks brought together in the “CEO working group” recognised in the formulations and proposals of this text the expression of their own concerns and proposed to transform the Paris Appeal into a “Global Appeal for Responsible Microfinance”. The Paris Appeal was thus enriched with the most recent developments, such as the adoption of universal standards of social performance management and the “Maya Declaration” for inclusive finance signed by 80 countries.

The Global Appeal for Responsible Microfinance was published simultaneously in Paris and Washington on 20 September and presented by Jean-Luc Perron to the participants of the Convergences 2015 World Forum at the Paris Town Hall.

This renewed and enlarged Appeal is destined to become an indispensable reference for all professional stakeholders and a basis for discussion for the necessary dialogue between microfinance practitioners and regulatory and supervisory authorities.

As the Foundation has done, sign this appeal: http://www.appeldeparis.org

The Foundation adheres to the Principles for Investors in Inclusive Finance (PIIF)

The PIIF are a variation on the Principles for Responsible Investment (PRI) of the United Nations, in the field of inclusive finance. They aim to encourage direct and indirect investors and to favour more responsible investment in inclusive finance. The PIIF are based on seven principles that provide a framework for allowing signatories to share best practices and collaborate in order to achieve this goal.

Becoming a PIIF signatory reflects a commitment to respect and promote responsible investment practices. This is why, naturally, the Ethics, Compliance and Audit Committee approved the Foundation’s adhesion to the PIIF, thus joining the more than 1,100 existing signatories to the principles.

1. The CEO working group brings together the following organisations: Accion, FINCA, Freedom from Hunger, Grameen Foundation, Opportunity International, Pro Mujer, Vision Fund and Women’s World Banking

For more information:
http://www.unpri.org/about/
The Board of Directors of the Foundation met on 16 October in Cambodia

On 16 October, the Board of Directors of the Grameen Crédit Agricole Foundation met in Seam Reap, Cambodia, under the chairmanship of Jean-Marie Sander.

During this meeting, the Board of Directors renewed the mandate of Ms. Soukeyna N’Diaye Bâ, Executive Director of the INAFI International network and former Minister of Decentralised Cooperation and Regional Planning of Senegal.

During the meeting, the Board was briefed by Raphaël Appert, Chairman of the Projects Committee, on new funding commitments by the Foundation in the fields of microfinance and social business. Since its inception on 24 September 2008, the Committee has met 22 times and has approved 70 operations for a total equivalent amount of €44.6 million.

Since the last Board meeting held in March 2012, five new MFI partners and a new Social Business have been approved, three of which are located in new countries: Burkina Faso, Ghana and Togo.

The Directors also had the opportunity to hear the report of the Managing Director concerning the steps taken towards the creation of the Grameen Crédit Agricole Social Business Fund, approved by the Board in March 2012. Approval by the Financial Sector Supervision Commission of Luxembourg (Commission de Surveillance du Secteur Financier du Luxembourg) of the legal documentation that has been submitted is now imminent, which will soon allow the fundraising phase to be initiated. The Grameen Credit Agricole Fund is seeking a total of 15 to 20 million euros, totally dedicated to supporting social businesses. The Fund itself will be a social business, within the meaning of Professor Yunus’ definition, seeking maximum social impact and not the personal enrichment of investors, who will recover only their initial investment.

The Board also took note of the actions undertaken in the agricultural microinsurance sector, especially the study tour to India.

CONFERENCE ON MICROFINANCE AND SOCIAL BUSINESS

The Foundation brings together nearly 300 participants in Cambodia

On 18 October, the Grameen Crédit Agricole Foundation organised, in Phnom Penh, in partnership with the Cambodia Microfinance Association (see the Focus Partners), a conference directed towards practitioners, on the topic of «Microfinance and Social Business: responsible and innovative approaches for economic and social development in Cambodia»

This conference, which was held with the participation of the Deputy Governor of the National Bank of Cambodia, Ms Chanthana Neav, and the President of the Grameen Crédit Agricole Foundation, Mr Jean-Marie Sander, among others, brought together nearly 300 participants.
In his opening speech, Jean-Marie Sander emphasised the presence of the Grameen Crédit Agricole Foundation in Cambodia where it has so far funded four microfinance institutions and where it recently approved an “equity investment in UV+ Solaire which, for several years now, has been implementing drinking water treatment and distribution microenterprises in Cambodia”.

Jean-Marie Sander also highlighted the risks of abuse and misappropriation faced by microfinance institutions, and emphasised more particularly price transparency, the fight against over-indebtedness and social performance measurement.

These topics were taken up during the roundtables and workshops organised during the conference. Participants also discussed issues such as the financing of agricultural activities, the protection of microfinance clients and social business as a tool to serve in the fight against poverty. The conference also provided an ideal setting for the exchange of good practices between practitioners from different backgrounds.

During the conference, the French Development Agency officially launched its programme of support for the microfinance sector in Cambodia, in partnership with the CMA, as well as the SMART Campaign on client protection.

The French President receives Muhammad Yunus at the Elysée Palace

On 30 October, the French President, François Hollande, received Professor Muhammad Yunus, Nobel Peace Prize (2006), at the Elysée Palace. He was accompanied by Jean-Luc Perron, Managing Director of the Grameen Crédit Agricole Foundation, Emmanuel Faber, Deputy Managing Director of Danone, and Martin Hirsch, President of the Civic Service Agency. Pascal Canfin, Minister for Development also participated in the meeting.

The meeting provided the opportunity for the French President to show his support for the preservation of the identity and integrity of the Grameen Bank in Bangladesh and to acknowledge the ongoing commitment and visionary initiatives of Muhammad Yunus to reduce poverty and inequality in Bangladesh as well as in many other countries. The President expressed his support for microfinance and for the social entrepreneurship that enables millions of people around the world, including France, to fit into normal economic life.

François Hollande emphasised that the initiatives of Professor Yunus are a valuable source of inspiration for the French government and wished that many companies would emulate the successful experience of the Grameen Bank. He accepted the proposal of Professor Yunus to become the “Ambassador of Social Business” and said that France would act tirelessly within international and European forums to promote the development of innovative financing. The adoption, in 2012, by eleven member states of the European Union of a financial transaction tax, 10% of which will be allocated to development activities, is an important sign. Pascal Canfin pointed out that the innovation represented by the social business approach developed by Professor Yunus has its place in the Development and International Solidarity Conference which will take place from November 2012 to March 2013.

During this meeting, the role of the Grameen Crédit Agricole Foundation was highlighted by Professor Yunus and by the French President.
Muhammad Yunus meets Sophie Auconie, Member of the European Parliament and rapporteur for the European regulation project on the European Social Entrepreneurship Fund

On 29 October, on the initiative of Jean-Luc Perron, Managing Director of the Grameen Crédit Agricole Foundation, a meeting was held in Paris between Muhammad Yunus and Sophie Auconie, Member of the European Parliamentary and rapporteur to the Economic and Monetary Affairs Commission for the European regulation project on the European Social Entrepreneurship Fund.

The regulation project, proposed in December 2011 by the European Commission within the framework of its “Social Business Initiative”, aims to create a special category of investment funds in Europe, the “European Social Entrepreneurship Funds” (ESEF) in order to give more visibility and facilitate the distribution of funds that employ at least 70% of their investments in social enterprises. These companies may be located within the EU or outside, as long as they meet the Regulation’s definition of a social enterprise. Hence, this creates a true European label for social entrepreneurship and gives the eligible Funds the European passport. The text of the Regulation was adopted by a very large majority at the European Parliament at the beginning of September. It is currently stalled by a dispute between the Parliament and the Council on the definition of tax havens. Upon final approval, expected towards the end of the year, it will be applied on the same terms throughout the entire EU.

Furthermore, Sophie Auconie also expressed to Professor Yunus the solidarity of female MEPs towards female clients and shareholders of the Grameen Bank, threatened with deprivation of their right to choose the successor to Professor Yunus as Managing Director of the bank in which they hold 97% of the capital.

The Foundation supports the FARM Foundation in organising its Conference: Insuring agricultural production - How can insurance be a tool for development?

The conference will be opened by René Carron, Chairman of the FARM Foundation, and will address topics such as insurance as a tool for agricultural policy, in particular agricultural insurance in India and crop casualty insurance in France, and private initiatives in agricultural microinsurance with a focus on the Kilimo Salama programme in Kenya and the Sahel Harvest Insurance project in four West African countries.

To attend the conference, registration is required. Free attendance, within the limit of available places.

To download the programme and register
http://www.fondation-farm.org/colloque

With the support of the Grameen Crédit Agricole Foundation, the French Ministry of Foreign Affairs, and the French Ministry of Agriculture, Food and Forestry, FARM (Foundation for World Agriculture and Rurality) is organising a conference that will be held on 18 December at the Ministerial Conference Centre of the Ministry of Foreign Affairs, 27 rue de la Convention, 75015 Paris – France.
Fifth Convergences 2015
World Forum

From 19 to 21 September the 5th Convergences 2015 World Forum was held in Paris bringing together over 5,000 participants.

With over 4,000 practitioners, the World Forum brought together key stakeholders from public, private and social sectors engaged in the fight against poverty, insecurity and exclusion, but also over 1,000 young people mobilised within the “Youth We Can” movement and 200 journalists during the “Can the media change the world?” event.

During the Forum, 56 sessions allowed experts to share their experiences and convey strong messages. Organised into 17 thematic groups, these exchange sessions focused on subjects as diverse as the social impact of microfinance, technological innovation in the field of agriculture and the role of banks.

In addition, the Forum welcomed opinion leaders, politicians and CEOs, including Michel Barnier, Simon Compaoré, Antoine Frérot, Benoît Hamon, Anne Hidalgo, Martin Hirsch, Jeremy Hobbs, Nicolas Hulot, Alain Juppé, Stéphane Richard, Michel Rocard and Louis Schweitzer. Leaders of large NGOs and Anglo-Saxon Foundations, such as OXFAM and the Gates Foundation, also spoke.

The Grameen Crédit Agricole Foundation, whose Managing Director, Jean-Luc Perron, is Vice-President of Convergences 2015, played a part in several sessions and roundtables during these three days. At the workshop on traditional and innovative funding sources, Jean-Luc Perron introduced the very innovative Grameen Crédit Agricole Investment Fund project dedicated entirely to Social Business. Similarly, he presented the Global Appeal for Responsible Microfinance during the workshop on “advocacy initiatives and self-regulation in microfinance.” Finally, during the workshop on performance and ROI in microfinance, Jürgen Hammer presented his experience in private capital flows to microfinance and gave his point of view on the responsibilities of investors and managers as regards the desired levels of profitability and the social mission of microfinance.

Launched in 2008, Convergences 2015 is the first platform for thought in Europe dedicated to international cooperation, microfinance, social business, and social economics for poverty reduction and the promotion of the Millennium Development Goals. As it has done for three years now, the Grameen Crédit Agricole Foundation continues to strongly support the platform initiatives of reflection, debate and advocacy.

For more information on Convergences 2015
The Foundation makes new investments

During September and October 2012, the Grameen Crédit Agricole Foundation approved three new investments and issued one guarantee.

The Foundation approved a new loan to AzeriStar (Azerbaijan) of an amount in Azerbaijani manat equivalent to €345,000 over a three-year period. AzeriStar is the twelfth microfinance institution in the country in terms of portfolio, and ninth in terms of number of active borrowers. Azeristar was created by Save the Children, USA, in 1999 as a pilot project in Barda, the town closest to the disputed region of Nagorno-Karabakh. The institution now operates in 14 districts in the northwest of the country, mainly targeting poor women in rural areas and small towns in the region. As of 30 September 2012, the institution had 4,820 active clients, of which 68% are women and 45% are rural clients.

Within its Social Business activity, the Foundation increased its stake in the capital of Babyloan (France) by an amount of €49,980, taking its total stake to 5.91%. Babyloan allows web users, “the Babyloaners”, to finance microentrepreneurs’ projects in developing countries through small interest-free loans. It is a source of additional funding for microfinance institutions (MFIs). In addition to fundraising, Babyloan plays an active role in public education about and awareness of microfinance, especially during the national solidarity challenge Babyloan organised last October. By the end of this event, which lasted 10 days, more than 450 projects had been funded with €230,000 of loans collected. As of 30 October 2012, the number of babyloaner members had risen to 21,000 in 138 countries. In total, they had lent €4,513,464 to 11,464 microentrepreneurs.

Also in the field of Social Business, the Foundation disbursed a loan in local currency equivalent to €61,500 to Grameen Danone Foods Ltd. in Bangladesh. This loan is pending approval from the Bangladeshi authorities to transform it into equity. Grameen Danone Foods Ltd (GDFL) is a joint venture founded in Bangladesh in March 2006 by the Grameen and Danone groups. A social business pioneer, GDFL seeks to improve the health of children through a yogurt specifically designed to make up for the observed nutritional deficiencies, and that is accessible to smaller budgets. Moreover, GDFL has implemented a unique distribution system: the “Grameen Ladies” sell door to door, so as to reach consumers in more remote rural areas, and thus gain a little extra income. As of 31 December 2011, the company had 980 Grameen ladies.

In addition, the Foundation issued a guarantee of an equivalent amount of €200,000 to the Sri-Lankaise Berendina Microfinance Institute (BMI). This guarantee will help to secure 65% of a bank loan granted by the Sri Lankan bank DFCC to BMI over a three-year period. BMI started as a microfinance programme within Berendina Development Services, an NGO founded by Berendina Stichting, a Dutch foundation funded by Ms Berendina Borst, a very socially committed philanthropist in Sri Lanka since the 80s. Growing from four agencies in 2007 to 11 today, BMI is active in the eastern provinces (two agencies), in the central-north (2) and in Sabaragamuwa (7). As of 30 September 2012, the institution had 50,011 active clients, of which 76% are women. All BMI borrowers are located in rural areas.

For more information about our partners, http://www.grameen-credit-agricole.org/institutionsetentreprisespart
Focus MFI and Social Business

Study tour to Cambodia: the Board members meet with the Foundation’s partners

The visit of the Foundation’s Board of Directors to Cambodia was an opportunity for them to meet with the teams as well as the beneficiaries of microfinance and social business partners. On 17 October, the Board delegation was welcomed at the Siem Reap agencies of three microfinance institutions: HKL, Chamroeun and TPC, as well as at the water units of 1001 Fontaines. Thus, the delegation was able to visit HKL, a partner of the Foundation since 2009 that now has over 70,000 clients with a loan portfolio of approximately 90 million euros. Since 2010, HKL has been authorized to collect savings and has succeeded in only two years in positioning itself as a leader in terms of number of savers. The development of new products such as savings has resulted in enriching exchanges between HKL’s management and the Foundation’s Directors who were able to share their experiences whether in the French banking sector or in the microfinance sector in Bangladesh or Senegal. The delegation also met with an HKL client who developed her business in the field of aquaculture, thus enabling her to improve her living conditions and to expand her business by buying another site.

CHAMROEUN is a highly socially-oriented MFI created by Entrepreneurs du Monde. It has the lowest average loan amount of the sector (about $100) and targets women living in outlying suburbs. The Foundation began to provide loans in local currency to Chamroeun in 2010 before becoming a shareholder in the institution in early 2012. The delegation met with clients of the MFI living on the outskirts of Siem Reap, on the Tonlé Sap Lake, who are engaged in boat rental tourist activities, which enable them, among other things, to send their children to school.

For Beatriz Armendariz, a Director of the Foundation, these visits were “a unique opportunity for board members to witness the potential of social business and microfinance organisations in one of the poorest countries of the planet where the Grameen Crédit Agricole Foundation is already contributing to improving the lives of thousands among the 30% of Cambodian households living below the poverty line. Interactions in situ between board members, institutions’ staff and clients were most productive for exploring avenues for further improving the effectiveness of the GCAF interventions in Cambodia and Asia.”

The GCA delegation was accompanied by three journalists from Le Monde, La Croix and AGEFI. The articles by Florence Beaugé (Le Monde), Alexandra Oubrier (AGEFI) and Séverin Husson (La Croix) on microfinance in Cambodia are available online (only in French):

- Le microcrédit fleurit de nouveau au Cambodge (Le Monde – 13 November)
- Microfinance, l’exemplarité cambodgienne (Agefi – 23 November)
- Au Cambodge, le microcrédit trouve les moyens de rebondir (La Croix – 25 November)

The Delegation of the Foundation also visited water treatment units established by Teuk Saat/1001 Fontaines, the Cambodian association member of the Social Business Franchise UV + Solaire/1001 Fontaines. In a country where nearly 80% of the population has no access to drinking water, Teuk Saat, founded in 2007, has provided a solution for access to water in poor rural areas, as developed by UV + Solaire/1001 Fontaines. This solution is based on a triple innovation: a simple and inexpensive solution for water purification; a social franchise organization for the exchange of expertise and for large-scale replication; a home delivery service that allows the most distant customers to be reached.
Teuk Saat now has more than 60,000 customers in Cambodia and covers more than 60 villages. Teuk Saat has also established a sponsorship system (with French sponsors) and provides quality water to more than 40,000 schoolchildren. By 2014, Teuk Saat expects to reach 300,000 customers in over 120 villages.

The delegation visited two units around Siem Reap. Each unit is managed by a small village entrepreneur and his employees, with strong support from Teuk Saat. It was an opportunity to interact with the small entrepreneurs, both of whom had developed a water unit that was profitable and that provided low-cost water to over 200 vulnerable families. These entrepreneurs emphasised the improvement of their living conditions and the security of their income since they started to manage these water units. They were also happy to have created two to four jobs for their assistants in the unit. As part of its action in favour of social business, the Foundation has approved an investment in SAS UV + Solaire, which manages the 1001 Fontaines network and supports local franchisees in Madagascar (San Gabriel) and Cambodia (Teuk Saat).

The delegation then visited TPC, a microfinance institution with a strong rural mission and with more than half of its portfolio dedicated to financing agricultural activities. Since 2010, the Foundation has provided funding to TPC in Thai Baht to support the development of its operations in the border areas with Thailand. During the visit, the delegation met with a TPC client in the Siem Reap market: this client has received several loans from TPC to develop her small business. The development of her business has enabled her to secure and increase revenues, and thus improve her living conditions. This also benefits her children, who have had access to better education.

Focus on Phare Ponleu Selpak (PPS)

Phare Ponleu Selpak (PPS) (the light of art) is an NGO founded in Battambang, in western Cambodia, in 1994. It has its roots in drawing workshops for children, organised since 1986 at Site 2, a refugee camp on the Thai border. The idea of an association to promote creative expression for children, particularly through art, so as to overcome the trauma of war and camp life, was born from these workshops.

PPS has a dual mission:

- **Firstly**, to reintegrate young people in precarious conditions (orphans, victims of human trafficking, abuse, or living in extreme poverty), living in rural areas or outlying suburbs, by developing a holistic approach, focused on the rights and needs of the child, through social, educational, artistic and cultural activities. Alongside a school (covering kindergarten to high school) and a library, PPS has developed three artistic schools: stage arts (circus and theatre), visual arts (drawing, painting, graphics, animation, editing) and music.
- **Secondly**, to encourage the rediscovery and revival of the artistic and cultural heritage of Cambodia.
Today, PPS hosts 450 young artistic trainees, and 2,200 children are enrolled in the public school on the same site. Cultural and artistic events are held regularly at the local, national and international level, and meet with great success: in France, in particular, PPS performs with the Théâtre du Soleil.

Today, this dual mission guides the evolution of PPS which wants to develop a social business, Phare Performing Social Enterprise, with the support of the Grameen Crédit Agricole Foundation. Phare Performing Social Enterprise will be based on two pillars: a circus, near the temples of Angkor; a production company responsible for the development and marketing of shows, especially at the international level. Phare Performing Social Enterprise will allow the employment of artists trained by the association to be secured and sustained; the profits will be paid back to the PPS association so that it can continue to carry out its mission of education and rehabilitation. Phare Performing Social Enterprise will also contribute to enhancing the cultural identity of Cambodia.

On the occasion of the GCA delegation’s visit to Siem Reap, PPS performed its Putho show in a pagoda. This show was a resounding success, as much among members of the delegation as local spectators that came in droves, and among monks who thronged the windows of the pagoda, proving again that PPS is a highly recognised and appreciated institution in Cambodia.

For more information about PPS: http://www.phareps.org/

The partnership with the Foundation contributed greatly to the success of the conference that was attended by nearly 300 participants.

Photos by:
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Service photographique de la Présidence de la République