

AGENCE FRANÇAISE DE DÉVELOPPEMENT – FRENCH DEVELOPMENT AGENCY (AFD)

Laurent Mélére, Project team leader in the Financial Systems Division of the AFD, talks about the key programme of the African Facility.

— **Could you explain how the African Facility and the partnership with the Grameen Crédit Agricole Foundation came into being?**

Laurent Mélére: This programme was born out of a shared desire to improve access to financial services for underprivileged populations in Sub-Saharan Africa, particularly women and people living in rural areas, by working with local microfinance institutions (MFIs). The AFD is contributing through three tools: a concessional loan to support the credit activity of targeted MFIs, a grant to provide them with technical assistance, and a portfolio guarantee to cover part of the credit risk taken on by the Grameen Crédit Agricole Foundation. The African Facility is a critical piece of the relationship between our two organisations.

— **What types of institutions are targeted?**

L. M.: The facility supports the development of small (Tier 3, loan portfolio < \$ 10 million) and medium-sized (Tier 2, loan portfolio between \$ 10 and 100 million) MFIs, and also facilitates their access to appropriate local currency financing. The programme targets primarily MFIs with a strong social vocation located in rural areas, which, in addition to financing, require technical support to strengthen their institutional profile and their financial autonomy.

— **What is your assessment of the programme?**

L. M.: The African Facility has made it possible to support 26 MFIs in total that have themselves financed the income-generating activities of nearly 500,000 borrowers with average loans of around EUR 190 by the end of December 2020. Small MFIs play a major role in facilitating access to financial services for households and small businesses in remote areas. As long as they have the appropriate financial and technical resources, they show a strong capacity for innovation, including in digital finance. Unfortunately, the COVID-19 crisis has weakened several partner MFIs, sometimes leading them away from operational self-sufficiency. The Grameen Crédit

Agricole Foundation has been very responsive, however, offering training on liquidity management from the very beginning of the pandemic.

“**In line with our objectives, the majority of borrowers are women (72%) and more than two-thirds are located in rural areas”**

— **How do you view the role of the Grameen Crédit Agricole Foundation as coordinator of technical assistance?**

L. M.: With 250 technical assistance missions completed under the African Facility by the end of December 2020, the Grameen Crédit Agricole Foundation has covered many areas of expertise, from environmental strategy development to the digitalisation of credit delivery processes to governance strengthening. Such a volume and diversity entails significant coordination work, based on the identification of the needs, the definition of the required skills for the mission, the recruitment of adequate experts and the follow-up of the missions. One of the Foundation's added values is undoubtedly the quality of the dialogue with its partner institutions. ●

