

# TAKING THE FLOOR 2021

Advocacy for a more inclusive and sustainable économy



FONDATION GRAMEEN  
CRÉDIT AGRICOLE

Microfinance & Social Business

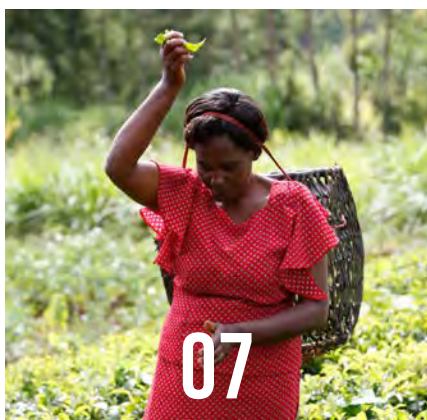








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# EDITORIAL

The Grameen Crédit Agricole Foundation has been promoting financial inclusion and social entrepreneurship for thirteen years now and continues to work in favour of the development of rural areas and female entrepreneurs. At the end of 2021, the Foundation had accumulated nearly €300 million in funding, 379 technical assistance missions in progress or completed and 136 organisations funded.

We are pleased to share with you this second edition of “Taking the floor”. It presents our daily support for entrepreneurs, rural communities, refugees and farmers. Enabling refugees from the Nakivale camp to access credit in Uganda, modernising agricultural practices in Moldova, financing access to water and ensuring the pay of breeders in Senegal, these are some of the actions highlighted in this second edition.

These stories demonstrate the resilience of the microfinance sector, this ability to cope with the health context, the economic difficulties and the effects of global warming. Resilience also refers to the ability to transform obstacles into opportunities to strengthen oneself. The digital transformation, the coordination between stakeholders and the innovation demonstrated by our partners throughout these last difficult months are a clear proof of it.

We are pleased to shed light on them.

Éric Campos  
Managing Director





# DEVELOPMENT OF RURAL AREAS







## SSNUP PROGRAMME FINANCES ITS FIRST AGRICULTURAL PROJECT IN SENEGAL



To support small-scale farmers, the Swiss Agency for Development and Cooperation and the Luxembourg Directorate for Development Cooperation and Humanitarian Action, under the coordination of ADA, have launched the SSNUP (Smallholder Safety Net Upscaling Programme). With a budget of €55 million over 10 years, the programme aims to sustainably strengthen the safety nets of smallholder farmers in Africa, Latin America and Asia by stimulating the development of agricultural value chains.

The programme draws on the technical assistance knowledge and expertise of impact investment funds already active in this area. The Grameen Crédit Agricole Foundation is one of the impact investors in charge of the SSNUP implementation. It will provide its expertise in technical assistance to the organisations it supports – microfinance institutions and social enterprises– in order to design and develop financial and non-financial solutions for agricultural risks mitigation and transfer of the different value chain actors.

### AN IMPACT AGRICULTURAL PROJECT IN SENEGAL

The first organisation supported by the Foundation within the programme is SFA (Sénégalaise des Filières Alimentaires), a social enterprise that works for the development of an inclusive rice value chain in Senegal. Created in 2013, SFA produces white rice from paddy cultivated by small producers in the Senegal River Valley. It provides them with technical support through training on best agricultural practices and facilitates their access to the market and to financing by putting them in relation with local lenders.

Despite the technical support provided by SFA, the small-scale producers' yields remained below their potential. This is mainly because farmers are still reluctant to implement the agricultural practices promoted by SFA without experiencing their positive effects first.

The SSNUP will strengthen this technical support for producers through a technical assistant mission with a budget of €11,000. This 6-month project aims to create 20 demonstration fields in SFA's operation areas, in which best agricultural practices will be implemented. These reference fields will allow training some sixty producers on the best practices to optimise their production and to demonstrate to all producers in the area the positive impacts of these practices on agricultural yields and production quality. Exchange sessions and training led by the trained producers will enable them to share their learning with over 2,000 small-scale producers.

The expected results of this project are based on 3 pillars: capacity building of the trained farmers; increasing production and its quality for the trained farmers; increasing the income of the trained farmers and their households. This high impact project will contribute directly to the rice value chain development and food security in Senegal.

## OSHUN STEPS UP ITS ACTION TO PROMOTE ACCESS TO WATER IN SENEGAL AND BURKINA FASO



*More than 2 billion people around the world lack access to safely-managed drinking water services (\*). In Sub-Saharan Africa, 40% of the population does not have access to water, mainly in rural areas and 135 million people, mainly women and girls, travel more than 30 minutes per day to have access to drinking water.*

It is in that context that OSHUN, created at the end of 2017 and a partner of the Grameen Crédit Agricole Foundation since 2018, deploys an innovative water access solution in rural areas. Through an economic model based on local entrepreneurship, OSHUN provides accessible quality water services at water kiosks, running on solar energy. These kiosks are managed by local entrepreneurs working as franchisees and integrate a digital component that optimizes their good management. This service, which is expected to develop widely in West Africa, has started in rural and peri-urban areas of Senegal and Burkina Faso.

Today, in addition to the kiosks, OSHUN is also working on installing water treatment systems in schools and health centres funded by public, private and solidarity partners. In collaboration with the NGO Marseille Provence Afrique Coopération, OSHUN has installed, since 2018, 120 water treatment systems in schools and health centers in Senegal. To date, this project serves around 40,000 beneficiaries with access to free drinking water. In addition to the installation and maintenance of equipment, OSHUN, in conjunction with community relays, sets up public awareness activities to help change behaviours. In the same spirit, the German Cooperation Agency for development (GIZ) has just ordered a turnkey project to OSHUN for the installation of 30 devices in health posts located in areas without electricity in Senegal.

In Burkina Faso, OSHUN is strengthening its action alongside the Société du Canal de Provence (SCP) as prime contractors in the rehabilitation of water pumps and the installation of water kiosks in 27 villages in the municipality of Bobo Dioulasso (second largest city in the country). Thus, the populations will be able to have access in the same place to raw water for domestic use and treated water for consumption. This project, which is to be completed in April 2021, will reach nearly 70,000 beneficiaries.

### More information on OSHUN :

<https://www.gca-foundation.org/organisation/oshun-2/>

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(\*) United Nations

## KOSSAM AND THE DIGITAL PAYMENT FOR FARMERS IN SENEGAL

By Jonathan Michaud, Director of Kossam SDE, and Mamadou Fall, Deputy Director

*Supported by the Grameen Crédit Agricole Foundation, CA Franche Comté and Amundi, Kossam SDE is a subsidiary of Laiterie du Berger that aims to structure and strengthen the dairy industry in Senegal. In February 2020, Kossam SDE successfully launched the dematerialisation of the "payroll" for more than 850 farmers contributing to the improvement of their living and working conditions. Spotlight on the interview for Portail FinDev of Jonathan Michaud (former Solidarity Banker of CA Franche Comté) Director for the past 3 years of Kossam SDE and Mamadou Fall, his Deputy Director, who shed light on this transformation.*

### WHAT USED TO BE A TYPICAL PAYROLL DAY BEFORE THE TRANSITION TO DIGITAL PAYROLL?

Until February 2020, all farmers were paid in cash during one or two specific paydays. Farmers used to travel to the factory in Richard Toll to collect the money due to them. Firstly, the cash payment was inconvenient for the farmers. They had to arrive early in the morning and sometimes wait all day in high temperatures. In addition, farmers were forced to come to Richard Toll on a specific day to get paid, without being able to make it fit in with their other travel. It was also laborious for Kossam SDE, as the teams had to handle cash for two days with some pressure linked to the waiting time of the farmers, which can lead to errors.

In November 2019, the Kossam SDE team decided to digitalise and the first digital payroll took place in February 2020.

### WHAT ARE THE CONCRETE BENEFITS OF DIGITALISATION FOR FARMERS?

We have identified 5 benefits for farmers:

- Time saving. Today, a farmer no longer has to wait hours to receive the payment.
- Security. Everyone knew which day the farmers received their pay, which could potentially create a context of insecurity with risks of theft.
- Flexibility. Now all farmers receive their money on the same date, but collect it when they want.
- Cost. The majority of farmers do not live in Richard Toll and travelling there has a cost. They can now optimise the cost of their journey by deciding the day they will collect their money.
- Traceability. Each farmer is identified in our database with his/her telephone number and identity card. We can therefore be sure that it is the farmer who is receiving the money, as we know which telephone number the funds are being sent to.

### WHAT SOLUTION HAVE YOU PUT IN PLACE WITH WIZALL MONEY TO PAY FARMERS?

The vast majority of our farmers do not have a smartphone. They have a basic phone that can only receive and send calls and SMS. We therefore opted for a code sent directly to the farmers' phones. With this code and their ID, farmers go to the Wizall Money kiosk of their choice to withdraw their money. The beneficiaries (farmers) pay the costs associated with this service.

The introduction of this solution has clearly removed a considerable number of constraints for farmers, including time and organisation. In addition, we feared that farmers would be reluctant to pay for their money. However, the question of cost was not mentioned. On the contrary, it costs them much less than paying for transport to Richard Toll on a specific day of the month. We have not had any complaints in this regard.



### MORE THAN A YEAR AFTER THE DIGITISATION WAS IMPLEMENTED, WHERE DO YOU STAND? WHAT IS THE NEXT STEP?

The digitisation of the payroll was implemented just before the Covid-19 hit Senegal in March 2020, where drastic measures were quickly taken: curfews, forbidden gatherings, etc. Without digitisation, farmers would not have been able to move and would not have been paid.

Today, we are moving on to the second and final stage of payroll transformation. Indeed, there are 2 disadvantages to the SMS codes that our farmers receive on their phones: you need to have your own phone, which is not the case for all our farmers, and you also need a network. The main problem was that some people never received the code, so we had to keep paying them in cash.

To deal with this situation, we have provided all our farmers with an individual NFC card. The payment will be sent to this card in an electronic purse. Farmers can then go to a Wizall Money kiosk, hand over their card, enter their PIN and withdraw all or part of their money. There are no more network constraints and no more obligation to withdraw all the money paid in. This major innovation allows us to enter into new uses and services that are a form of micro-savings and passive savings.

From now on, we will be working on various subjects that digitalisation will enable us to tackle more effectively and with greater peace of mind: access to health insurance, development of savings and financial education.

Full interview in French on FinDev



## MICROINVEST SUPPORTS INVESTMENTS IN THE MODERNISATION OF MOLDOVAN AGRICULTURE

*Interview with Dumitru Svinarenco, Chief Executive Officer of Microinvest (Republic of Moldova) about investments in Moldovan agriculture in main facilities of Agri loans.*

### COULD YOU PRESENT MICROINVEST IN A FEW WORDS?

Microinvest is a non-bank credit organization with mixed capital. We managed to prove our major role in the Moldovan financial market by supporting local businesses, agriculture and individuals and directly contributing to the development of the country's economy.

According to the size of the portfolio, we rank 6th among the banking system, while maintaining the leading position on non-bank credit market in the country.

We are different from other financial companies thanks to the customized solutions and important benefits in the lending process that we offer to each client, including agricultural entrepreneurs. We are the only NBFI in Moldova to hold the international quality certificate – SMART, which proves that we are a responsible and trustworthy lender.

### AGRICULTURE IS ONE OF THE BASIC PILLARS FOR THE MOLDOVAN ECONOMY AND IT IS ALSO A PRIORITY SECTOR FOR MICROINVEST. HOW DID THE 2020 DROUGHT AND COVID-19 AFFECT YOUR CLIENTS AND YOUR ORGANIZATION?

Every year, the agricultural sector is developing and modernizing thanks to successful entrepreneurs and responsible investments. 30% of our overall LP and more than 40% of our business LP is dedicated to the agri field, to the support of agricultural businesses and farms, which need financial investments for quality agriculture.

The year 2020 had a major impact on the Moldovan agricultural segment, which were directly confronted with the Covid-19 crisis, but also with the unprecedented drought, which led to a season with minimal harvests.

### WHAT HAS BEEN YOUR RESPONSE TO SUPPORT THE AGRICULTURAL SECTOR TO COPE WITH THESE CRISES?

Microinvest was among the first organizations to cancel the penalties at the beginning of the pandemic, both for business owners and individuals. Throughout this period, our experts have assessed the situation of each entrepreneur. We have been open to come up with solutions for restructuring and extending the terms of loans, without charging fees.

As the pandemic had just started, we continued to lend to farmers so that they could begin the agricultural season as planned. Despite the difficulties, some of our clients have managed to develop successful households and gather great results from the investments made.

### MICROINVEST IS FUNDED BY THE GRAMEEN CRÉDIT AGRICOLE FOUNDATION (GCAF) SINCE 2020. HOW HAS THE FOUNDATION SUPPORTED YOUR ORGANIZATION DURING THIS PANDEMIC?

Microinvest started the interactions with GCAF in 2019 and signed the first loan agreement in May 2020, at the peak of the highest lockdown restrictions imposed by most countries.



This first loan from GCAF was an impulse for other lenders, proving that even new lenders believed in our financial stability and in our adequate reaction to crisis. The second loan has already been disbursed in March 2021.

The Foundation maintained transparent communication with us, listened to our needs and supported the search for suitable solutions. We consider GCAF as a reliable partner, therefore we plan to develop and strengthen our cooperation in the future.

### WHICH WILL BE YOUR STRATEGIC PRIORITIES FOR THE YEARS TO COME? WHAT PLACE HAVE YOU GIVEN TO DIGITALIZATION?

Digitization occupies a special place in our communication and development strategy. We follow a balanced formula: combining digital automation with personal discussions with customers, visits and direct interactions.

Entrepreneurs appreciate the expertise and the value of an individual approach which lead to tailor-made financial solutions. At the same time, we tend to go for the massive digitization of retail lines, simplifying the lending process, and thus saving our customer time.

We are confident that agriculture in Moldova is one of the strategic segments for our country. We support individuals and legal entities in their plans for growth and business transformation. In 2021, we came up with a special offer for business clients – unsecured credits up to MDL 1,700,000, so that they can successfully achieve their goals.

Both we and the farmers have high expectations for the new agricultural season. A good year will give additional strength to the agricultural sector, but also additional desire to invest in the modernization of agricultural practices, by purchasing new high-performance equipment.

## A TECHNICAL ASSISTANCE TO STRENGTHEN INCLUSIVE GREEN FINANCE

*In 2013, the Grameen Crédit Agricole Foundation created the "African Facility" technical assistance programme funded by the Agence française de développement (AFD).*

RENACA is a Tier 2 microfinance institution created in 2005 to strengthen significantly the economic base of vulnerable rural, peri-urban and urban self-employed populations. RENACA provides individual and group loans to a predominantly female clientele in six regions of Benin. Within the technical assistance programme of the African Facility, RENACA has received support from the YAPU consulting firm to strengthen its actions in inclusive green finance.

Feedback on the programme with the testimony of Thomas DOVONOU – Head of Credit Department, in charge of the Promotion of New Products at RENACA.

### WHY WAS THE DEVELOPMENT OF A BUSINESS PLAN IMPORTANT FOR YOUR INSTITUTION?

This mission was an initial intervention with RENACA-Benin (Réseau National des Caisses Villageoises d'Épargne et de Crédit Autogérées du Bénin) to develop our green agenda and define our organizational objectives. On the one hand, we wanted to benefit from an introductory awareness on the concept of inclusive green finance. On the other hand, an institutional assessment was needed to do a situational analysis of our actions in the field of inclusive green finance in order to identify and take advantage of market opportunities.

As RENACA operates mainly in rural areas, one of our priorities was to receive advice to develop our agricultural credit product offering, in terms of scope, productivity and management of risks linked to climate change. The consulting firm also trained us on the concept of Climate-Smart Agriculture.

### WHAT DID YOU EXPECT FROM THE CONSULTANT? DID THE RESULTS MEET YOUR EXPECTATIONS?

The YAPU consulting firm carried out an assessment of RENACA on its level of initial implementation of inclusive green finance, based on a review of our documentation, our processes and by interviewing our teams. The firm has truly worked with all of the Network's players (general management managers, operational staff, elected representatives and clients) to define our challenges and structure our priorities in an action plan. This allowed us to have a framework to strengthen our activities towards a more active and responsible organization from an environmental point of view.

We particularly appreciated the participatory approach of YAPU, as well as the good preparation of the mission and the quality of the documentation provided.



### WHAT ACTIONS HAVE YOU IMPLEMENTED FOLLOWING THE MISSION?

We first completed a Green Index and shared the results within the Network. Thus, the teams were informed of our current situation in terms of the level of implementation of inclusive green finance and became aware of our areas of improvement and possible opportunities.

Then, the results of the mission were used to improve the inclusive green finance system through the implementation of some recommendations.

For instance, we drew up a list of activities excluded from funding because they are harmful to the environment and the well-being of customers (production of charcoal, extraction activities leading to the pollution of water bodies, etc.) In addition to this list, a list of behaviors for lasting change expected from our customers was formulated.

We have also developed our offer of agricultural financial products through the establishment of an appropriate system in terms of strategy, actor profile (operational agents and pool of agricultural finance specialists), procedures and policies, tools, financial resources, partnerships, etc.

Finally, RENACA has developed an environmental and social policy, which has been adopted by its Board of Directors. The next step will be to disseminate it to network stakeholders (operational agents, customers, elected officials, etc.).

Ultimately, thanks to YAPU's intervention, we better understood the opportunities and challenges of inclusive green finance. This mission therefore enabled a real awareness of the Network's teams, from general management to field agents.



## THE FOUNDATION IS ONE OF THE 10 WINNERS OF THE GEF CHALLENGE PROGRAMME FOR ADAPTATION INNOVATION



*The Grameen Crédit Agricole Foundation is one of the 10 winners of the Global Environment Facility (GEF) Challenge Programme for Adaptation Innovation, a competition that provides seed funding for innovative initiatives designed to help vulnerable countries cope with the worsening climate crisis.*

### THE GEF CHALLENGE: SUPPORTING INNOVATIONS TO COPE WITH CLIMATE CHANGE

The GEF Challenge Programme for Adaptation Innovation catalyzes innovation and private sector action in support of vulnerable populations. Open to direct submission from technology and private sector innovators, this Challenge Programme supports models for scalable and bankable climate adaption solutions for adapting to the adverse impacts of climate change.

The GEF has announced 10 new winners, out of 418 submissions, of its Challenge Programme for Adaptation Innovation. Each winning concept will be eligible to receive grants from the GEF-hosted Special Climate Change Fund and Least Developed Countries Fund, which have provided, over the past 20 years, targeted financing for climate resilience projects in developing and low-income countries.

### THE GRAMEEN CRÉDIT AGRICOLE FOUNDATION'S PROJECT

Little public and private financing exists today for climate change adaptation and biodiversity conservation, especially for the inclusive finance sector. One of the main reasons for this is that the sector lacks common framework and indicators to assess the opportunity of Financial Service Providers (FSPs) to develop and scale up this type of offer.

In coordination with five other institutes, including its partner YAPU Solutions, the Foundation aims to provide public and private actors with common intervention frameworks, indicators and specific products to help them coordinate their methodology, activities and propose a concrete offer. This will enable FSPs to receive financial, technical and technological support to accompany the adaptation to climate change and biodiversity conservation for their clients, especially the most vulnerable: small producers and rural communities.

The approach draws on existing and proven UNEP Microfinance for Ecosystems Based Adaptation (MEbA) project methodologies and the Green Index 3.0 of the Green Inclusive and Climate Smart Finance Action Group (GICSF AG). The scope is to support FSPs to monitor and improve the climate change resilience and biodiversity impacts of their institution and their clients. The present project builds on these preliminary experiences and it aims to roll-out this approach for the benefit of the full inclusive finance sector.

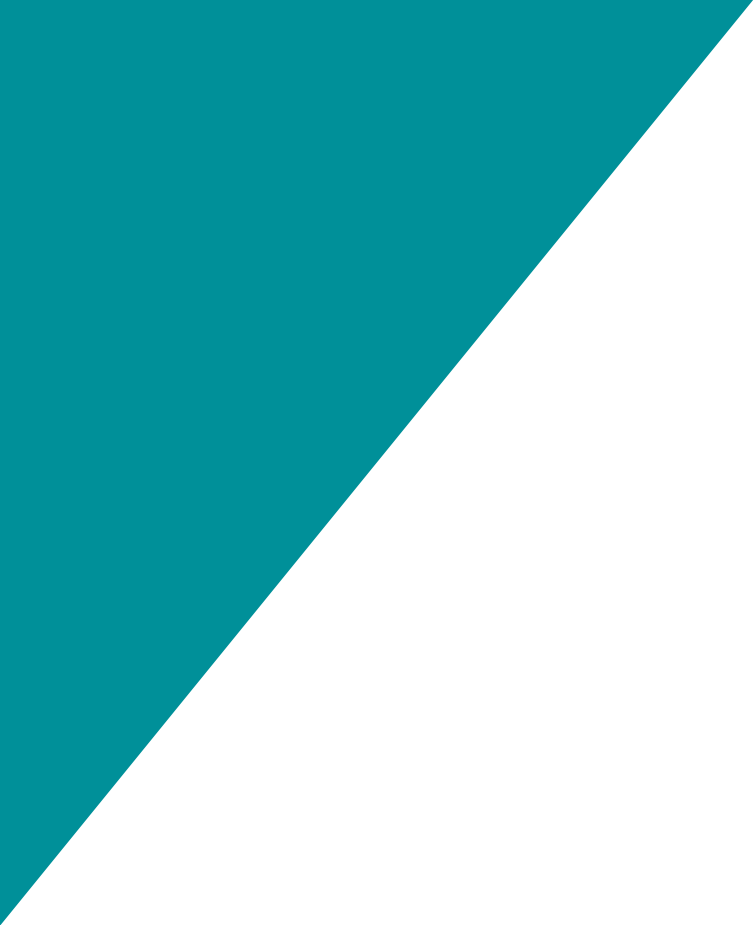
"Initially, the Foundation will set up a blended finance vehicle and pilot this triple assistance programme (financial, technical and technological) with four microfinance institutions. We then want to engage other actors to use this vehicle and the proposed tools. It's fully part of our strategy to support our partners to strengthen their adaptation to climate change in serving smallholders and rural communities." – Eric Campos, Managing Director, Grameen Crédit Agricole Foundation.

### Download the full press release:

<https://www.gca-foundation.org/wp-content/uploads/2021/11/2021-11-08-The-Grameen-Credit-Agricole-Foundation-winner-of-the-GEF-challenge-programm-1.pdf>





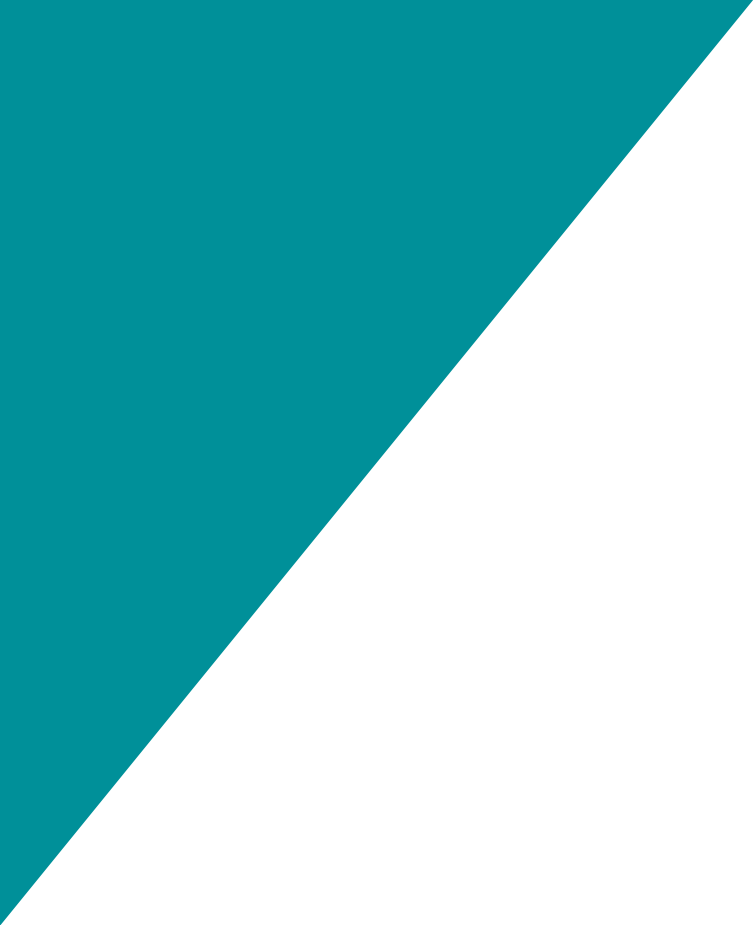




# ECONOMIC IMPACT OF COVID-19







# THE WILL OF MICROFINANCE INSTITUTIONS TO MAINTAIN THEIR ACTIVITIES DURING COVID-19 CRISIS

By the Grameen Crédit Agricole Foundation, ADA and Inpulse

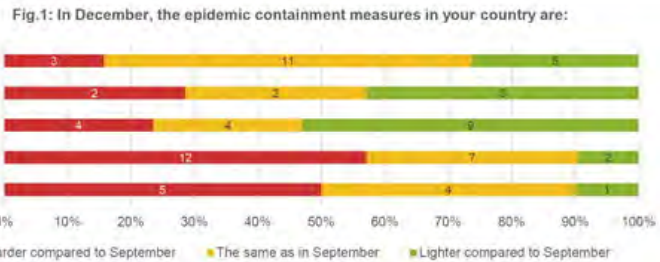
ADA, Inpulse and the Grameen Crédit Agricole Foundation have collaborated to monitor and analyse the effects of the Covid-19 crisis for their partner microfinance institutions worldwide. This monitoring was carried out regularly throughout the year 2020 in order to have a better vision of the situation's evolution. Through this regular and in-depth analysis, we hope to contribute, at our level, to the construction of strategies and solutions tailored to the needs of our partners, as well as to the diffusion and exchange of information between the different players in the sector.

## IN SUMMARY

The results reported in this article come from the fifth survey jointly (1) conducted by ADA, Inpulse and the Grameen Crédit Agricole Foundation. Responses were collected in the second half of December from 74 microfinance institutions (MFIs) located in 42 countries in Eastern Europe and Central Asia (EAC-28%), Sub-Saharan Africa (SSA-26%), Latin America and the Caribbean (LAC-23%), South Asia (14%), and the Middle East and North Africa (MENA-9%) (2).

At the same time, the major constraint that remained was the difficulty in collecting loan repayments, which implied increasing the portfolio at risk. This last point is still valid at year-end, and three quarters of respondents still report an increase in RAP. In added to this is the deterioration of the epidemiological situation in the world in the fall of 2020, as evidenced by the responses gathered in December 2020. The epidemic containment measures taken according to local contexts may once again have consequences on the activities of MFIs and their clients, and a return to normalcy is not yet on the agenda.

However, these new complications and their implications are not new. Thus, they have limited impact on MFIs' risk indicators. The stability of the increase in PAR, as well as in recovery levels, does not reflect a further major deterioration in MFIs' financial situation. This relative balance also corresponds to the MFIs' state of mind as they approach 2021. Despite an unstable context and all the obstacles it entails, the vast majority of our partners expect their activity to grow in the new year, in terms of both portfolio volume and the number of clients. This confidence, which was already evident in the surveys conducted over the summer, is a further sign of the resilience of these institutions.



## 1. MFIs are always operating in unstable and difficult conditions.

Our last survey, conducted in October, showed a great improvement in the operating environment for MFIs and a gradual recovery in activity in all regions of the world. However, in a large number of countries, even those that appeared to be managing the virus' spread well, new, more restrictive measures to contain the epidemic were taken in the last quarter of 2020 in response to the new increase in cases. This deterioration is particularly confirmed by our partners in Europe and Asia, where MFIs in South and Central America, Southern Africa and North Africa are reporting an improvement in the situation.

Comparing the responses of our 38 partners who participated in the October and December (3) surveys in the following paragraphs confirm the observation of a return of certain difficulties for MFIs, and are in line with the general results obtained at the end of the year.

Fig.2 : Have any members of your environment have been/are infected with COVID-19? (38 MFIs)



(1) The first four surveys of ADA's partners, Inpulse and the Grameen Agricole Foundation are available here : <https://www.gca-foundation.org/observatoire-covid-19/>, <https://www.ada-microfinance.org/fr/crise-du-covid-19> and <https://www.in-pulse.coop/news-and-media/>

(2) The number of responding MFIs by region is the following: SSA 19 MFIs; LAC 17 MFIs; EAC 21 MFIs, South Asia 10 MFIs; MENA: 7 MFIs

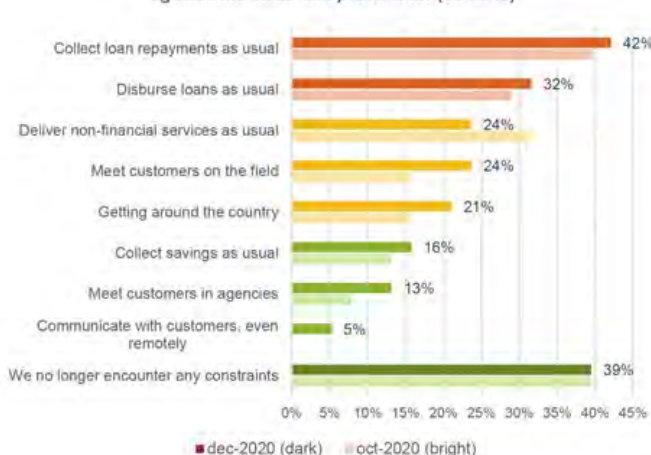
(3) The sample size is 38 MFIs: 6 in South Asia, 10 in Eastern Europe and Central Asia, 6 in Latin America and the Caribbean, 1 in MENA, and 15 in Sub-Saharan Africa.

First, the virus continues to rapidly spread in some parts of the world, and MFIs are not exempt from it. Thus, we can note an increase in the proportion of MFIs reporting that clients and staff have been infected with Covid-19. This can be seen in the drop from 47% to 32% (17 to 12 MFIs) of MFIs whose clients and staff are not reached by Covid-19. In October, this category included two thirds of the MFIs in Sub-Saharan Africa (10/15) and the vast majority of those in South Asia (5/6). In December, the share of MFIs in Sub-Saharan Africa was almost stable (9/15), while those in Asia dropped to 50% (3/6). Finally, the category “more than 20% of staff were infected” rose from 0% to 13% (5 MFIs) over the period, with the vast majority in the Europe and Central Asia region (4 MFIs).

In terms of operational constraints, results are relatively stable between the two periods. The list of MFIs indicating that they no longer face operational constraints remains more or less the same (39%), and is concentrated in Central Asia and West Africa. It should be added that collecting loan repayments (42% of the sample) and disbursing new loans (32%) remain the two main difficulties encountered by MFIs.

Difficulty getting in touch with clients, both in branches and in the field, was considered a consequence of the crisis for only 16% (6 MFIs) of this sample in October, and this figure increased in December (24%, 9 MFIs). In detail, it should be noted that the location of MFIs that highlight this constraint has evolved over the last two months. Thus, they were particularly located in Latin America and the Caribbean and East Africa in October. In December, this point was raised by MFIs in Southeast Asia (3/6), Eastern Europe (2/5) and West Africa (2/8). At the general level of the survey, 30% of the MFIs indicated that they were once again limited in their activities, despite a gradual recovery.

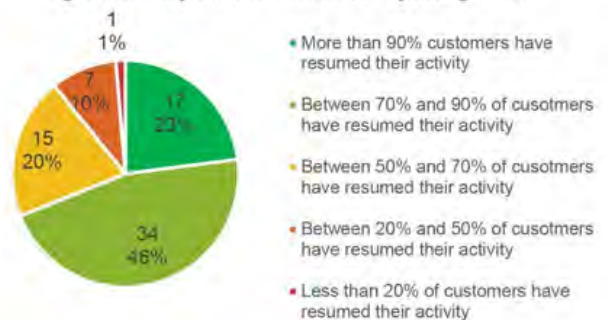
**Fig.3 : Do the measures implemented in your country against the virus still prevent to: (38 MFIs)**



## 2. Therefore, customers remain exposed

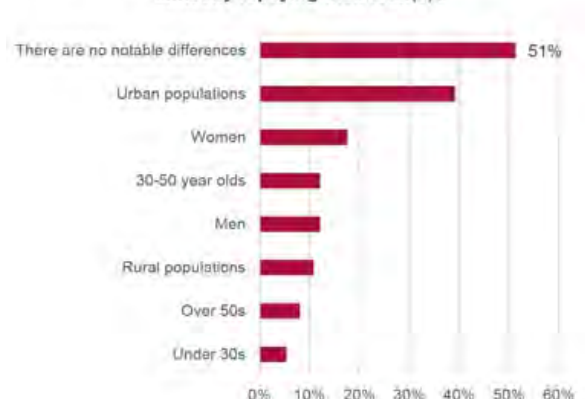
As the MFIs testify through these surveys, the uncertain and particularly unstable context also weighs heavily on MFI clients. Logically, the difficulty in collecting reimbursements for MFIs, for example, is closely linked to the difficulties encountered by the clients themselves. The activity of a large part of them has still not restarted or remains slowed down by the crisis context: our last survey highlighted in particular the tourism and trade sectors as the most affected sectors (4). In December 2020, the proportion of MFIs indicating that more than 90% of their clients have restarted their activity remains in the minority (23%, 17 MFIs). However, 46% (34 MFIs) of MFIs indicate that clients who have resumed their activity represent between 70% and 90% of their portfolio. Only 11% (8 MFIs) of respondents indicated that less than 50% of their clients are able to work again. There are, however, some regional disparities in these results: in South Asia, Europe and Central Asia, and Sub-Saharan Africa, at least 80% of respondents report that more than 70% of clients have returned to work. In the MENA and Latin America and the Caribbean regions, this share decreases to 43% and 41% respectively.

**Fig. 4: How is your customers' activity doing now?**



Our partners' responses also make it possible to continue profiling the customers most affected by the crisis. First of all, it should be noted that a large proportion of the MFIs surveyed rule out the possibility that there is a category of clients that is more affected than the others, whether in terms of gender, location (urban or rural) or age. In detail, 42% (31 MFIs)

**Fig. 5 : Which customer segment(s) have the most difficulty repaying their loan(s)?**

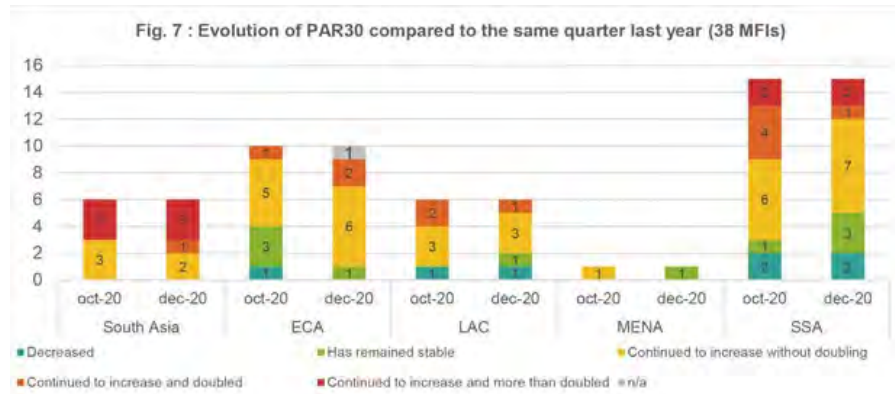


(4) <https://www.gca-foundation.org/espace-medias/#covid-19-une-reprise-des-imf-progressive-au-rythme-de-celle-de-leurs-clients>; <https://www.ada-microfinance.org/fr/crise-covid-19/fiche-crise-covid-19/2020/11/4e-vague-enquetes>



of respondents believe that all of their clients are impacted identically, and 51% (38 MFIs) indicate that there is no significant difference in repayments based on these criteria. Overall, the idea that there is a difference in exposure to the impact of the crisis according to age is also dismissed. While some MFIs say they see differences according to age categories (-30, 30-50, 50+), none of them stand out.

Among the MFIs that perceive a difference in the impact of the crisis on their clients (36 MFIs), one criterion stands out for the most part: 76% (27 MFIs) believe that the most impacted populations are urban populations. The same proportion claims that this difference is reflected in loan repayments. These responses confirm our previous results for the most affected sectors, which are definitely urban. The fact that the criterion of rurality is hardly mentioned goes in the same direction, and echoes the agricultural sector, revealed during the surveys by our partners as a sector less affected by the crisis linked to Covid-19 than the others, and towards which a certain number of MFIs imagined they wanted to move. Finally, a last characteristic is mentioned by MFIs reporting disparities in the impact of the crisis: 36% (13 MFIs) perceive that women are more affected than men and therefore by default may have more difficulty repaying their loans. It should be noted that a portion of the respondents serve only women clients, which logically makes them the most affected population in the sector.

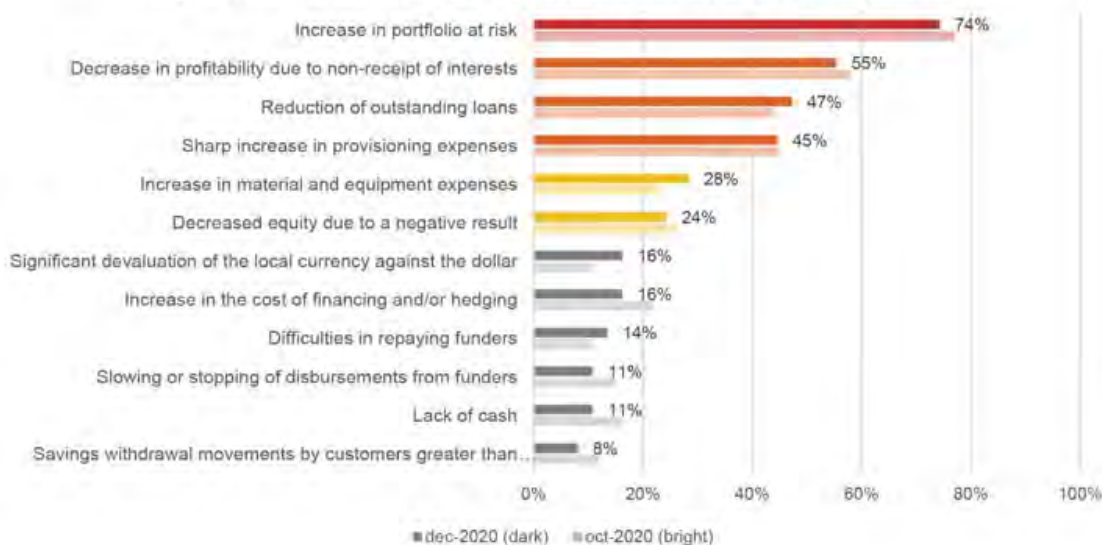


### 3. Now well-identified challenges for MFIs

MFIs are now aware of activity levels that are still at half-mast or of the measures implemented by the local authorities to contain Covid-19. In addition, to which they are adapting. Thus, the financial difficulties mentioned by the MFIs are very stable from October to December 2020 and do not highlight any new trends. Two of the four most cited difficulties remain linked to the MFIs' declining profitability, due to the increase in provisioning expenses (45% of the respondents, 33 MFIs) and the non-collection of interest (55%, 41 MFIs). These two points are closely linked to the most striking difficulty of the crisis for MFIs during this period: the increase in portfolio at risk (74%, 55 MFIs).

In December 2020, 74% (55 MFIs) of respondents indicated that more than 70% of clients were repaying their loans, and 37% reported client repayment levels above 90%. On the other hand, only 9% report that less than 50% of clients are able to repay their loans, which is in line with clients' recovery levels. These levels are reflected in the level of portfolio at risk of MFIs: in December 2020, 47% of respondents (35 MFIs) indicated that PAR 30 had increased without doubling, 16% that it had doubled, and 12% that it had more than doubled.

**Fig. 6 : What are the financial difficulties your institution is currently facing?**



Nevertheless, this risk configuration seems to have broadly stabilized in the last quarter of 2020, despite the additional constraints presented above (see Fig. 7). In the common sample for the October and December surveys, we still find a quarter of MFIs that are not affected by this increase in portfolio at risk. At the same time, there are no MFIs added to the list of MFIs whose PAR 30 has more than doubled. Transfers from one category to another over the October-December period are for the vast majority between a stable PAR and a PAR that increases without doubling. This indicates that the deteriorations in the local contexts previously presented would therefore not affect all clients, thus having only a moderate impact on the MFIs' risk indicators.

This stability coincides with the MFIs' new objectives at the beginning of the new year. The crisis has disrupted their operations, and has inevitably had an impact on their projections. Thus, 58% of MFIs report having updated their business plans and growth objectives for the coming months and years. On the strength of these crisis gains and a better understanding of the context, the vast majority of MFIs still plan to continue to develop in 2021. Thus, 80% of those surveyed expect their portfolio volume to increase this year, while 15% expect it to stagnate and 5% expect it to decline. In addition, this portfolio increase should also be followed by an increase in the number of clients for 75% of the MFIs expecting growth in the new year. A new hopeful signal, therefore, but also a sign of ambition on the part of institutions determined to continue moving forward in 2021.

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## « OXUS KYRGYZSTAN AND ITS SIX COMMANDMENTS FOR THE COVID-19 CRISIS »

Interview with Denis Khomyakov, CEO, OXUS Kyrgyzstan

*Since the beginning of the Covid-19 crisis, the Grameen Crédit Agricole Foundation has worked on several initiatives to better support the microfinance sector. OXUS Kyrgyzstan is one of the microfinance institutions that has benefited from the Foundation's response to the crisis. Five questions to Denis Khomyakov, CEO of OXUS Kyrgyzstan (OKG)*

### **THE COVID-19 CRISIS HAS STRONGLY INFLUENCED KYRGYZSTAN'S ECONOMY AND YOUR ORGANISATION. WHAT MEASURES HAVE YOU ADOPTED TO COPE WITH IT?**

The crisis has hit the economy and the health system of Kyrgyzstan hard. With border closures and lockdowns, industry and agriculture declined, and transport services collapsed. Although new activities emerged (such as delivery services), Covid-19 affected the country's economy and by extension our clients and business.

In this context, we were well prepared at OKG. As early as February, we first protected our staff with home-based work or short time working at 2/3 of the salary; which involved the digitalisation of our activities. In May, we adopted both remote and on-site work, thanks to the required anti-Covid measures foreseen in the Covid-19 Business Continuity Plan (BCP), which quickly became operational.

We always made sure to communicate well. To achieve this, we first set up a Covid-19 Committee consisting of members from different departments and myself to structure communication and define operational measures. Several actions were taken: we organised communication with agencies and clients, established loan restructuring and client support, and decided to negotiate with lenders to obtain a grace period on repayments. We also had regular exchanges with various stakeholders: the governance that guided and advised us, the lenders who have done coordinated actions to ensure the continuity of our activities, and the National Bank that provided us with clarifications on the restructuring and exemptions possibilities.

### **WHAT WAS THE FOUNDATION'S SUPPORT TO STRENGTHEN OKG'S RESPONSE?**

The Covid-19 surveys carried out by the Foundation were well organised and always took place at the right time. The Covid-19 Observatory launched by the Foundation, where the results of the surveys and other useful articles are published, has been valuable to us in assessing our situation and position in the region. The Foundation also led OKG's group of lenders to implement the coordinated restructuring measures and extensions; at the Foundation's instigation, with regular monitoring by Julie Serret, a Foundation's Investment Manager, we acted immediately to prepare for the worst-case scenario and agreed terms with the lenders all together.

### **WHICH WERE THE MAIN MEASURES IMPLEMENTED BY THIS GROUP OF LENDERS?**

The group of lenders decided to extend all payments payable between May and December 2020 for 12 months. The lenders also



OXUS KYRGYZSTAN, KYRGYZSTAN @DIDIER GENTILHOMME

simplified reporting by collecting information through a common document, which gave us more time to focus on other issues. They also provided us with tools to create a BCP, to restart the business while protecting staff. As a result, we did not really worry about the liquidity situation. We were able to pay our staff salaries and benefits immediately.

### **WHAT LESSONS DO YOU DRAW FROM THIS PERIOD FOR THE EVOLUTION OF MICROFINANCE?**

Here are my six commandments:

1. Anticipate. Every business should have a BCP for these kind of events. Having an IT disaster recovery plan is very useful – it helped us a lot in reacting to the crisis and keeping the system running.
2. Take care of the staff; inform them of the situation and the measures decided.
3. Make decisions. Do not be too late but think twice.
4. Inform investors and lenders of the situation and provide forecasts (detailed, even if you do not know how things will develop) for the coming months.
5. Contact your Board of Directors often. Its composition and experience will enable you to get through any type of crisis.
6. Be digital. Digital channels are valuable for communicating with clients and staff. Covid-19 has pushed us to think and to be more digital.

### **WHAT ARE THE PROSPECTS FOR OKG IN 2021?**

The company continues its development and growth. We plan to open two new branches in rural areas and to serve low-income clients. We plan to introduce tablets to speed up loan disbursement, but also to collect less paper and be more environmentally friendly. We also aim at developing green loans to help combat air pollution and intensive energy use in Kyrgyzstan.

Other initiatives such as our work on customer loyalty and the project to support women entrepreneurs initiated in early 2020 have been slowed down by the health crisis. We will take them up again. We will remain a reliable company for our clients, with a zero-exclusion approach!



## « ONE YEAR ON: WHAT A YEAR OF SURVEYS TELL US ABOUT COVID-19 AND MICROFINANCE »

Interview of Maxime Borgogno, Grameen Crédit Agricole Foundation

*Spotlight on the interview of Maxime Borgogno for FinDev. Maxime is Investment Manager for the Asia and Central Europe region at Grameen Crédit Agricole Foundation.*



**SINCE THE BEGINNING OF THE PANDEMIC, GRAMEEN CRÉDIT AGRICOLE FOUNDATION HAS BEEN MONITORING HOW THE MICROFINANCE SECTOR IS RESPONDING TO THE CRISIS CAUSED BY COVID-19. ONE YEAR LATER, WHAT HAVE YOU LEARNED?**

While the immediate consequences microfinance institutions (MFIs) faced were an increase in portfolio at risk and a reduction in their portfolio, the operational crisis did not lead to a total failure of the sector as feared at the beginning. In fact, we have seen many MFIs proactively adapting to the new context: they took adequate management measures while maintaining a responsible approach with their clients. Only a small proportion of surveyed institutions had to lay off staff during the crisis, and the ones in the most affected countries have successfully transitioned to remote systems. Most MFIs implemented loan restructuring to relieve affected clients. Some, especially in Southeast Asia, provided customers with emergency kits (food, sanitary equipment, etc.). They even explored new opportunities such as digital channels for loan repayment to adapt to the situation.

In general, MFIs remain optimistic about the future, based on a good understanding of current challenges and the experience built in 2020. While the crisis is not over and there are still challenges ahead, the sector has the capacity to meet them.

**WHAT ARE SOME OF THE KEY CHALLENGES THAT LIE AHEAD? WHY DO YOU THINK THE SECTOR HAS THE CAPACITY TO OVERCOME THEM?**

The situation remains unpredictable and depends on the country. A MFI may come to face significant operational constraints very quickly, which will limit its activity. The latest data shows that nearly 75% of MFIs are facing a higher risk portfolio than before the crisis. Therefore, they will have to find a balance between carefully managing this risk while continuing to disburse new loans to their clients. It

is now clear that the Covid-19 crisis has disrupted certain sectors, companies' structures and ways of doing business. MFIs will need to account for these major changes in their strategy for the coming years.

Over the past year, we have seen MFIs remain fully committed to their social mission. They have proven their resilience and capacity to adapt during an unprecedented crisis. With poverty levels increasing due to the crisis, the mission of microfinance is more relevant than ever.

**HOW DID YOU MONITOR THE SITUATION OVER THE PAST YEAR?**

We launched the first monthly survey in March 2020 with 75 MFIs we support. The objective was to gather first impressions on the situation as well as the potential impact on their activities and their clients. In June 2020, we joined forces with ADA and Inpulse to expand the reach of the survey to more than 100 MFIs, including in Latin America and the Caribbean, where the Foundation does not have a presence. Since September, we have moved towards a quarterly format to avoid overloading the institutions in a period of resumption of their activities. The next survey will be in March.

The survey results, as well as other articles related to the Covid-19 crisis, are available on The Covid-19 Observatory, a space created by the Foundation at the onset of the pandemic.

**MICROFINANCE INSTITUTIONS OFTEN DON'T HAVE THE CAPACITY TO RESPOND TO SURVEYS, ESPECIALLY WHEN THEY HAVE A MAJOR CRISIS TO DEAL WITH. WHAT HELPED YOU TO CONTINUE GATHERING DATA AMONG THEM?**

From the very beginning, we chose not to ask MFIs detailed financial information, but rather to gather their impressions and observations on the impact of the crisis. We deliberately kept the number of questions low and made sure they were as clear as possible. We also avoided requesting the same information they send us in their regular monthly reports.

We insist on a high level of communication with our partners, so we share the results of the surveys with them as soon as they are available and remain open to their feedback in this process. Comments from our respondents have helped us to adapt the wording of the questions and the content of the questionnaire. We believe that their involvement in the process is a key motivator for our partner MFIs to continue participating in the survey.

**HOW DO YOU SEE THIS CRISIS SHAPING THE FUTURE OF MICROFINANCE? ARE YOU WORRIED ABOUT THE FUTURE OF THE SECTOR?**

2020 was a historic year that demonstrated the resilience of the microfinance sector. MFIs innovated and strengthened their services to protect their clients. At the same time, lenders and other stakeholders coordinated among themselves to adopt the most suitable measures to support MFIs. The last survey we conducted on the impact of the Covid-19 crisis reveals that most institutions expect their activity to grow in 2021, in terms of both portfolio volume and number of clients.

However, many of the most affected institutions will need support from their shareholders and lenders. As credit risk gradually translates into losses in 2021, the responsiveness of investors will be fundamental and is a forthcoming topic for the Foundation's Covid-19 Observatory.

The crisis is not yet behind us, but we are encouraged for the future of the sector. Digital transformation, coordination between stakeholders and innovation will be essential to strengthen the resilience and impact of microfinance.

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# PERSISTENT CREDIT RISK : A THREAT TO THE SOLVENCY OF MICROFINANCE INSTITUTIONS ?

By the Grameen Crédit Agricole Foundation, ADA and Inpulse

ADA, Inpulse and the Grameen Crédit Agricole Foundation joined forces in 2020 to monitor and analyse the effects of the COVID-19 crisis on their partner microfinance institutions around the world. This monitoring was carried out periodically throughout 2020 in order to gain a better vision of the development of the crisis at the international level. We are extending this work this year on a quarterly basis. The conclusions set out in this article follow the first quarter of 2021. With this regular analysis, we hope to contribute, at our level, to the charting of strategies and solutions adapted to the needs of our partners, as well as to the dissemination and exchange of information by and between the different stakeholders in the sector.

## IN A NUTSHELL

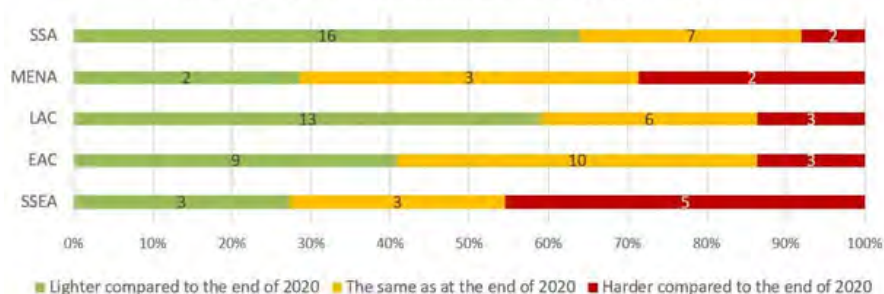
The results presented in the following pages come from the sixth survey (1) of the joint ADA, Inpulse and Grameen Crédit Agricole Foundation series. The responses from our partner microfinance institutions were collected in the second half of April 2021. The 87 institutions that responded are located in 47 countries in Eastern Europe and Central Asia (EECA-25%), Sub-Saharan Africa (SSA-29%), Latin America and the Caribbean (LAC-25%), South and Southeast Asia (SSEA-13%) and the Middle East and North Africa (MENA-8%) (2).

Whereas the general improvement in the local contexts relating to COVID-19 enables microfinance institutions to conduct their activities better, our latest survey shows that MFIs nevertheless had a lot of difficulties in reaching their development goals in the first quarter of 2021. The reasons cited have mainly to do with the difficulties encountered by the customers of the MFIs. Such customers are reluctant to commit to new loans, and if they do, it is for smaller amounts than in the past. At the same time, their risk profile has deteriorated due to the crisis and the MFIs will find it more difficult to finance them.

This general trend of increasing risk has led to a decline in the quality of the portfolio of the MFIs. In 2020, it has ultimately been reflected in the profit and loss accounts of institutions with an increase in provisioning expenses. This is likely to be the case again this year, with additional reserves but also loan write-offs.

In fact, the operations of the MFIs have been reduced or slowed down, generally with a decrease in the level of their equity capital. In point of fact, one in two MFIs, irrespective of size, indicates a need for capital in 2021. Two trends emerge: the MFIs are counting on their current shareholders to cover the losses linked to the crisis. Conversely, international investors are expected to support their development as of this year. The answers provided by our partners therefore underscore the need for recapitalization this year, which will involve all the players in the sector.

Currently, the epidemic containment measures in your country are:



## 1. DISBURSEMENT LEVELS ARE STILL LOW NOTWITHSTANDING THE REDUCTION IN CONSTRAINTS

Whereas we have seen a gradual but definite reduction in operational constraints for MFIs since the summer of 2020, this phenomenon continues in the first quarter of 2021. 50% of MFIs in all indicate that the measures in place in their countries are less constraining in April compared to the end of 2020. This is particularly pronounced in Sub-Saharan Africa (64% of respondents in the region) and Latin America and the Caribbean (59%). This is to a lesser extent true for MFIs in Europe and Central Asia, where the situation is either improving or stable. Finally, the situation is opposite in South and South-East Asia, with 45% of respondents in the region reporting a more difficult context, with the Cambodian and Burmese situations weighing on results.

Almost half of the respondents overall report that they no longer face any operational constraints in conducting their activities. This is reflected in the resumption of activity by the MFIs: 52% of those in sub-Saharan Africa can work as before the crisis. The vast majority of MFIs in Latin America are gradually resuming their activities since the first difficulties encountered. The situation in Europe and Central Asia is again divided between gradual or almost complete recovery. Conversely, the deteriorated context for MFIs in the SSEA region is reflected in activities that are either still constrained or are again affected by new measures to contain the epidemic.

(1) The results of the first five surveys are posted on <https://www.gca-foundation.org/observatoire-covid-19/>, <https://www.ada-microfinance.org/fr/crise-du-covid-19/> and <https://www.inpulse.coop/news-and-media/>

(2) Number of responding MFIs per region: EECA 22; SSA 25; LAC 22; SSEA 11; MENA: 7.

(3) Tier 1 means that the MFI manages a portfolio of over \$50 million. Tier 2 applies to portfolios of \$5 to \$50 million, and Tier 3 concerns portfolios of less than \$5 million.



### To what extent do these different constraints weigh on your activities?



Despite these continued positive signals on the level of activity of our partners, the expected level of loan disbursement for the quarter is apparently still difficult to achieve. For example, 55% of respondents report that they did not meet their loan disbursement targets in the first quarter of 2021. Only 10% of respondents exceeded their expectations, while 35% managed to meet their targets. The responses do not appear to pertain solely to business recovery: for example, 80% of MFIs in Sub-Saharan Africa did not meet their disbursement targets in the first quarter, while half report a return to near pre-crisis levels of activity.

When the MFIs did not meet their growth targets at the beginning of the year, three reasons stand out to explain this phenomenon. Firstly, the fact that customers are still reluctant to take out new loans (58% of this group), especially in a still rather uncertain context. Secondly, this is explained by the deteriorating risk profile of customers (50%), who are no longer eligible for loans or are eligible for smaller amounts (38%).

The latter two arguments are also mentioned by MFIs that have reached their targets without exceeding them. Nevertheless, this dynamic is partly offset by the fact that institutions have adjusted to the crisis and have put in place products adapted (digital, targeted sectors, etc.) to the current contexts in order to meet demand (47%).

Finally, the trend is quite different for MFIs that have exceeded their disbursement targets: the main factor is the strong demand received (78%), while the adjustment of the offer (33%) and the

### What is your Q1 performance due to?

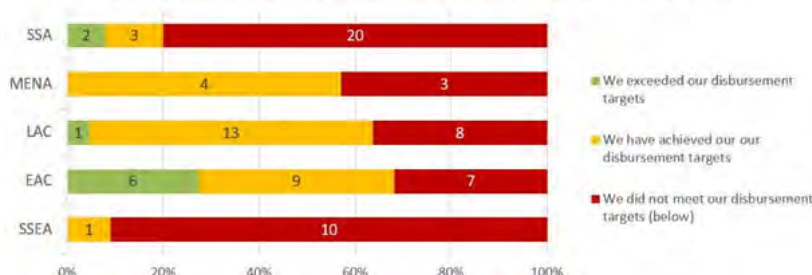


## 2. A PERSISTENT HIGH CREDIT RISK CONTINUES TO HAVE A SIGNIFICANT IMPACT ON INSTITUTIONS' PROFITABILITY

In parallel to these loan disbursement issues, credit risk remains the major challenge for 64% of our partner MFIs, as we have noted since the beginning of our survey series. While late repayments by customers may still be the result of ongoing moratoria (20% of respondents, particularly in South and Southeast Asia and Latin America and the Caribbean), the majority of moratoria exits have resulted in a shift from the "moratorium" portfolio to the "at risk" portfolio, either as unpaid loans or as restructured loans. In total, 61% of the respondents indicate that fewer than 90% of their customers are repaying their loans, and 25% are concerned by repayment rates below 70%.

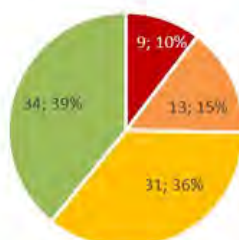
Another major difficulty is the decline in profitability of MFIs since the beginning of the COVID-19 crisis. At the end of Q1 2021, 55% of our partners raise this point. More specifically, we find that a share of the respondents managed to maintain some profitability in 2020, thanks to certain measures (33% – shown in green in the graph below). We then find a group of institutions (49% – shown in orange) for which an impact on profitability has been felt, but without endangering the institution. Finally, a last group stands out (18% – shown in red), in a less favourable position since the losses incurred in 2020 have direct consequences on the institutions' own funds. For some of these institutions, this even implies that the company's capital falls below the minimum levels required by the regulator or financiers.

### Were you able to reach your disbursement objectives for the 1st quarter of 2021?

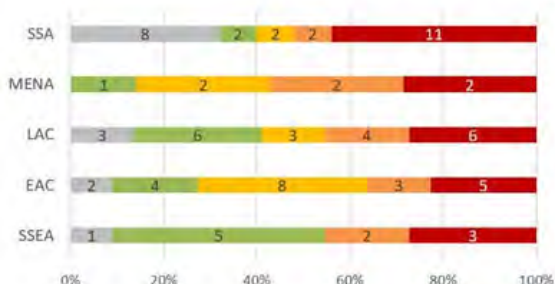


### One year after the start of the crisis, how does it affect customer reimbursements?

- Less than 50% of customers repay their loans
- Between 50% and 70% of customers repay their loans
- Between 70% and 90% of customers repay their loans
- Between 90% and 100% of customers repay their loans



### How is the moratoria evolving?



- We did not give moratoria to our customers
- A moratorium is still in progress
- The moratorium period is over and customers repay their loans
- The moratorium period is over and the loans of clients who cannot repay have been restructured
- The moratorium period is over and the loans of clients who cannot repay are in the portfolio at risk

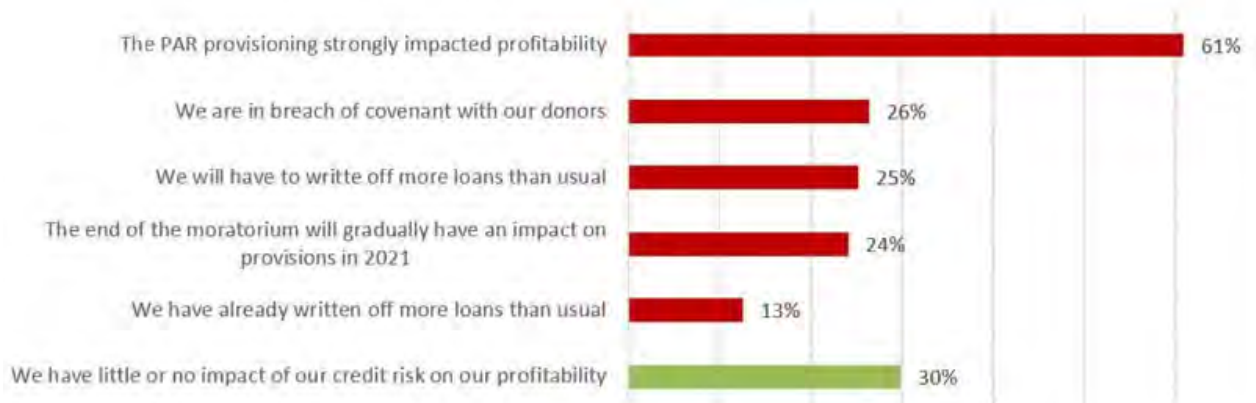
### Overall, how did you close the 2020 financial year?



The provisioning of the portfolio at risk turns out to be the main factor impacting on profitability in fact (61%). For some institutions (26%), this may moreover have led to a breach of contract with their funders. At the same time, there are still few massive loan write-offs, as only 13% of respondents have already resorted to debt cancellation to a greater extent than in previous years.

The impact of credit risk on the profitability of the MFIs is nonetheless expected to continue in the coming months. Loan write-offs in high proportions, above the usual standards, should concern 25% of our partners surveyed. At the same time, 24% expect that the provisioning of the PAR, notably through the exit of the moratorium, will continue to have a strong impact on their financial results. Finally, it should be noted that the ageing of the current portfolio at risk could also lead to additional provisioning expenses.

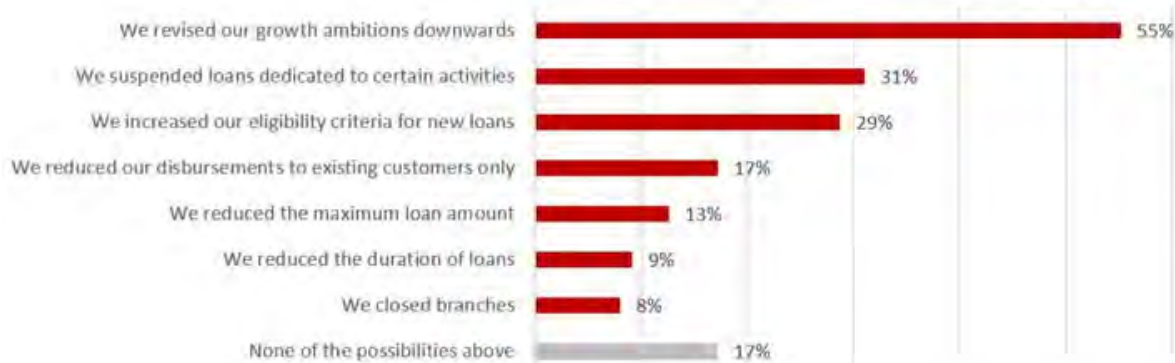
### How does the increase in credit risk materialize on your income statement?



### 3. STRAINED EQUITY CAPITAL LEADS TO A SEARCH FOR INVESTORS

The decline in profitability, which could consequently continue in the near future without any improvement in credit risk, must be analysed for the short and long term. In the short term, controlling the portfolio at risk is a major challenge to avoid a (further) deterioration of profitability. This then has a direct impact on the operations of the MFIs. According to our partners, this observation has led the majority of the MFIs to revise their growth projections downwards (55%) for the coming years. It is also apparent that risk management involves paying particular attention to the type of activity of clients (31% have suspended disbursements to certain sectors – often tourism, international trade, etc.) and to eligibility criteria (29%). This increased caution reflects the current emphasis on risk management.

Did less profitability have a direct impact on your activities?



The other angle of reflection for the longer-term is the solvency of microfinance institutions in the face of declining revenues or losses. A majority of institutions today (61%) have not taken any action regarding their capital since the beginning of the crisis. Where this has been the case, existing shareholders have provided support to the MFIs, while subordinated debt (Tier 2 equity capital) has also been put in place, to a lesser extent.

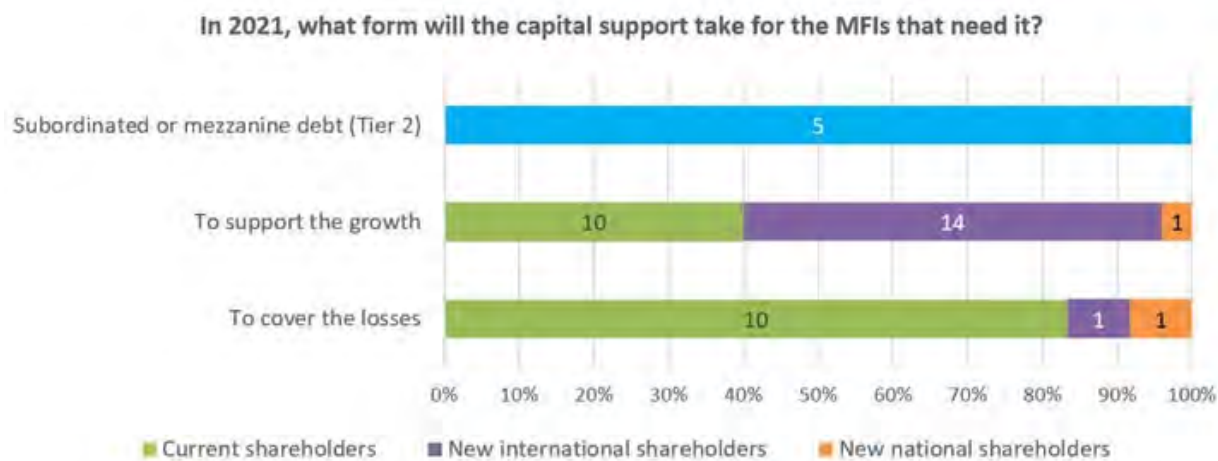
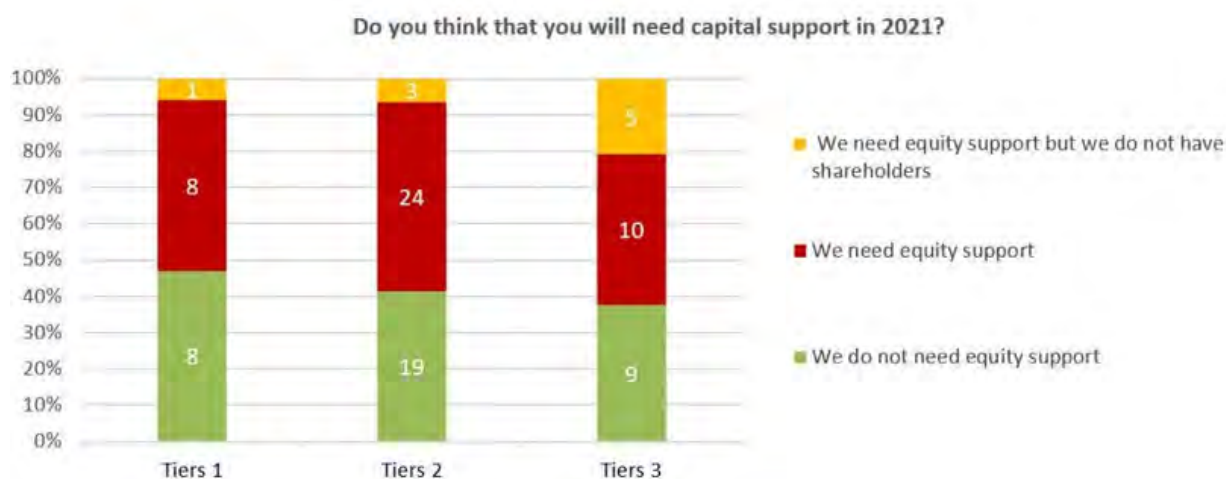
A very high proportion of these institutions (48%) nonetheless report an equity requirement in 2021. This sizeable proportion shows the extent of support needed within the sector to ensure its development. There is no real archetype of MFI that emphasizes this expectation of capital support in 2021: regardless of the size of the MFI, about half of each Tier category expresses capital needs.

Given the situation of your equity at the end of 2020



To meet these capital expectations, The types of shareholders that microfinance institutions wish to turn to in order to meet these capital expectations depend on the reason why this support is needed. For example, for institutions that mention a need for equity support in 2021, we find that when an MFI needs help to cover losses, it overwhelmingly turns to its existing shareholders (83% of cases, 10/12). Conversely, when MFIs are looking for support to continue to grow, they will more often turn to international investors (56% of cases, 14/25), beyond the potential contribution of existing shareholders. Finally, it is worth noting that subordinated debt may be favoured over capital injection, as this option is mentioned by 5 institutions.





All of our partners' responses therefore suggest that the impact of the crisis, through credit risk, logically creates equity needs for a large proportion of entities, as they face either financial losses or a limitation in their ability to recover. While 41% of respondents say they will focus on improving the quality of their portfolio this year, our partners remind us of the essential role that international and existing investors will have to play in maintaining a satisfactory level of capitalisation that is conducive to their development.

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## THE COVID-19 CRISIS AND GENDER INEQUALITIES

By Miren Bengoa, Director, member of Financial, Risks and Impact Committee, Grameen Crédit Agricole Foundation & International Action Director, SOS Group

*Director of the Grameen Crédit Agricole Foundation since 2020, Miren Bengoa has been, since January 2021, the new International Action Director of the SOS Group. Since 2011, she was at the head of Fondation CHANEL, which supports projects improving the economic and social situation of women. She shares her view on the impact of the Covid-19 crisis on gender equality and the responses to address it.*



### WHAT IS THE IMPACT OF COVID-19 ON THE STATUS OF WOMEN?

One of the immediate consequences of the Covid-19 crisis is the rise in inequalities between women and men. We have seen during this pandemic an increase in violence against women and girls and a decline in girls' learning as dropout rates and child marriage increase. Tens of millions more women have fallen into extreme poverty as they lose their jobs at a faster rate than men. Moreover, they suffer from difficulties in accessing new technologies and lack of digital skills.

### IN A FEW WORDS, WHAT IS THE PANORAMA OF GENDER INEQUALITY IN THE WORLD TODAY?

Current projections indicate that gender equality will not be achieved for another 130 years. In 2020, women represented on average (on a global scale) 4.4% of business leaders, 16.9% of Board members, 25% of parliamentarians and 13% of peace negotiators. Only 22 countries are currently headed by a female head of State or government (UN Women, 2020). We need better representation of women that reflects the diversity and abilities of women and girls.

### HOW CAN FEMALE ENTREPRENEURSHIP BE AN ANSWER TO THE CRISIS?

Women entrepreneurs have been at the forefront and strongly affected by the decline in economic activity. They are nonetheless also the bearers of innovative solutions and should be supported as much as possible by funders and public authorities. Being strongly involved in responding to community needs, they have been able to adapt their activities to the constraints of the pandemic. This has not been easy; they have sometimes been the first to give up a income generating activity so as to give priority to their families.

### PROMOTING WOMEN EMPOWERMENT IS ONE OF THE MISSIONS OF THE GRAMEEN CRÉDIT AGRICOLE FOUNDATION. WHAT SHOULD BE THE PRIORITIES TO BOOST THIS ASPIRATION?

Since its creation, promoting women empowerment has been at the heart of the Foundation's action: among the 7 million clients of microfinance institutions supported, 73% are women beneficiaries of microcredits to create or develop income-generating activities. Maintaining funding, flexibility in rollovers and frequent analysis of the needs of these institutions are and will be key to enable them to regain a capacity for action in favour of female entrepreneurship.

## SIGNS OF ECONOMIC RECOVERY REMAIN MIXED

By the Grameen Crédit Agricole Foundation, ADA and Inpulse

ADA, Inpulse and the Grameen Crédit Agricole Foundation joined forces in 2020 to monitor and analyse the effects of the COVID-19 crisis on their partner microfinance institutions around the world. This monitoring was carried out periodically throughout 2020 to gain a better insight into how the crisis has developed internationally. We are extending this work this year, on a quarterly basis. The conclusions presented in this article follow the second quarter of 2021. With this regular analysis, we hope to contribute, at our level, to the construction of strategies and solutions adapted to the needs of our partners, as well as to the dissemination and exchange of information by and between the different stakeholders in the sector.

### IN A NUTSHELL

The results presented in the following pages come from the seventh survey in the series shared by[1] ADA, Inpulse and the Grameen Crédit Agricole Foundation. Responses from our partner microfinance institutions (MFIs) were collected in the second half of July 2021. The 78 institutions that responded are located in 40 countries in Sub-Saharan Africa

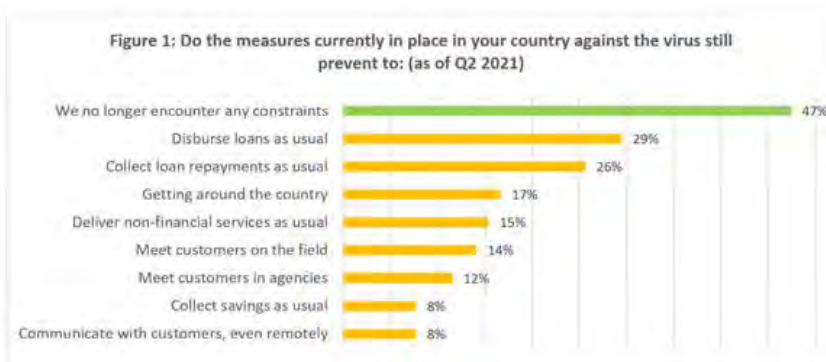
(SSA-32%), Latin America and the Caribbean (LAC-30%), Eastern Europe and Central Asia (ECA-22%), North Africa and the Middle East (MENA-9%) and South and Southeast Asia (SSEA-6%).[2]

The fairly positive overall trend nevertheless conceals highly contrasting realities, with the largest number of institutions returning to growth and others continuing to encounter difficult economic conditions. The first group shows growth in their assets and positive development projections for the end of 2021. This outlook remains measured nonetheless (mostly between 0 and 10% of portfolio growth) as factors such as client demand and risk management continue to affect expansion opportunities.

Conversely, some institutions are facing difficulties specific to health contexts, the effects of which are weighing on economic life and are having a strong impact on transaction volumes. As a result, the profitability of their financial performance has been affected to the point of having a negative effect on the equity capital of the most fragile.

### 1. AN OPERATING ENVIRONMENT THAT CONTINUES TO IMPROVE OVERALL

The reduction of operational constraints and the gradual recovery of business activities are again confirmed in this latest survey. Needless to say, this trend hides some disparities that are less well oriented due to the measures taken to fight the spread of the virus. At the beginning of July 2021, 47% of the institutions surveyed said that they no longer faced operational constraints on a daily basis (Figure 1). Also, all constraints relating to traveling in the country and meeting clients do not concern more than 20% of respondents.



This is reflected in the level of activity of the institutions: 72% of the MFIs have either returned to a pace similar to that before the crisis or are experiencing a gradual recovery without major interruptions (figure 2). This phenomenon is particularly visible in the ECA region, where the level of activity has not declined for almost all institutions. In the LAC and SSA regions, a majority of organisations are in the same situation (63% and 68% respectively). In these areas, the difficulties are particularly acute in East Africa, Panama, and Honduras. Finally, for MFIs in the MENA region, the trend is towards recovery while those in SSEA are largely facing new difficulties (Cambodia, Laos, Myanmar, Sri Lanka).

### 2. Une partie des institutions de microfinance a retrouvé la croissance

C'est dans ce contexte que les IMF continuent de déboursier des prêts à leurs clients. Alors que la hausse du portefeuille à risque (PAR) et la réduction du portefeuille de crédits ont été les conséquences financières majeures de la crise en 2020, seules 36% des IMF sondées en juillet indiquent encore constater le recul de leur encours de prêt (figure 5).

This positive analysis masks a slow process, however, as shown by the response of our partners to whether they met their disbursement targets in Q2 2021. More than half (53%) indicated that they did not meet their disbursement targets in this period, a figure that is relatively close to that obtained in Q1. This result is not entirely correlated with an organisation's level of operations: more than half of the MFIs in the LAC and SSA regions report unmet targets despite a favourable operating environment. Note that three

[1] The results of the first five surveys are available here : <https://www.gca-foundation.org/en/covid-19-observatory/>, <https://www.ada-microfinance.org/en/covid-19-crisis/> and <https://www.inpulse.coop/news-and-media/>

[2] Number of responding MFIs per region: ECA 17 MFIs; SSA 25 MFIs; LAC 24 MFIs; SSEA 5 MFIs; MENA: 7 MFIs.



Figure 2: To what extent do operational constraints affect your activities?



Figure 3: Did you meet your disbursement targets in Q2 2021?

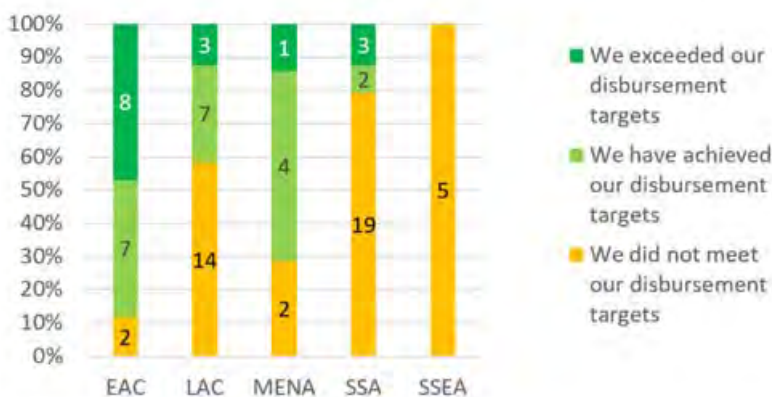
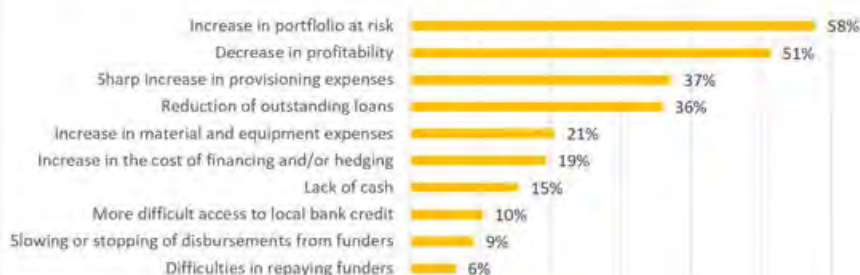


Figure 4 : What are the growth prospects compared to 2020 for the second half of the year? (as of Jun-21)



Figure 5: What are the financial difficulties your institution is currently facing? (as of Q2 2021)



reasons are cited by MFIs that did not meet their growth targets this quarter: the drop in amounts requested by clients (45%), clients' reluctance to commit to new loans (43%), and managing risk by focusing only on existing clients (38%). Thus, MFIs in the EAC region are the exception with excellent performance in Q2 2021.

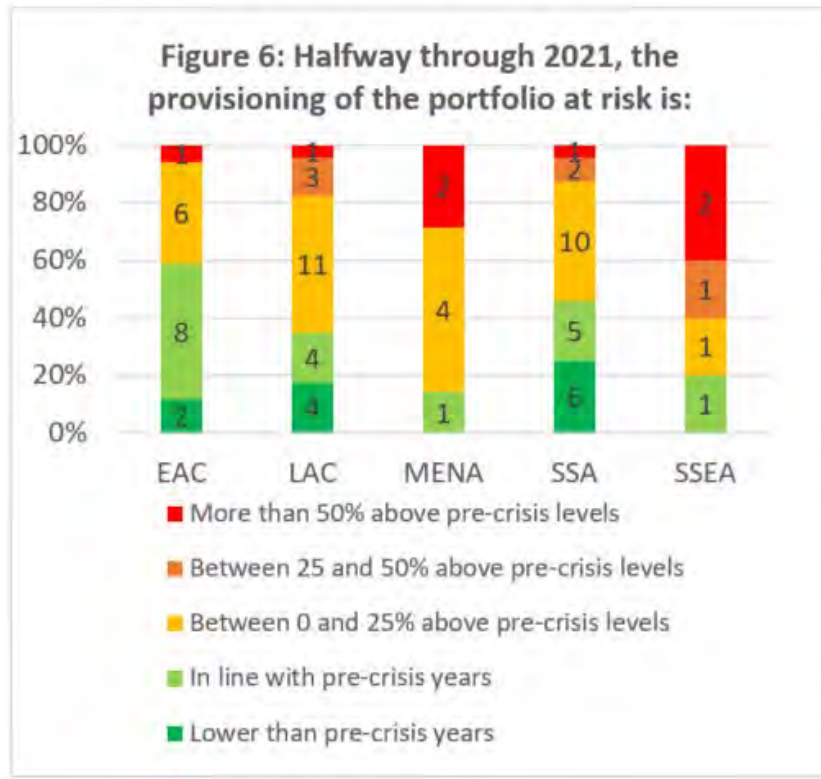
Even if these indicators reveal an inconsistent pace of development, the year 2021 is expected to end with growth in outstanding loans for the vast majority of MFIs. In fact, 86% of the institutions surveyed expect to have more outstanding loans than in December 2020 by the end of the year 2021. This growth will be reasonable for a large proportion of them: 44% of respondents expect portfolio growth of between 0 and 10%, particularly in the MENA and Latin America & Caribbean regions. For slightly more than a third of MFIs (36%), it will be between 10 and 30%. Projections are split between these two estimates in the other three regions analysed. Finally, it should be noted that 10-20% of MFIs in each region expect to reduce their outstanding loans.

### 3. CREDIT RISK REMAINS UNDER CONTROL BUT IS STILL PRESENT

Despite these reassuring signs of portfolio growth, MFIs still face a high credit risk, a lingering remnant of the crisis. In point of fact, 58% of respondents in Q2 2021 stated that the current portfolio at risk remains higher than in early 2020. While some institutions still have an active moratorium (only 5%), the loans of clients in trouble at the beginning of the crisis are now showing up in the PAR as restructured or delinquent loans. In addition, there are clients in arrears who did not have a moratorium. All these loans are provisioned to cover the proven risk of default. The decline in profitability is another major financial consequence of the crisis, fuelled by the sharp increase in provisioning expenses and the reduction in the number of outstanding loans.

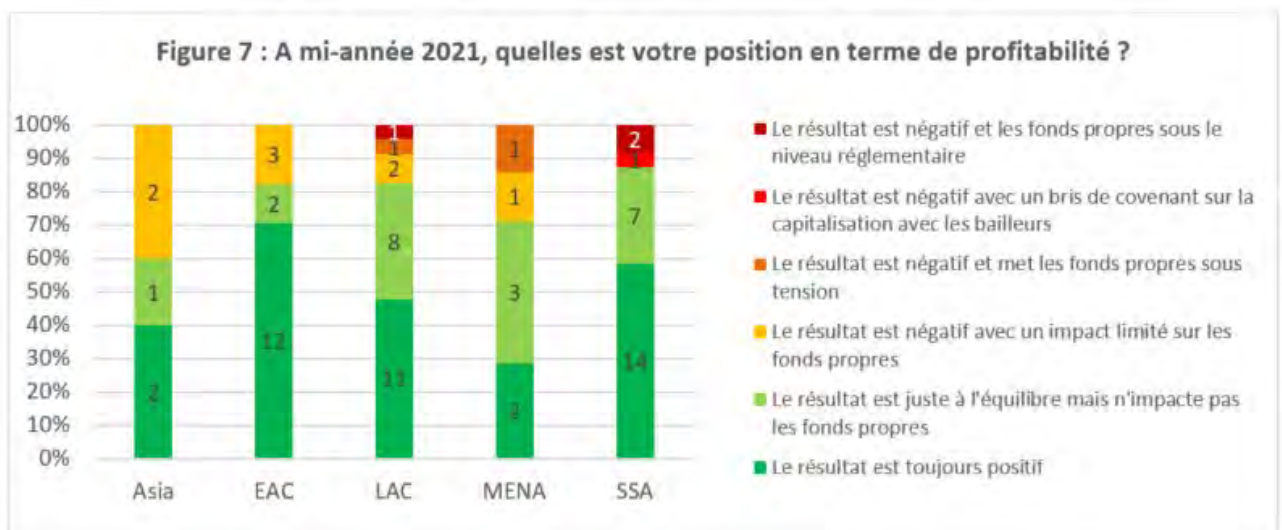
In detail, it appears that 59% of our partners have increased their provisioning levels compared with before the crisis (Figure 6). For most (71% of these 59%), the increase is between 0 and 25% of the usual amount, a situation that is found in every region except the SSEA. Conversely, there is a group of MFIs (40%) that no longer see a major increase in credit risk and whose provisioning expenses are similar to the past or even decreasing. In this respect, the ECA region again stands out, as this is the case for nearly 60% of the organisations surveyed in the region.

As we noted in our recent studies, however, this has not yet translated into a very large increase in loan write-offs. At the end of Q2 2021, 59% of respondents indicated that loan write-off levels for the year were either down from previous years or at the same level. Nevertheless, 13% of MFIs had to write off at least twice as many loans as they did before the crisis.

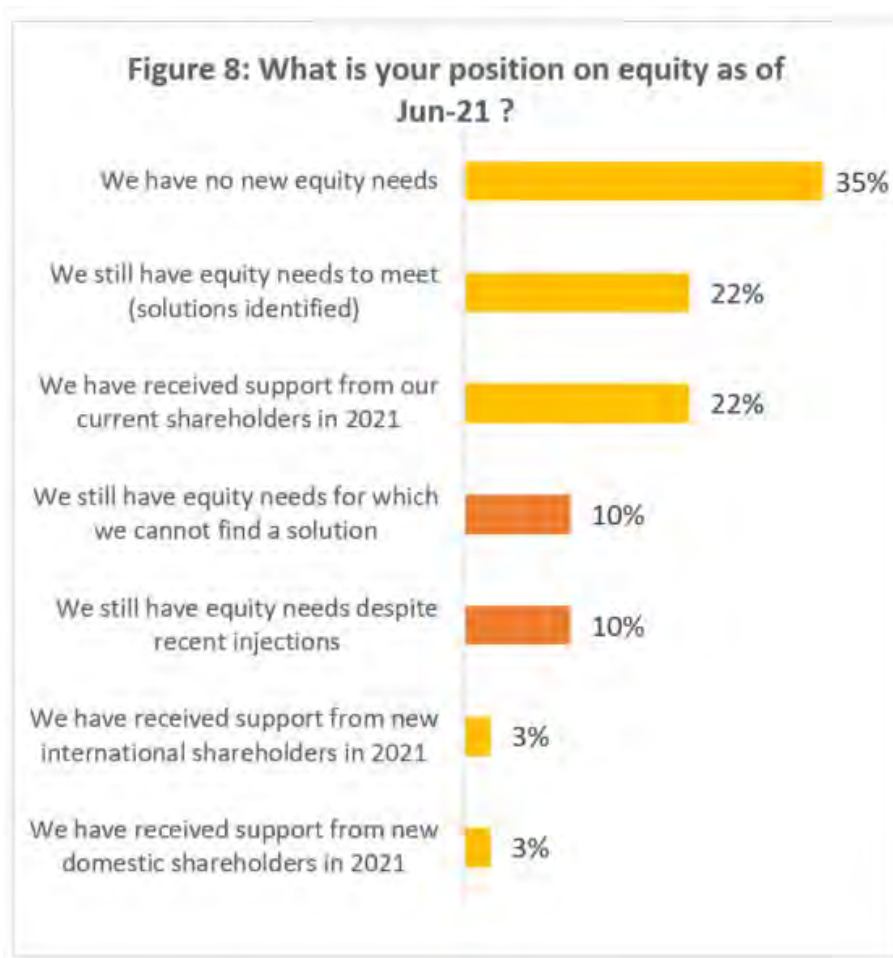


#### 4. EQUITY HAS BEEN LARGELY UNAFFECTED SO FAR

The profitability of microfinance institutions is affected by the return of business activities, the variation in outstanding loans and the risk coverage (factors presented in the foregoing paragraphs). The trend is downward for 51% of our partners (Figure 5). However, the information collected at the end of June 2021 is reassuring: 80% of respondents have a level of profitability that is at least balanced, which does not affect the capital of their structure (Figure 7). In the same vein, despite a negative result, 11% of respondents do not feel pressure on their equity. The situation is nonetheless more critical for 8% of the partners surveyed, whose level of capitalisation is at risk, leading to a potential breach of covenant with their funders or the regulator.

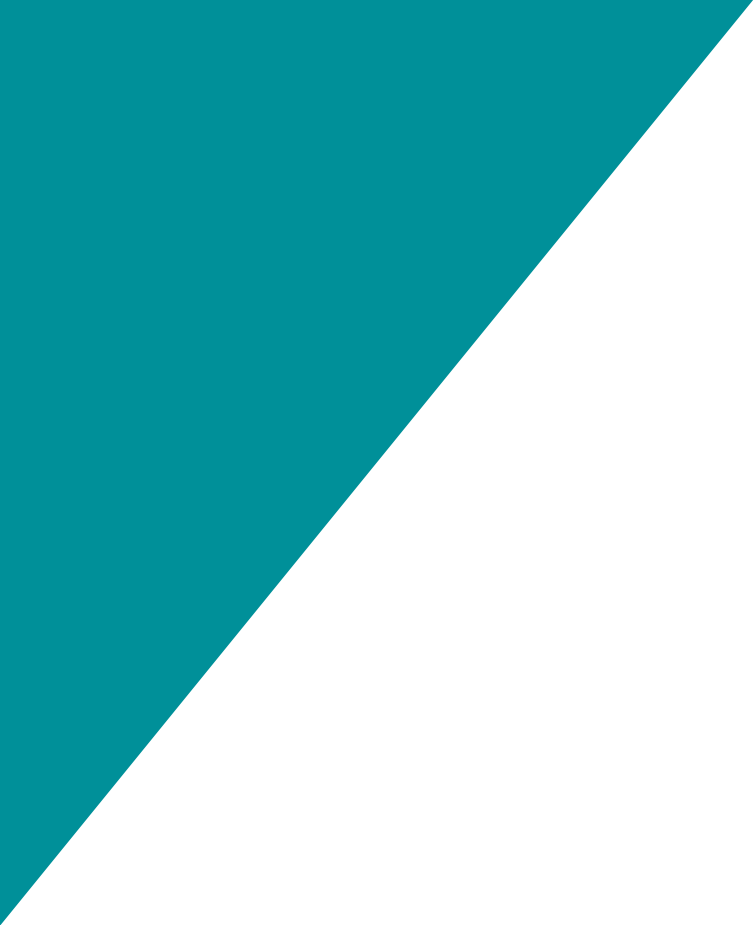


Given the difficulties faced by some of the clients, whom are up against new waves of complications related to COVID-19 or other factors, potential losses could affect the solvency of microfinance institutions. Some of them already require the intervention of their shareholders or investors. In our last study, we learned that the type of shareholder that institutions want to turn to depends on the reason why this support is needed (to cover losses or to grow). This survey shows that 20% of the respondents are already confronted by this issue: needs may arise despite recent capital support, but some MFIs are also without a solution in this regard (10%). These cases show that the impact of the crisis will still be felt by institutions already hard hit by this unprecedented period, but also by less robust MFIs. Vigilance on capital need remains necessary as the long-term impact of credit risk could turn the tables on other organisations if the overall situation does not improve, for example with the arrival of new epidemic waves.



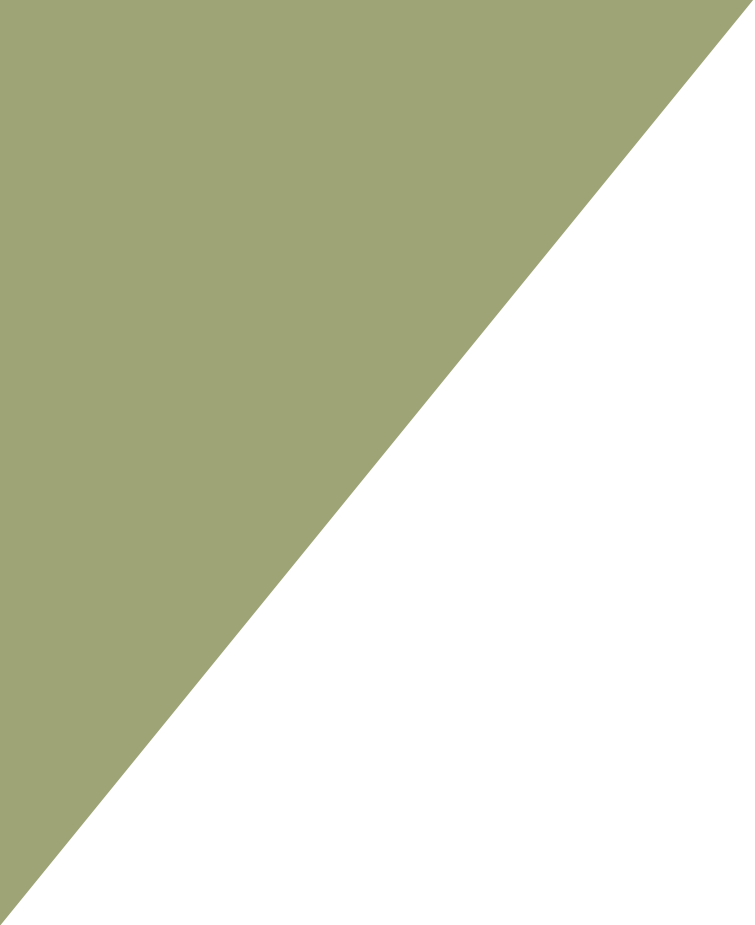
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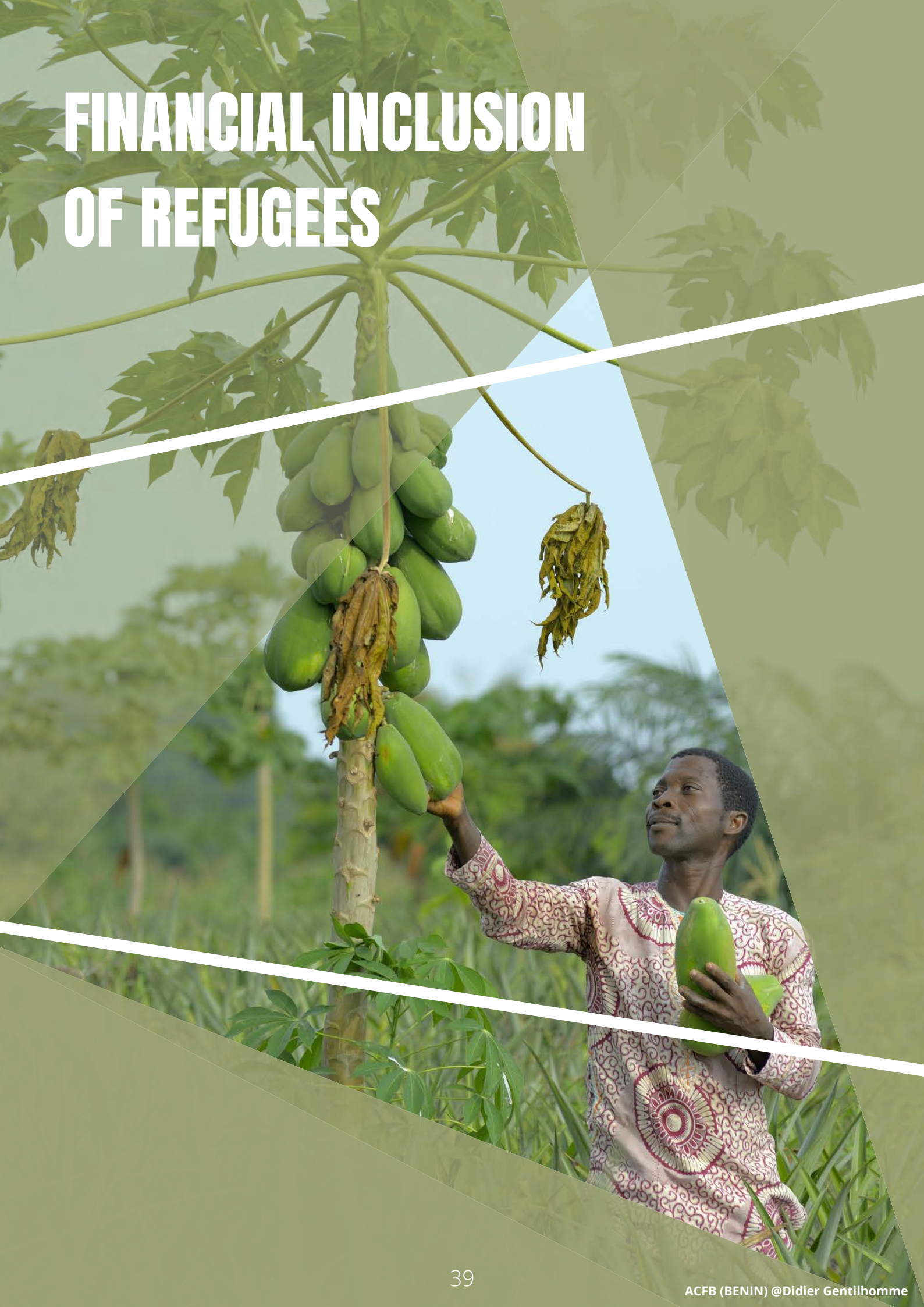
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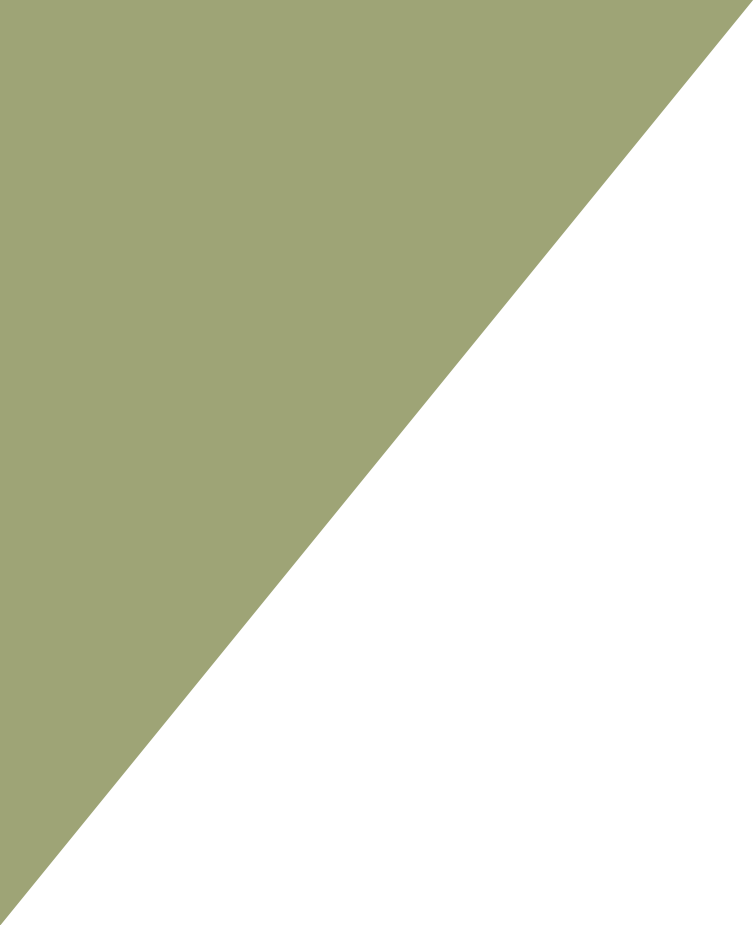






# FINANCIAL INCLUSION OF REFUGEES







## UGAFODE AND THE FINANCIAL INCLUSION FOR REFUGEES

*Supported by the Grameen Crédit Agricole Foundation since 2015, UGAFODE Microfinance Limited is a microfinance institution that offers inclusive financial and non-financial services to low income, but economically active populations in Uganda. UGAFODE is one of the three organisations supported by a programme launched by the Foundation, The Swedish International Development Cooperation Agency (Sida) and the UN Refugee Agency to support the financial inclusion of refugees. Thanks to the financial and technical support, UGAFODE opened a branch in Nakivale Refugee Settlement in Uganda. Spotlight on an interview to Shafi Nambobi, CEO of UGAFODE.*



### 1. IN A FEW WORDS, WHAT IS UGAFODE MICROFINANCE LIMITED?

UGAFODE Microfinance Limited began in 1994 as an NGO focused on group credit for women and has since transformed into a Microfinance deposit-taking institution regulated by Bank of Uganda. The institution specifically targets low income but economically active population in the country through 7 urban and 12 rural branches, serving over 110,000 savings customers and 8,000 loan clients. We offer a variety of financial services, which include savings, loans and money transfer services with a loan portfolio of €12.1 million and savings volume of €6 million.

### 2. UGAFODE RECEIVED AN INNOVATIVE SUPPORT FROM THE GRAMEEN CRÉDIT AGRICOLE FOUNDATION, THE SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (SIDA) AND THE UN REFUGEE AGENCY IN 2019, WHEN IT WAS SELECTED AS BENEFICIARY OF A PROGRAMME TO SUPPORT FINANCIAL INCLUSION FOR REFUGEES. CAN YOU EXPLAIN THE INITIATIVE AND THE SUPPORT UGAFODE RECEIVED?

Most of the refugees have been discriminated against and denied credit facilities from financial institutions as they are viewed to be too risky, despite being engaged in agriculture plus retail trade and commerce. In March 2020, UGAFODE was the first financial services institution to set up a physical branch in a refugee settlement in Uganda thanks to the programme. Nakivale refugee settlement is the 8th largest in the world hosting over 134,000 refugees from 13 countries. The total project budget is €536,780 with €396,882 coming from Sida and €139,810 contributed by UGAFODE in three years. Furthermore, the Foundation also granted a new loan of €540,000 in July 2020, of which 50% will be used in the framework of the refugees programme, to lend to refugees and host populations.

### 3. WHAT ARE THE FIRST OUTCOMES OF THE PROJECT?

Clearly, the project has passed the proof-of-concept stage. Since the opening of the Nakivale's branch, 505 loans totalling to €383,596 have been disbursed between 2nd March 2020 and 31st December 2020, mainly to support small and medium enterprises and agriculture individual loans. It is important to note that all this has been achieved under Covid-19 crisis. The Portfolio At Risk (PAR) is at 1.65% for 1 day and 0% for 30 days, which is remarkable and appreciated. Moreover, we have reached over 5,000 refugees with financial literacy messages and 2,534 clients have opened savings with a total of €65,112. A total of 5,301 refugees have received €776,345 through money transfer services from friends and relatives at the Nakivale branch in the nine months since the branch was opened. We currently employ 21 staff with 8 refugees at Nakivale plus 4 in the Call Centre in Kampala to manage customer complaints in the major refugee languages.



#### 4. HOW DID COVID-19 PANDEMIC AFFECT THE PROJECT? WHAT MEASURES HAVE BEEN TAKEN TO FACE THE CRISIS?

The project implementation and opening of the branch happened at the beginning of the Covid-19 crisis. Fortunately, as government rendered financial services as essential, the Nakivale branch was able to offer needed services to the settlement clients on a very positive note. UGAFODE has been able to adjust its policies and procedures to serve refugees within the regulation guidelines. We recruited refugee staff at the Call Centre to provide guidance and information to the clients. We also built a branch extension to provide sufficient space to ensure safety of both staff and customers. Furthermore, we granted rescheduling options to the clients with loans to support them in this period of crisis. The Grameen Crédit Agricole Foundation and KIVA supported us to face the crisis. The Foundation granted us flexible budget lines within core lines to cater for crisis' uncertainties. The Branch operates under strict COVID 19 SOPs (Standard Operating Procedures) instituted by the Ministry of Health and Government. We will also be able to buy 3 more motorcycles to enable the branch staff reach out to more clients, easily and faster.

#### 5. WHAT ARE NOW THE PRIORITIES OF THE PROJECT?

**There are three priorities :**

- Scale up financial literacy trainings to raise awareness of at least 8,800 refugees and 8,000 host communities in year 2 and 15,500 refugees and 14,000 host communities in the last year of the project.
- Conduct a customer survey to facilitate informed decisions and develop products tailored to refugees.
- Roll out the project model to other settlements. After Nakivale, the project is going to be replicated to other refugee settlements at the earliest. Initial feasibility studies have been conducted for Kyaka, Kyangwali and Rwamwanja refugee settlements.

## THE FOUNDATION SUPPORTS THE FINANCIAL INCLUSION OF REFUGEES

Since 2019, the Swedish International Development Cooperation Agency (Sida), the United Nations High Commissioner for Refugees (UNHCR) and the Grameen Crédit Agricole Foundation have joined forces to support refugee populations in Uganda.



The Foundation was selected by the Swedish International Development Cooperation Agency (Sida) and the United Nations High Commissioner for Refugees (UNHCR) for the design and coordination of an innovative programme in order to improve livelihoods, resilience and financial inclusion of refugees and host communities in Uganda.

Hanadi Tutunji, Financial Inclusion Officer at UNHCR reports on this joint four-year financial inclusion programme.

### HOW IS FINANCIAL INCLUSION A SUSTAINABLE SOLUTION FOR REFUGEES IN UGANDA?

Uganda is home to about 1.5 million refugees and asylum-seekers, making it the largest refugee hosting country in Africa, and third in the world. It has one of the most progressive refugee policies in the world, and is the global lead in the implementation of the Comprehensive Refugee Response Framework (CRRF) and Global Compact on Refugees (GCR). Refugees in Uganda live in settlements, which are close to the host communities, and they have access to the same social services such as health, education, water and sanitation, as well as livelihoods. They also enjoy the freedom of movement, right to work, and have been included in the country's National development Plan III.

Uganda hosts 94 per cent of the refugees in 13 settlements located in South West and Northern part of the country. The remaining six per cent are located in urban areas around Kampala. Despite Uganda's progressive and inclusive policies, the poverty rate among the refugee population is more than twice that of the host communities. This has a negative impact on their co-existence, and is a protection risk for both communities, especially the women, girls and persons with special needs.

In 2020, the World Food Programme reduced the food ration provided to refugees by 30 per cent, due to a reduction in their resource envelope. The effect it had on the refugees was further exasperated by the onset of COVID-19 and the impact of the countrywide lockdown thereafter. As a result of the lockdown, 13 per cent of refugees (especially those in

the urban areas), lost their livelihoods, which further increased food and income insecurity.

Durable solutions are therefore needed to address both the humanitarian and development challenges Uganda faces, especially given the large number of refugees in the country.

In this regard, financial inclusion is important to promote access to resources, increase economic activity, and increase wage and self-employment opportunities. Financial and non-financial services offered to refugees help them meet their needs in a sustainable manner. Therefore, it is important to engage with the private sector and support its efforts to develop and provide tailored financial services to refugees, including access to savings, loans, insurance and remittance services.

### CAN YOU EXPLAIN THE SPECIFICITIES OF THE PROGRAMME?

The programme aims at enhancing access to credit for refugees and the host communities, so that they can develop income-generating activities. Ultimately, the objective of the programme is to improve the self-reliance of approximately 100,000 households among these populations.

The programme, which draws on a mix of public and private funding, has three components: a lender guarantee fund, debt financing for three microfinance institutions (MFIs) and technical assistance for MFIs and refugees.

UNHCR shares socio-economic data, facilitates access to refugees, trains MFI staff on refugee needs and protection,

and oversees refugee participation in financial and business training. The Grameen Crédit Agricole Foundation, with financial support from Sida, coordinates the technical assistance component of the programme, which includes providing refugees with non-financial services, such as business training and financial education. In addition, it covers part of the initial set-up costs incurred by the MFIs, to expand their lending operations to refugees.

Thanks to the programme, the beneficiary MFIs have been able to open new branches in the districts of Moyo (Parlorinya settlement), Yumbe (Bidibidi settlement) and Isingiro (Nakivale settlement), where many refugees live. By the end of March 2021, 14,777 loans had been granted by the MFIs, of which, 6,423 (44 per cent) were granted to refugees. In addition, 19,294 people had received training. Since the programme targets both refugees and their host communities, it facilitates links between them thus, promoting their peaceful coexistence.

## WHAT ARE UNHCR'S FINANCIAL INCLUSION PRIORITIES AROUND THE WORLD?

Refugees' financial needs evolve over time, depending on their displacement phase, ranging from survival cash at the time of arrival, to more comprehensive services such as savings, payments, and credit in a second stage.

Financial inclusion represents a bridge from humanitarian assistance to sustainable business development. UNHCR ensures that refugees, as well as vulnerable people in host communities, have access to affordable and appropriate financial services. It also ensures that, responsible financial service providers deliver these services.

To strengthen financial inclusion, UNHCR will expand its partnerships and encourage partners to provide sustainable services to refugees, as well as support them in their advocacy work, to improve the regulatory framework.



UGAFODE, UGANDA @DIDIER GENTILHOMME



UGAFODE (UGANDA) @Didier Gentilhomme







# PROJECTS BY CREDIT AGRICOLE







## TRAVEL DIARY OF A SOLIDARITY BANKER IN BOSNIA-HERZEGOVINA

By Daniel Hoarau, IT Manager, Crédit Agricole de la Réunion

*Launched by the Grameen Crédit Agricole Foundation and Crédit Agricole S.A. in 2018, Solidarity Bankers is a skills-based volunteering programme open to all Crédit Agricole Group employees in favour of microfinance institutions and social impact enterprises supported by the Foundation. Discover the interview of Daniel Hoarau, Solidarity Banker of Crédit Agricole Reunion, who left for Bosnia in 2020 to support Partner Microfinance Foundation (Partner MKF).*

### A DREAM OF DISCOVERIES

Once upon a time, an employee of the CA Regional Bank of Reunion Island dreamed of committing to a solidarity project and discovering other cultures and companies. An employee and friend told him about the Grameen Crédit Agricole Foundation and its Solidarity Bankers programme. This is the beginning of my story as a Solidarity Banker. I applied and was selected to support Partner MKF, a microfinance institution in Bosnia, in structuring its IT system.

Partner is a local microcredit organisation that offers banking products and services to people excluded from the traditional banking system. Today, Partner has more than 40,000 clients, 46% of whom are women and 86% live in rural areas. It is an organisation funded by the Grameen Crédit Agricole Foundation since 2019.

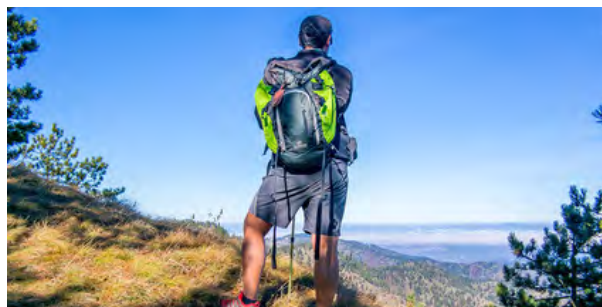
The mission preparation was marked by regular exchanges with the teams of Partner and the Foundation. I was also able to study several documents and evaluate the existing IT infrastructure as well as the first evolution plans considered by the institution. I was ready for my mission in the field.

### DEPARTURE FOR BOSNIA

The departure is announced, after several adjournments due to the Covid-19, thanks to the determination of the Foundation and the logistic teams of Crédit Agricole SA. Covid-19 test planning obliges, the flight plan is set up: Saint-Denis, Paris, Vienna, Sarajevo, Tuzla: a 24 hour trip, departure on 31/10 at 25°C, arrival on November 1st in Tuzla at only 10°C.

First contact on arrival: Salih, the driver, or when two English beginners meet. Arrived safely, the light: Ivana, the interpreter in charge of guiding me, thanks to her all becomes simple and fluid. She will be the marker of the whole mission.

The next day, I discovered Partner: the teams and the welcome are wonderful; they all give me confidence and allow breaking the ice both literally and figuratively. The mission is short and we have to be efficient. Multiple interviews with different department managers (information system, human resources, compliance and credit) are followed by an audit of the technical installations, an analysis of user needs and the preliminary scoping of the project. Over the days, the light shines and the recommendations appear. The last step is a review meeting with Partner's management: analyses are presented and the IT structure evolution plan is validated.



Bosnians have a very different work routine: it starts at 8 am, breakfast break at 10 am, no lunch break between 12 and 2 pm and work ends at 5 pm. This leaves the opportunity for many convivial moments organised by Partner. Dinners, moments of discovery of the Bosnian culture, customs, and even the ascension of a local mountain gave even more meaning to my mission!

### BACK TO REUNION ISLAND

After another 24-hour adventure for the return flight, I arrived to Reunion Island. I have finalised my 34-page report, which aims at lighting up Partner's decisions for the framing of its system and infrastructure.

I come back enriched by this experience with teams committed to the company's values: Responsibility, Fairness and Honesty. Values shared by Crédit Agricole Reunion, Crédit Agricole SA and the Foundation that have made this experience possible.

"When you want to build a ship, do not begin by gathering wood, cutting boards, and distributing work, but awaken within the heart of man the desire for the vast and endless sea", Antoine de Saint-Exupéry.

*I wish to thank all the people from Crédit Agricole Reunion, who contributed to make this mission possible; Jasmin Smigalovic, Selma Jahic and all the Partner teams, without forgetting Ivana Bilić the interpreter, for their welcome; Caroline Brand and Carolina Viguier from the Grameen Crédit Agricole Foundation for their support in the mission; and Aurélie Cacciotti from Crédit Agricole SA for the logistical support.*

Published on the [Grameen Crédit Agricole Foundation's website](#)

## THE FOUNDATION PROVIDES THE PLASTIC ODYSSEY LAB WITH SKILLED SUPPORT

Every minute, 19 tons of plastic are dumped into the ocean, less than 10% of the plastic produced is recycled and 80% of marine pollution comes from developing countries' coastal cities.

Regarding this plastic crisis, Plastic Odyssey teams decided to take action by launching an expedition all around the world on their ambassador ship. Their goal? Build a global network of local plastic recycling initiatives. On board, sorting, recycling and pyrolysis technologies are made available to entrepreneurs to help them recover waste.

### THE PLASTIC ODYSSEY LAB

At the same time, Plastic Odyssey teams launched their "Plastic Odyssey Lab" (PO LAB) acceleration programme in order to provide recycling entrepreneurs with skilled support. Following a first call for proposals in France, six laureates joined their ambassador ship in July 2021.

#### On the agenda:

- Technical support from Plastic Odyssey engineers. It will allow laureates to test their manufacturing processes using on-board recycling machines
- Entrepreneurial support provided by the Crédit Agricole Group through the Grameen Crédit Agricole Foundation and the Crédit Agricole regional Banks.

Benefiting from its expertise in the promotion of impact entrepreneurship, the Foundation has specifically designed training modules for PO LAB laureates, all of them start-ups:

*« We have first analysed the projects and needs of the laureates, most of them well in advance of their entrepreneurial adventure. We also helped them draw-up an impact-oriented business plan or, in the case of the most advanced, to specify possible technical and financial partnerships in the impact sector. We had to analyse the needs that the PO LAB could meet during their incubation. Once their needs identified, we looked for the best experts of the Crédit Agricole regional Banks taking into account where the laureates came from. During the PO LAB, laureates benefited from individual sessions with each expert of the regional Banks and Village by CA on topics such as marketing, HR and local financing. In addition, group sessions were held with support from the Foundation on the financial structure and strategy of an impact company and the specificity of fundraising for impact start-ups. »* – Céline Hyon-Naudin, Senior Investment Manager, Grameen Crédit Agricole Foundation.

### THE FOUNDATION PURSUES ITS ENTREPRENEURIAL SUPPORT

Once the PO LAB is over, the Foundation will pursue its entrepreneurial support with the laureates by organising a new training session in Marseille this autumn:

*« Individual sessions with the Foundation are planned after the PO LAB on specific topics in order to give some time to the laureates to integrate their technical test into their entrepreneurial project. We are currently working on these modules and the following topics could, for instance, be addressed: which business model to choose (NGO, ESUS, SAS)? What product strategy to adopt to best meet identified social and environmental needs? How to organise logistical flows (waste supply, stock management, distribution of finished products)? »* – Céline Hyon-Naudin.



The ship is currently moored in Dunkirk and Plastic Odyssey teams plan to launch their Mediterranean expedition in late fall 2021. Other sessions of the PO LAB are planned in the countries of the Mediterranean basin. The network of the Crédit Agricole Group is also mobilised in Egypt and Morocco to support this acceleration programme. A good example of the collective commitment of the Crédit Agricole Group in line with its Societal Project.



## TRAVEL DIARY OF A SOLIDARITY BANKER IN CAMBODIA

By Jean-Baptiste Bounes, Head of Mergers and Acquisitions, SODICA

*Launched by the Grameen Crédit Agricole Foundation and Crédit Agricole SA in June 2018, Solidarity Bankers is a skills volunteering programme aimed at all Crédit Agricole group employees for the benefit of microfinance institutions or impact businesses supported by the Grameen Crédit Agricole Foundation. Read the interview with Jean-Baptiste Bounes, SODICA's Solidarity Banker, who carried out an online mission in favour of Phare Performing Social Enterprise (PPSE) between 2020 and 2021.*

### THE FIGHT AGAINST POVERTY THROUGH ENTREPRENEURSHIP

Eric Campos presented the Grameen Crédit Agricole Foundation, and more specifically the Solidarity Bankers programme, during a CACIF corporate plenary session in December 2019. I was immediately seduced by the poverty reduction missions through the promotion of entrepreneurship with social impact and inclusive finance in developing countries. I contacted the Foundation to be informed of the various Solidarity Bankers missions to be filled in order to apply to a mission in line with my skills and motivations.

After having several interviews conducted by the Foundation team, I was selected to advise PPSE in Cambodia in its fundraising strategy.

The proposed assignment fully met my expectations: to be able to use my skills for the benefit of a project with a strong social impact in a difficult context linked to Covid-19;; discover a new culture and get out of my professional comfort zone.

The challenge of this mission was to be able to successfully collaborate remotely over a long period while maintaining intensity in the process of fundraising.

### A REMOTE MISSION DURING A PANDEMIC

Due to restrictions linked to the Covid-19, I participated through my intervention with PPSE to the Foundation's first online mission of Solidarity Bankers.

Unlike the field missions which often take place over two weeks, my mission was carried out at the rate of one day per week over 15 weeks which was well suited to an operation of fundraising. This allowed me to be present alongside the manager and shareholders over the long term.

A real educational work was done during the initial discussions to ensure that the level of understanding of the various challenges was the same for each attendee.



PPSE, CAMBODIA @PHILIPPE LISSAC

In addition, in order to maintain close collaboration over time despite the distance, weekly updates were organised. The upstream definition of the various stages also facilitated the smooth running of the process. This allowed the Foundation to consider new remote missions in a proper way.

### SKILLS VOLUNTEERING: AN EXPERIENCE TO BE RENEWED

This experience was very enriching, both on a human and professionally level.

First of all, the real autonomy that was entrusted to me allowed me to ask myself the right questions, to assert myself and to gain confidence in order to complete successfully the missions on a daily basis. This experience undoubtedly marked a turning point in my professional career.

I also had the chance to work alongside a company with a strong social impact and Impact Investing funds, which was really close to my heart as I find this universe fascinating and promising.

This mission has also given me a lot on a human level. I discovered a completely different culture and made inspiring and enriching encounters.

*I would particularly like to thank Dara Huot, CEO of PPSE, for his extreme generosity, kindness and trust. The investment in terms of time and workload is certainly significant, but if it had to be done again, I would do it again in a heartbeat.*

Published on the [Grameen Crédit Agricole Foundation's website](#)

## TRAVEL DIARY OF A SOLIDARITY BANKER IN TAJIKISTAN

By Olivier Mancini, Head of Collection Processes, Crédit Agricole du Languedoc

*Launched by the Grameen Crédit Agricole Foundation and Crédit Agricole SA in June 2018, Solidarity Bankers is a skills volunteering programme aimed at all Crédit Agricole group employees for the benefit of microfinance institutions or impact businesses supported by the Grameen Crédit Agricole Foundation. Olivier Mancini, Crédit Agricole du Languedoc's Solidarity Banker, carried out a field mission in favour of Oxus Tajikistan (OTJ) in September 2021.*

### AN UNFAILING MOTIVATION

I discovered the Solidarity Banker programme through a call for applications launched by the Grameen Crédit Agricole Foundation at the end of 2019 on the [creditagricole.info](https://creditagricole.info) website. The offered mission, in favor of Oxus, a microfinance institution in Tajikistan, caught my attention and motivated an initial contact.

When the mission in favour of Oxus was launched early 2020, I did not hesitate to apply! As the objective of the mission matched with my activity, my application caught their attention. I then carried out several interviews with the Foundation's teams before being definitively selected. That was without taking Covid-19 into account: impossible to avoid the postponement of the mission. Never mind, it would leave me plenty of time to prepare the field mission upstream.

### MISSION PREPARATION

The objective of the mission was to review the valuation process for different types of guarantees and to consider the introduction of additional valuation methods in order to be as close as possible to best practices in this area. To achieve this result, the mission had to be well framed and prepared before joining the teams in the field. So I learned about the principles of microfinance and I studied the internal documentation of the institution in order to acquaint myself with their procedures. I have also spoken many times with OTJ and the Foundation to best formulate the expectations of the mission.

Once the terms of reference were finalised and the health situation improved, I only had 5,000 km to go and 18 hours of flight left to achieve the mission!

### IN THE DIRECTION OF TAJIKISTAN

The next morning, meeting with Vantasho, Chief Executive Officer, then with the managers of the various divisions to get a better understanding of the conduct of activities. I was also able to speak with beneficiaries to discuss with them the requests for financing and the characteristics of the goods offered as collateral. The documentation and information collected on site, in addition to the documents studied previously, enabled me to construct and submit my recommendations to Vantasho. With its validation, I continued the work started with Umedjon, Chief Risk Officer, and Shurhat, Chief Financial Officer, to establish the foundations of a new methodology for valuing guarantees and then providing the elements supporting this new method to be implemented.



The mission in the field lasted 10 days, which was sufficient to meet the terms of reference of the mission and develop the supports necessary for the implementation of the recommendations planned a few weeks after my departure. In this perspective, the mission will continue remotely for a few days of support in order to provide additional insight and vision on the implementation modalities and assessment of the relevance of the methodology.

### AN UNFORGETTABLE EXPERIENCE

This experience undoubtedly exceeded my expectations, both on a human and professional level.

Confronted, over a short period, with the expressed desire to fulfill the objectives of the mission in order to provide concrete and appropriate responses, I was able to count on the great availability of all OTJ employees regardless of their function. I was also able to rely on the expression of a mutual critical look in a real spirit of openness by my main interlocutors. The co-construction of the offered solutions was very rewarding, especially since it was necessary to achieve the same requirement in terms of consistency and solidity of the recommendations as in my professional activity, but with clearly fewer external facilitating tools. It is thus a real satisfaction to have been able to contribute to the evolution of the organisation's practices with OTJ team.

Obviously, and despite the short stay, the human experience is unforgettable thanks to their hospitality. The (many) moments of conviviality were real opportunities for sharing. It allowed me to learn more about the history of Central Asia, Tajikistan and even their personal history. I would do it all over again with great pleasure. I keep the precious memory of people who greet with their hand on their heart but who also are big-hearted.

*I would particularly like to thank the people of Crédit Agricole du Languedoc who supported my project; to Caroline Brandt, Carolina Viguet, Cécile Delhomme from the Grameen Crédit Agricole Foundation who made this mission possible; to Aurélie Cacciotti of Crédit Agricole SA for logistical support; and of course to Vantasho Vantashoev, CEO of OTJ, and Umedjon Shodieiev, Head of Risks, Shurhat Zoidoc, CFO, as well as to all the OTJ teams for their help and welcome, with a special greeting to Bakhtiyor and Yosuman.*

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## TRAVEL DIARY OF A SOLIDARITY BANKER IN KYRGYZSTAN

By Andreas Brunner, Supervisor Internal Audit, Credit Agricole Assurances

*Launched by the Grameen Crédit Agricole Foundation and Crédit Agricole SA in June 2018, Solidarity Bankers is a skills volunteering programme aimed at all Crédit Agricole group employees for the benefit of microfinance institutions or impact enterprises supported by the Grameen Crédit Agricole Foundation. Andreas Brunner, Solidarity Banker of Crédit Agricole Assurances, carried out a field mission in favour of Oxus Kyrgyzstan in October 2021.*

### A SOCIAL COMMITMENT IN FAVOUR OF FINANCIAL INCLUSION

From my beginnings at Crédit Agricole (14 years ago!), I have been sensitive to the solidarity actions offered by the group. I first discovered the Solidarity Bankers program when a colleague shared the call for applications for a mission in marketing. He once carried out a Solidarity Bankers mission in Africa and his feedback motivated me.

I therefore applied in October 2019 for this marketing mission in favour of OXUS, a microfinance institution in Kyrgyzstan. After several interviews, I got selected for the mission. It fully met my expectations: to put my skills at the service of a solidarity project and discover a new culture and activity. My mission was initially scheduled for March 2020 and we believed in it ... until the lockdown. Then another attempt in April 2021 which again resulted in a postponement. Finally, I left in October 2021.

### PREPARATION OF THE MISSION

My mission in favor of OXUS Kyrgyzstan had two main components: the definition of an annual marketing plan and the creation of a loyalty program to increase the retention rate of their customers. Several interviews with the teams of the Grameen Crédit Agricole Foundation and OXUS allowed me to better assess and understand the challenges and objectives of the mission. In order to prepare my visit in the field, I analyzed documents about the institution's strategy and the microfinance market in Kyrgyzstan before departure. I also had a long discussion with an employee of the main shareholder of OXUS, the NGO ACTED. Once my schedule was defined, nothing left but to go!

### IN THE FOOTSTEPS OF THE SILK ROAD

I have to admit: I didn't know much about this beautiful Central Asian country, not even its capital. In addition to the documentation I read before my departure, the long flight was a good opportunity to review the geography and learn more about the history of the country.

Arrival in Istanbul, the airport reminds me of the crowds before the Covid-19 crisis and I feel like I am on the Silk Road. After a second 5 hour flight, I finally arrive in Bishkek (IATA code: FRU, for connoisseurs) where I am welcomed by the Managing Director himself! First stone of our friendship.



Two weeks of intense work followed: interviews, agency visits, analyzes ... Time flies by but I can count on the availability of my interlocutors. The exchanges are done mainly in English, but I am happy to be able to exchange a few words in Russian, which helps me not only during interviews but also at the restaurant. I spent the second week of the mission finalizing my deliverables (strategic and tactical analyzes, annual plan, loyalty program and practical tools for teams) and testing my proposals. It was also an opportunity to discuss with the OXUS teams on the work they will have to carry out in the coming months. Thanks to the support of the CEO and the Board of Directors, I am leaving confident that they will be able, on the one hand, to carry out a large number of actions planned in the 2022 marketing plan, and on the other hand, to implement their new loyalty programme.

### AN UNPRECEDENTED HUMAN EXPERIENCE

Above all, I remember a warm welcome and meeting great people. The Kyrgyz people taught me a lot to their culture and showed great hospitality. I was able to discover the capital with its history, its architecture, its Russian heritage. An excursion organized over the weekend allowed me to get to know this country better with its yurts, its cuisine, its agriculture, its petroglyphs, its huge salt lake at an altitude of 1600m, and above all, its high mountains towering at more than 7000m and surrounding the city.

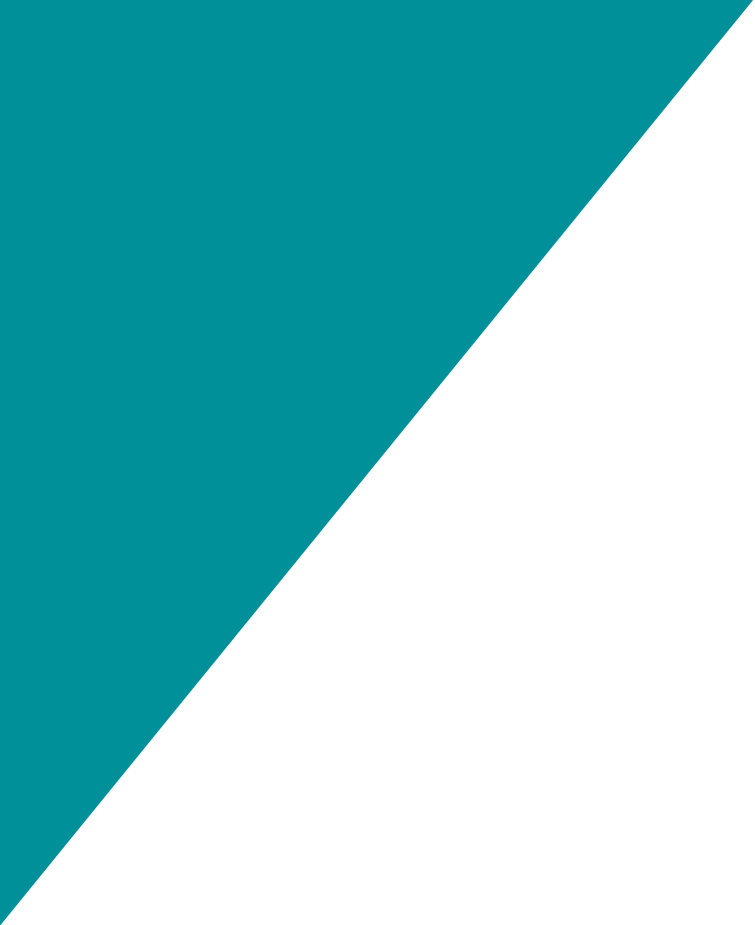
*I would like to thank the CEO of OXUS Kyrgyzstan, Denis Khomyakov, for his generosity and his trust, the entire team of the Grameen Crédit Agricole Foundation for the support (Carolina Viguet, Cécile Delhomme, Julie Serret, Philippe Guichandut), Aurélie Cacciotti of Crédit Agricole SA for the logistics as well as all the people of Crédit Agricole Assurances who have contributed to make this mission possible.*

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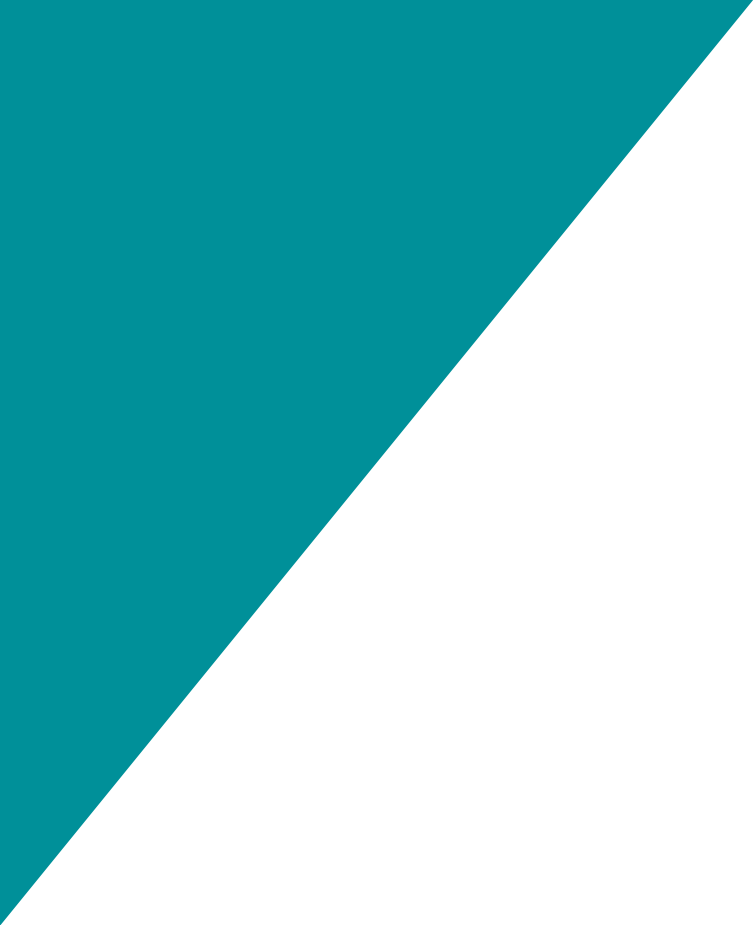
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