



Enabling a paradigm shift for microfinance under the ESF

Adie's experience

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Changing the perception of authorities



1 Demonstrate impact and potential scale



2 Explain how microfinance works



3 Advocate for an adapted legal framework and adapted financial tools



1 Demonstrate impact and potential scale



- **Adie's Impact assessment:** target population, social performance and impact
- 18 000 clients financed in 2015, **200 jobs created per week**
- **+10% growth** per year since 2010 and ambitious development for the coming years
- **Target population:** 82% of unemployed or self-employed workers
- **Impact of Adie's professional credit:**
 - Social and economic inclusion for 85% of Adie's clients
 - Survival rate of enterprises created = national average
 - Financial impact: the cost of creating an enterprise through microcredits (€ 1 500) is much less than subsidized jobs (€ 10 000 per year), or the cost of unemployment (€ 14 000 per year)
- **Impact of Adie's personal credit:** Improvement of the employment situation of 63% of clients (find a job, going from short-term to long-term contracts).



1 Demonstrate impact and **potential scale**



- **Every one can become entrepreneur**. Access to credit allows poor people to become creators of wealth, instead of recipients of social aid.
- De-industrialisation and growth of the services' sector allow the development of **small production units**.
- New markets become accessible to low income entrepreneurs due to **digitalization** (e.g. Uber).
- Creation of new enterprises is becoming the main **path towards employment** in Europe: In France, 1/3 of new entrepreneurs were unemployed.



2 Explain how microfinance works

- **Target population**
- **Provide appropriate products and services**
- **Build the right client relationship**
- **Business model and costs**



3 Advocate for an appropriate legal framework and appropriate financial tools

- **Involve Adie governance** – Adie missions :
 - provide financial and business development services to the unemployed and to social aid beneficiaries, creating microenterprises
 - advocate for a more supportive legal and regulatory environment of microcredit and microenterprises
- **Engage all stakeholders** : banks, public and private partners, volunteers
- **Convince policy makers** (mainly Ministers and Presidency) of social and economic impact of microcredit



3 Advocate for an appropriate legal framework and access to credit

At national level – Examples of Adie advocacy activities in France

- **2001**: Amendment of the banking law allowing non bank institutions to borrow and on-lend
- **2005**: Self-employment and enterprise creation recognised as vehicles of economic and social inclusion
- **2007**: Self-employed are allowed to postpone paying fringe benefits until their business has generated profit
- ...
- **2016**: Increase of the maximum amount of microcredit to € 12 000
- **2016**: For the first time in history, in his annual speech on employment, François Hollande, recognizes self-employment as a way of creating jobs



3 Advocate for appropriate financial tools : funding corresponding to the increase of activity

EU mechanisms used by Adie

Adie's main challenges

**Financing
BDS**

ESF: € 4,5-5M per year (14%)

Maintaining the present level of public funding

**Financing
loans**

EIF: € 7,5M under Progress facility

Loan refinancing will increase by 50% (2015-2017)

**Guaranteeing
loans**

EIF: Guarantee of 75% of loans > € 6K Progress & EaSI

Covering outstanding growth of 50% while possibilities of guaranteeing loans are decreasing



Thank you

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