

BEST PRACTICE IN MICROFINANCE

Adie, France: A social microfinance model

This case study reveals concepts and lessons to learn from one of the most prominent examples of successful social microfinance implementation by Adie (France).

Since its origin, Adie's mission has been to tackle the challenges of entrepreneurship in France. The most common barriers preventing organic growth of entrepreneurship are high risks, lack of startup capital and limited access to finance, to name a few.

Adie primarily works in areas where unemployment rates are very high. Their aim is to support financially excluded and disadvantaged people that need access to finance and business development services to create their own businesses.

adie

Since 1989, Adie has been a pioneering and leading non-profit microfinance institution in France and Western Europe. Adie believes that anyone can be an entrepreneur if the appropriate support is provided.

Through microcredit and Business Development Services (BDS), Adie helps people overcome financial precariousness and unemployment by creating and developing their businesses.

By the end of 2020, Adie had **65,270 clients** and had successfully contributed to the creation of **13,714 jobs** within one year. **636** staff and more than **1,100** volunteers work through Adie's network of **170** branches and **290** partner offices throughout France.

Adie's clients in 2020



41% are women



37% are minimum welfare recipients



20% live in deprived areas



24% have no diploma

Adie's institutional model allows it to grow and advocate entrepreneurship as a tool for social and economic inclusion, while keeping the focus on its initial targeted group.

Providing business development services (BDS) is a key to ensure the success of its clients in creating or developing their own businesses. The BDS, tailored for the needs of start-ups or existing businesses on case-by-case basis, are provided free of charge by a large team of trained Adie volunteers.

However, managing the provision of microcredits, delivering BDS to vulnerable micro-entrepreneurs, and keeping up with its operational sustainability ratio could not be fulfilled without inflows of public subsidies and private donations, as well as commercial banks and their credit lines at a preferred rate. This continuous support is possible because Adie is recognised by its public and private partners as an organisation providing a beneficial service for society to battle unemployment and curb financial exclusion.

According to a study conducted jointly with an independent external partner and based on the social return on investment (SROI) methodology, every EUR 1 invested in Adie yields, after a two year period, EUR 2.38 to the French national community .

Key learnings from Adie's social microfinance model

1. Monitor your social performance and measure your impact to convince private and public partners of the benefits of your actions, and to eventually support your organisation.
2. Advocacy is key to secure support from the public sector and to ensure that the legal environment at the national level is suitable for the development of microcredit and self-employment.
3. Partnerships with banks are necessary. Targeting a population that is not served by commercial banks allows microfinance institutions to build fruitful partnerships with mainstream banks (e.g. donation, partial risk coverage, credit lines, etc.).
4. Innovate and strengthen your non-financial offer. Adapt the contents of BDS to the needs of your clients and be flexible in the modalities of training provision, i.e. by including online trainings and web conferences in your offer.