
ADIE'S MICROCREDIT, A TOOL FOR OVERCOMING THE EMPLOYMENT CHALLENGE

SUMMARY OF THE 2017 SURVEY ON THE IMPACT OF ADIE'S WORK

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Editorial

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For over 25 years Adie has funded and supported entrepreneurs who do not have access to bank credit. In doing so, Adie contributes to the fight for employment and social inclusion. Every week we help create 250 new jobs.

At Adie, we have the firm conviction that whatever your financial situation or level of education, everyone has the right to launch and develop a business and by doing so to contribute to your local economy's development. And it works.

But it is not enough to just say this – we have to prove it.

This is why from the very beginning we have implemented regular and thorough evaluations. These seemed logical and necessary, both for the individuals we fund and support as well as public and private partners who put their trust in us.

The evaluation is conclusive: the last impact survey, which you have in front of you, and which for the first time includes the French overseas territories as well as mainland France, once again shows how efficient assisted microcredit is.

Despite the fact that 41% of Adie's entrepreneurs received minimum welfare benefits when they launched their business and 27% did not have any qualifications, 76% businesses are still running after two years, in other words, more than the French average. Even better, 84% entrepreneurs are in work two years after Adie's funding.

These results are an improvement on our last survey and underpin our aim to further develop our activities in France, in order to unleash the creative energy of so many individuals who want their turn to take the plunge.

Unemployment and exclusion, currently rife and clearly unacceptable, are catalysts which encourage us to provide more entrepreneurs with the opportunity to launch more business projects – life projects, in short



EVEN WITHOUT RESOURCES

OR QUALIFICATIONS YOU CAN LAUNCH YOUR OWN BUSINESS

Adie's target audience is the most vulnerable of society

Social and financial exclusion score



27%

are unqualified,
4% of whom are illiterate



41%

receive minimum social welfare
benefits in comparison with 5.5%
entrepreneurs in France
(excluding micro-businesses) and
9.3% of micro-entrepreneurs



45%

of Adie's audience lives
below the poverty line



19%

are over 50 years old



25%

are under 30 years old



23%

live in a deprived
neighbourhood

Data collected at the time of the initial contact with Adie

SOME DEFINITIONS

SOCIAL AND FINANCIAL EXCLUSION SCORE

On an annual basis, this indicator allows us to compare the audience Adie intends to reach and who the association actually reaches. The score can vary from 0 (least excluded) to 23 (most excluded) for any one person. An 'average' person generally scores between 0-3.

Each person has two scores: the social exclusion score and the financial exclusion score. The sum of these two scores provides the overall exclusion score. The social exclusion score is based on sex, age, nationality, level of education and where the person lives. The financial exclusion score takes into account the person's banking status, their debt, their available funds,

Main takeaway of the survey: the impact of Adie's work is being boosted



71%

of entrepreneurs say their business is doing well



31,9K€

Average annual turnover



89%

of entrepreneurs are satisfied that they created their business



48%

Have opened a professional account at a bank



Employment rate

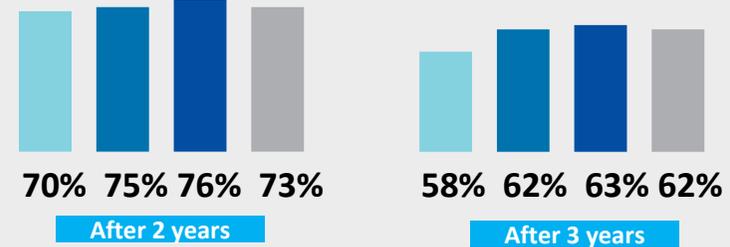
84% 83% 84%



Average number of jobs created per business funded

1,2 1,32 1,30

Businesses survival rate



Legend:
■ Adie 2013 mainland France impact survey
■ Adie 2017 mainland France impact survey
■ Adie 2017 global impact survey
■ National data for individual businesses

their propensity to save, their minimum welfare benefits, their revenue, and their spouse's revenue. It measures their personal, economic and monetary situation at the time the loan is provided.

2 AND 3-YEAR SURVIVAL RATE

The percentage of businesses created 2-3 years earlier which were still running when the survey was conducted.

EMPLOYEMENT RATE

The percentage of people funded in employment when the survey was conducted compared to the total number of people interviewed. People who were considered 'in employment' when the survey was conducted are entrepreneurs whose business is still running, regardless of the launch date, as well as those whose businesses are no longer running but who have found another job or launched another business.

BANKING ACCESS

The level of entrepreneurs' banking access. Several aspects are taken into account and measure this: the relationship with the bank, whether a professional bank account has been opened, overdraft use, request for a bank loan etc.

A COMPREHENSIVE EVALUATION SYSTEM TO CONSTANTLY BOOST THE IMPACT OF ADIE'S WORK

Measuring the impact of professional microcredit

Every 3 years Adie measures the impact of its work among entrepreneurs.

A huge survey is conducted among entrepreneurs supported by the association in order to:

- Measure the main impact indicators: business survival rate, employment rate, job creation;
- Diagnose the economic and financial health of entrepreneurs in work;
- Find out what happened to those who terminated their business;
- Take stock of the relationship with Adie: satisfaction, quality of service, recommendations.

The previous impact survey was commissioned in 2013. The survey object of this report was conducted between December 2016 and February 2017. For the first time, the survey covers not only mainland France but the whole of the territory where Adie intervenes, including French overseas territories.

METHODOLOGY

The survey was conducted over the telephone by Institut Audirep. From 7th December 2016 – 3rd January 2017 Audirep spoke to 2071 entrepreneurs funded by Adie.

The sample was composed according to a quota method (sex, age, level of education, activity sector, aim of funding, date of creation and region) in order to represent the target population: individuals funded by Adie who created their own business from 01.06.2013 and 30.05.2015 and who called on Adie for the first time and exclusively for professional microcredit.

Data collection

Questionnaire lasting on average 15 minutes. Implementation of a procedure aiming to contact people who were hard to reach as many times as possible in order to avoid the risk of underrepresenting companies which no longer exist: call management software was configured for sending numbers in randomized clusters (600 numbers for mainland France, 300 for the French overseas territories) and in order to ensure that each number be called at least 10 times at different

times of day and on different days so as to optimise the contact list.

Source for national comparisons

Entrepreneurs' profile: Insee 2010 SINE survey.

Survival rate at 2 and 3 years: Insee 2010 SINE survey, 2013 survey.



The structure of ADIE's social performance follow-up



SOCIAL AND FINANCIAL EXCLUSION SCORES

These aim to check on an annual basis that the audience reached is the intended audience and that the activity's growth is accompanied by loyalty from the association's intended audience.

IMPACT STUDIES

Surveys such as the triennial professional microcredit impact survey or the survey on microcredit for paid employment.

A SOCIAL PERFORMANCE AUDIT

An audit conducted with the organisation CERISE using SPI (Social Performance Indicators), the reference tool for the evaluating microfinance institutions' social performance.

The aim is to examine the association's performance (governance, organisation, system, processes, procedures etc.). The evaluation incorporates checkpoints based on The Universal Standards for Social Performance Management, a set of standards which the industry's stakeholders have agreed on internationally.

BUSINESSES SUPPORTED BY ADIE ARE SUSTAINABLE AND CREATE JOBS

Business survival

Business survival rates have been improving for 6 years. The 2 and 3-year survival rates now outstrip the national average.

76% businesses created by Adie-supported entrepreneurs are still running 2 years after they were launched. In mainland France, the figure is almost the same (75%), a 5-point improvement on 2013. Likewise, the 3-year survival rate reached 63% for all areas where Adie intervenes, and 62% in mainland France, a 4-point improvement on the result 3 years prior.

This data shows Adie is above the national average, in particular for 2-year survival rates. The most recent data published by Insee (1) shows that individual businesses reach a survival rate of 72.5% in year 2 and 62.3% in year 3.

This clearly confirms that a sector of the population who was deprived at the outset has the ability to succeed. Despite a lack of access to bank credit, a deprived background, unemployment, receiving the minimum social welfare benefits, lower than average level of education, Adie's project recipients show they are capable of creating businesses which are at least as strong and survive as long as the average entrepreneur's.

Employment

Above and beyond creating one's own job, creating a business involves opportunities for development: 7% entrepreneurs supported and funded by Adie consider their business to be doing well. Half of all entrepreneurs plan on developing their business in the coming year and almost 1/3 aim to maintain the current balance.

Business development also means job creation, and, despite an economic climate characterized by a fragile recovery, the entrepreneurs Adie supports created an average of 0.3 jobs on top of their own. The majority of these positions were permanent contracts (58%) and full-time jobs (56%).

Hiring employees generally occurs early on. 70% of employees are taken on within one year: 27% from the very beginning and 45% within the end of the year. After a year in business, 22% entrepreneurs plan on hiring more staff, 18% of whom have not yet recruited anyone.



Business survival rate

2 years 76%

3 years 63%



71%

entrepreneurs say their business is doing well



On average

1,3

Jobs are created per Adie-funded businesses

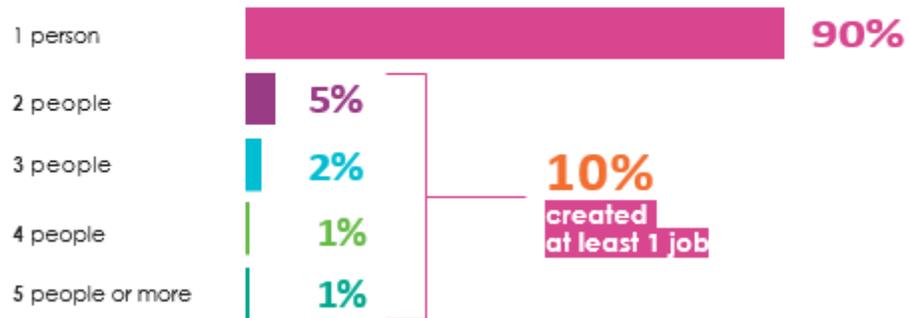


22%

of entrepreneurs plan on recruiting an employee within a year

Job creation among entrepreneurs whose business is still running

Basis: Business still running (n=1 468)



Time between business launch and hiring



THE SOCIO-PROFESSIONAL STATUS OF ENTREPRENEURS FUNDED AND SUPPORTED BY ADIE IMPROVES IN THE LONG-TERM

Financial status

Above and beyond business survival rates, our entrepreneurs' future and their financial and social integration are a major impact indicator: entrepreneurs who are supported by Adie have an employment rate of 84%. 69% of these entrepreneurs still manage their business and 15% have found another job following the termination of their business, two-thirds of whom accept a salaried position, most frequently a permanent job. The experience of working as an entrepreneur is often a catalyst: 50% of people employed today believe this experience helped them in the labour market.

Financial situation

Two and a half years after a business is launched the majority of entrepreneurs funded by Adie believe their economic situation has improved. The gap between those who believe they live better financially-speaking now compared to before is 24%.

The average annual turnover amounts to €31,900. Quite logically, this depends considerably on the sector, from €56,000 for non-mobile trade to €14,600 for mobile trade. The average annual service turnover is €27,000 and for other sectors (catering and hospitality, construction, crafts, agriculture, transport, the Arts/leisure) it reaches €31,300.€.

Almost half the entrepreneurs funded by Adie and interviewed in the survey opted for a micro-business scheme, yet the results are significantly above the average for French micro-entrepreneurs: at the end of June 2016, the average quarterly turnover was €3446, in other words, €13,784 annually¹.

In total, business turnover provides an average net monthly income of €730. As a comparison, for mainland France, this figure has constantly been increasing for 7 years: €640 in 2010, €710 in 2013. Finally, 25% entrepreneurs believe that their income has increased over the last 12 months prior to the survey, while 45% believe it has remained stable.



31,9K€

Average annual turnover



25%

Of entrepreneurs' revenue has increased over the last 12 months

¹) Source : Acoss, Acoss Stat n° 245, January 2017

Financial situation evolution since business launch

Basis : entrepreneurs whose business is still running (n=1 468)

Financially-speaking, they are doing...

| | Less well than prior to business creation | Same as before creation | Better than before | Score (%better-%worse) |
|---|---|-------------------------|--------------------|------------------------|
| Businesses which are surviving N = 1468 | 23% | 29% | 47% | +24 |
| Businesses which are surviving 2-year mark N = 839 | 24% | 28% | 47% | +23 |
| Businesses which are surviving 3-year mark N = 629 | 22% | 30% | 47% | +25 |
| Mainland 2017 | | | | +18 |
| Reminder 2013 | | | | +13 |

Business revenue evolution over last 12 months

Basis: entrepreneurs whose business is still running (n=1468)

Business revenue

| | Has decreased | Remain the same | Has increased |
|---|---------------|-----------------|---------------|
| Businesses which are surviving N = 1 468 | 27% | 45% | 25% |
| Businesses which are surviving 2-year mark N = 839 | 25% | 46% | 25% |
| Businesses which are surviving 3-year mark N = 629 | 29% | 43% | 25% |



84%
Integration rate



50%

People whose business activities terminated and who are now employees found their experience useful in terms of labour market integration

Entrepreneurs' situation at survey date

Basis: all (2071 entrepreneurs funded by Adie)



70% businesses running

14% entrepreneurs terminated their business and are employed (12% are now employed, 7% have a permanent position, 3% a non-permanent position, 2% temporary positions, 2% are managing a new business)

16% entrepreneurs terminated their business and are not in employment (14% are unemployed, 1% are in training, 1% have a different situation)

ADIE'S MICROCREDIT FOSTERS BUSINESS DEVELOPMENT AND HELPS RESTORE TRUST WITH THE BANK

Banking access

Professional banking access is a key indicator of business health and development; this is particularly true for entrepreneurs who are excluded from conventional funding channels.

Socio-demographic characteristics and the number of funds requested broadly explain why entrepreneurs funded by Adie do not have access to bank credit during business creation, as well the difficulties they encounter when it comes to financial business development.

The quality of the relationship with the bank is essential. The banking relationship covers treasury needs, good business management, and, more globally speaking, the ability to have faith in the future

Today, just as in the past, this relationship is strong. $\frac{3}{4}$ of entrepreneurs supported by Adie confirm that the relationship with their bank is good, 26% go as far as to say 'very good'. Over half (54%) have access to an overdraft, over two-thirds of whom have already used it. Moreover, 48% of entrepreneurs running a business have opened a business account, the majority did so when they launched their business.

Access to credit

When asked about the future outlook the majority of entrepreneurs said they intend to develop projects which will require funding.

Regarding short-term funding needs, 58% business owners expect they will need further funding. 36% are sure about this and 26% will 'probably' require it. 90% of these entrepreneurs expect to call on Adie's services to fulfill this demand. This shows that Adie's microcredit is the optimal means of funding for business development: 15% of entrepreneurs running a business requested credit from their bank since Adie's funding, 42% of whom obtained it, in other words, 6% of all entrepreneurs currently working.

In comparison with the average Adie audience, entrepreneurs who obtained credit at their bank have a 'developer' profile: entrepreneurs who benefited from the maximum authorised amount of microcredit, who have an above-average turnover, or indeed for whom their business income is their whole income, are overrepresented.



48%

entrepreneurs currently running a business have opened a business bank account



$\frac{3}{4}$

entrepreneurs funded by Adie have a strong relationship with their bank



58%

Business leaders currently working **expect they will need more funding**

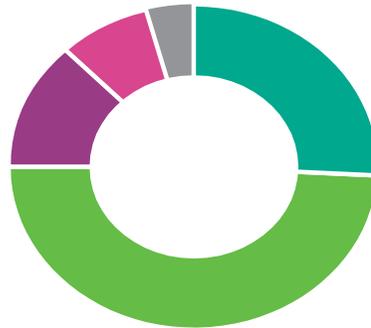


6%

Entrepreneurs funded by Adie **have requested and obtained bank credit**

Evaluation of relationship with their bank

Basis: entrepreneurs whose business is still running, except Mayotte (1298)

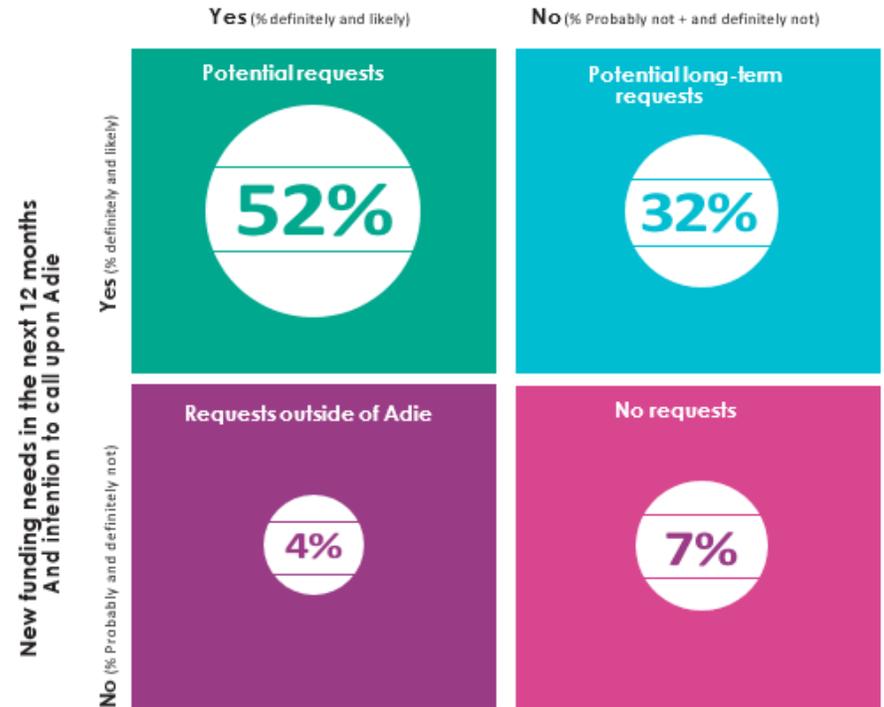


- 26% Very good
- 49% Quite good
- 13% Poor
- 8% Very poor
- 4% Doesn't know

New funding needs in the next 12 months and intention to call upon Adie

Basis: entrepreneurs whose business is running (1468)

Need for new funding in next 12 months



NSP=5%

LAUNCHING A BUSINESS: A POSITIVE EXPERIENCE FOR ALMOST ALL ENTREPRENEURS SUPPORTED BY ADIE

Satisfaction

89% entrepreneurs are satisfied with the experience of creating their own business. 35% say they are "completely satisfied", and 25% "very satisfied".

The satisfaction rate among entrepreneurs whose businesses are still running is 95% and remains high for those who terminated their business: 82% for those who are in employment, 73% for those who were not in employment at the time of the survey. Moreover, whether employed or not, over half of the entrepreneurs (56%) who terminated their business intend to launch a new business within the next two years.



Entrepreneurs

Quality of relation with Adie

The relationship with Adie is based on high-quality support and a service highly acclaimed by entrepreneurs, which leads to them actively recommending our association.

All of the project recipients funded by Adie are accompanied by their advisor, even if only to help them complete the formalities required to launch their business. The association also provides a vast array of specialized support available free of charge (administrative, formalities, management, communication, business development etc.), taught in groups or individually, depending on the case.

Regardless of whether their business survived or not, whether they are employed or not, 94% entrepreneurs who benefited from these support services are satisfied, 75% of whom are 'completely satisfied' or 'very satisfied'. These services prove useful throughout our entrepreneurs' lives, be it when launching their business, developing it, or overcoming difficulties along the way.

In total over 9 in 10 entrepreneurs supported by Adie believe that our contribution to their project had a decisive or important impact.

96% of entrepreneurs are satisfied with the services our organization provides, 82% are 'completely satisfied' or 'very satisfied', whatever the outcome of their business.

As has already been mentioned in previous editions of this survey, Adie's strong trust-based client relationship leads to a high level of recommendation: three-quarters of entrepreneurs supported by our association have already recommended it to others who may be interested in our work, 58% have done so several times.



9/10

of entrepreneurs believe that **Adie's** contribution so their project was decisive or important for the realization of their projects



94%

of entrepreneurs who benefited from **Adie's** support services are satisfied

Importance of Adie's contribution to project creation

Basis : all (2071 entrepreneurs funded by Adie)

| | | |
|----------------------|-----|---|
| Decisive | 27% | 70% subtotal decisive + very important |
| Very important | 43% | |
| Quite important | 23% | |
| Hardly important | 5% | |
| Not important at all | 1% | |
| Doesn't know | 1% | |

Opinion on how useful Adie's support services

Basis: entrepreneurs, whose businesses are still running or not, who reported using specific support services (excluding Adie advisor) (516)



- Don't know
- Don't agree at all
- Somewhat disagree
- Somewhat agree
- Completely agree

Global satisfaction rate with Adie

Basis : all (2071 entrepreneurs funded by Adie)

Satisfaction levels according to integration level

| | Sub total satisfied | Sub total completely satisfied and very satisfied |
|--|---------------------|---|
| Total | 96% | 82% |
| Businesses which are surviving n=1468 | 97% | 84% |
| Businesses which are not surviving but entrepreneurs in employment n=279 | 95% | 75% |
| Entrepreneurs not in employment n=324 | 93% | 78% |



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