



# BUILDING ON NEW MODELS FOR POVERTY REDUCTION

MICROFINANCE MIS PEER-TO-PEER SOCIAL BUSINESS



**ACTED**

Microfinance and  
Social Business Initiatives

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**ACTED Microfinance and Social Business Initiatives**

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## BUILDING ON NEW MODELS FOR POVERTY REDUCTION

Created in the field in 1993 and relying today on a team of more than 4,000 people in 32 countries, ACTED has progressively become one of the main European actors in the sector of international relief and development. Every year, ACTED works with over 3 million beneficiaries, implementing more than 270 projects and programs, in various contexts.

ACTED's mission is to support vulnerable populations worldwide and to accompany them in building a better future. Our programs, in Africa, Asia, the Middle East, Central America and the Caribbean seek to cover the multiple aspects of humanitarian and development challenges through a multidisciplinary approach which is both global and local, and adapted to each context.

ACTED's vision is that adapting to local situations, finding out needs and demands, keeping a bottom-up approach, identifying what is working and what is not, taking responsibility for our actions, promoting collective solidarity and individual responsibility and creating partnerships are key conditions to ensure the sustainability of our interventions and breaking the poverty cycle.

We also believe that poor people need sustainable livelihoods in order to step out of poverty.

In this regard, over the past years, microfinance and livelihoods projects have proved to be a crucial component of our intervention strategies. Microfinance contributes to providing fair means to the most vulnerable people so that they can participate in the economic development, in countries and contexts where these means are virtually inaccessible. The linkages between microfinance and our livelihoods and development projects have also proven to be very efficient.

This strategic focus has led us to build, support and improve various microfinance, livelihoods and social business initiatives in the past 6 years within an open-minded and pragmatic framework that led to several converging initiatives. These new models, presented in this brochure, are supported by all ACTED's relief, development and microfinance teams worldwide.

The South Asian Microfinance Network (SAMN), ACTED's regional platforms, the OXUS Microfinance Group, the peer-to-peer micro-lending website Babyloan, the Octopus software and the Convergences 2015 Think-Do Tank have been so far successful, impacting and cross-fertilizing initiatives, paving the ground for a pragmatic and significant approach for poverty reduction. Our teams constantly link their projects and the beneficiaries to these initiatives and are trying every day to identify and promote new ways for poverty reduction.



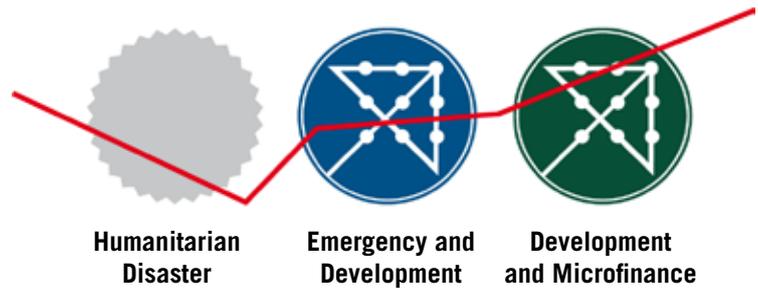
Microfinance institutions in low-income countries

### The OXUS Group

Created by ACTED in 2005, OXUS Group is ACTED's private specialized actor devoted to microfinance.



#### ACTED-OXUS CONTINUUM



The mission of OXUS Group is to fight poverty through the provision of microfinance services to the working poor.

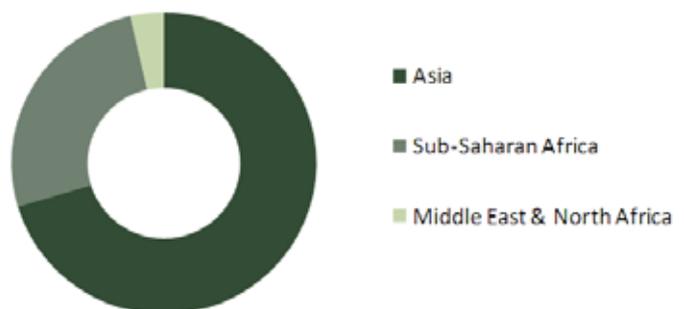
OXUS aims at empowering disadvantaged people, integrating a commercial approach into a broad human development framework.

Therefore, it plans to lead in the provision of financial services to the working poor through a worldwide network of 12 Microfinance institutions in 3 sub-regions by 2015.

Since its inception, OXUS has granted 115,600 loans amounting to USD 71.1 million.

In 2015, OXUS will reach an outstanding portfolio of USD 140 million and will serve more than 166,000 clients.

Projected portfolio per sub-region in 2015

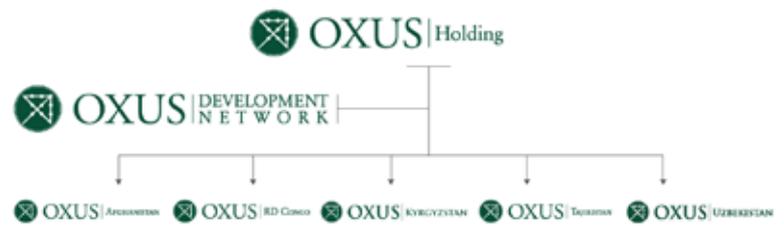


## WHO WE ARE

OXUS Group is structured around a holding created in 2007. It is now made of 5 MFIs and a consulting company.

Its main specificities and strengths are:

- ✘ A strong relationship with OXUS Group's main shareholder, ACTED, enabling the group to enter post-emergency countries as first mover and to reduce its implementation costs;
- ✘ An international, innovative and diversified investment strategy focusing on greenfield microfinance institutions and limiting monetary risks and regional crisis impacts;
- ✘ The experience of a group of over 500 people worldwide, having worked successfully in highly complex contexts for the past 5 years with the support of a management and technical assistance team of 15 professionals in Paris.



## OUR ACTIVITIES

End of 2010, the OXUS Group serves more than 15,000 active customers, totalizing an outstanding portfolio of around USD 12 million.

The products provided by OXUS MFIs aim at enabling the group to reach profitability without compromising our identity through diversifying our portfolio at the closest of our clients' needs. Currently, the range of OXUS services includes the following products:

### ✘ Group Loans

OXUS participates in the creation of groups of micro entrepreneurs who do not possess traditional collaterals but who however become accountable for each other. Collective responsibility within the group enables its members to subscribe to microcredits in order to develop their activities.

### ✘ Individual Loans

OXUS individual loans target micro entrepreneurs, whose activities offer certain guarantees. OXUS is developing its activities in urban areas, where micro economic activities need greater financing. However, OXUS remains strongly attached to its development missions, with a sustained presence in areas poorly served by adequate financial services.

### ✘ Other products and services

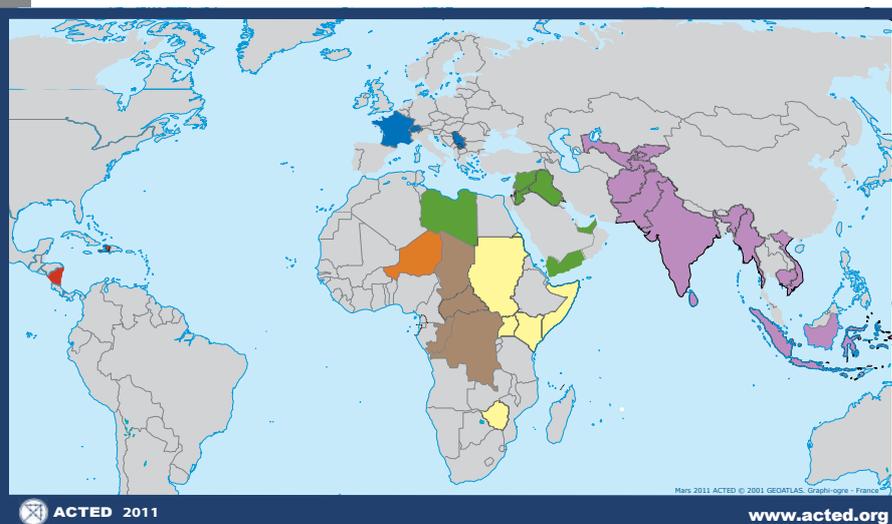
A large array of added-value products is currently being developed. On the one hand, savings, remittances and micro-insurances will complete our offer. On the other hand, the development of mobile banking services will increase our geographic outreach.

OXUS MFIs KEY INDICATORS as of December 31 <sup>th</sup> 2010	
Active Clients	
OXUS Tajikistan	7,631
OXUS Afghanistan	4,539
OXUS Kyrgyzstan	2,930
<b>Total</b>	<b>15,100</b>
Outstanding Portfolio (USD)	
OXUS Tajikistan	7,448,882
OXUS Afghanistan	2,614,700
OXUS Kyrgyzstan	1,796,841
<b>Total</b>	<b>11,860,422</b>



Regional platforms to support new poverty reduction initiatives

## ACTED PLATFORMS



ACTED supports over 3 million people in 32 countries throughout the world. Nearly 4,000 staff are working on 270 programs, with specific support provided by teams in 3 regional centers in Africa, Asia and the Middle-East. This strong field presence is at the origin of ACTED's capacity to incubate a large array of initiatives close to the needs of its beneficiaries.

## ACTED builds its interventions on 8 main pillars

- 
**Responding to emergencies**  
 Whatever the nature of a crisis, ACTED intervenes to provide initial assistance, such as food, water, hygiene or shelter.
- 
**The food security imperative**  
 A community mobilization effort is systematically put in place in order to define together the priority needs and the means to provide for.
- 
**Health at the heart of development**  
 No long-term development is conceivable without a satisfactory sanitary environment and hygiene education.
- 
**Access to education, diversifying the range of life choices**  
 Access to education is a necessary milestone in individuals' development and in the economic and social enhancement of countries worldwide.
- 
**Supporting local economic initiatives**  
 ACTED contributes to recovery efforts likely to lead to sustainable activities with long-term economic and fair prospects.
- 
**Microfinance as an extension of ACTED's humanitarian actions**  
 Funding micro-entrepreneurs' projects will increase synergies by enabling the development of targeted, innovative and inclusive solutions.
- 
**Advocacy, institutional support, regional dialogue**  
 Through the promotion of local governance, ACTED strives to develop ownership, democratic principles, transparency and accountability.
- 
**Cultural Promotion**  
 ACTED aims at raising communities' consciousness of their cultural heritage to help them build upon it and consolidate their development efforts.

## Microfinance and social business initiatives having emerged from ACTED's grass-roots programs



The South Asian Microfinance Network (SAMN) is an initiative launched mid-2008 by a number of South Asian and European microfinance stakeholders to promote economic development. It is among the first initiatives of its kind, aiming at enhancing the quality and outreach of microfinance in the region. It originated from a need expressed by ACTED's Delhi regional center.



The Octopus project was launched in 2006 to solve the issue of the lack of effective and affordable Management Information Systems (MIS) for OXUS microfinance institutions. The software was developed at the closest of our MFIs' needs by a team of developers located in Kyrgyzstan and supported by our advisory team Paris. Octopus is now one of the cheapest and most user-friendly MIS for microfinance, available and adapted to all fast growing MFIs in the world.

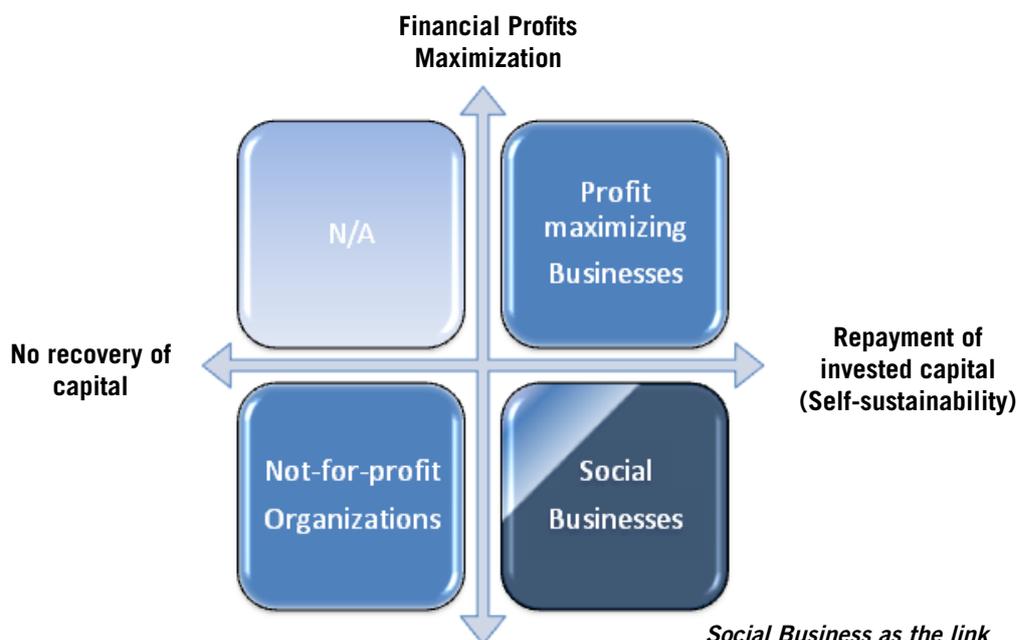


In 1997, ACTED initiated basic microcredit programs in Tajikistan. It was the consequence of the direct expression of some of its beneficiaries. Gradually, those initiatives were included into ACTED's development programs and became more complex, leading to the creation in 2005 of a dedicated business entity, the OXUS Group.



The last development undertaken by ACTED is the creation of an Impact Investing Unit. ACTED, with a presence in 32 countries worldwide, has a strong capacity to identify income generating activities in diversified sectors such as agriculture, energy, technology, housing, etc. ACTED intends to leverage this proprietary deal flow to raise capital.

## Inclusiveness and modernity lead ACTED towards entering microfinance and social business



*Social Business as the link between the humanitarian and the commercial spheres*  
 Yunus, Moingeon and Lehmann-Ortega, Long Range Planning, April 2010



Open source management information system for microfinance

## OCTOPUS

Management Information Systems (MIS) are strategic tools to help fast growing microfinance institutions (MFIs) become more efficient and sustainable. However, most of them have to cope with relatively high software prices, poor IT know-how and a complex adaptation to local context.

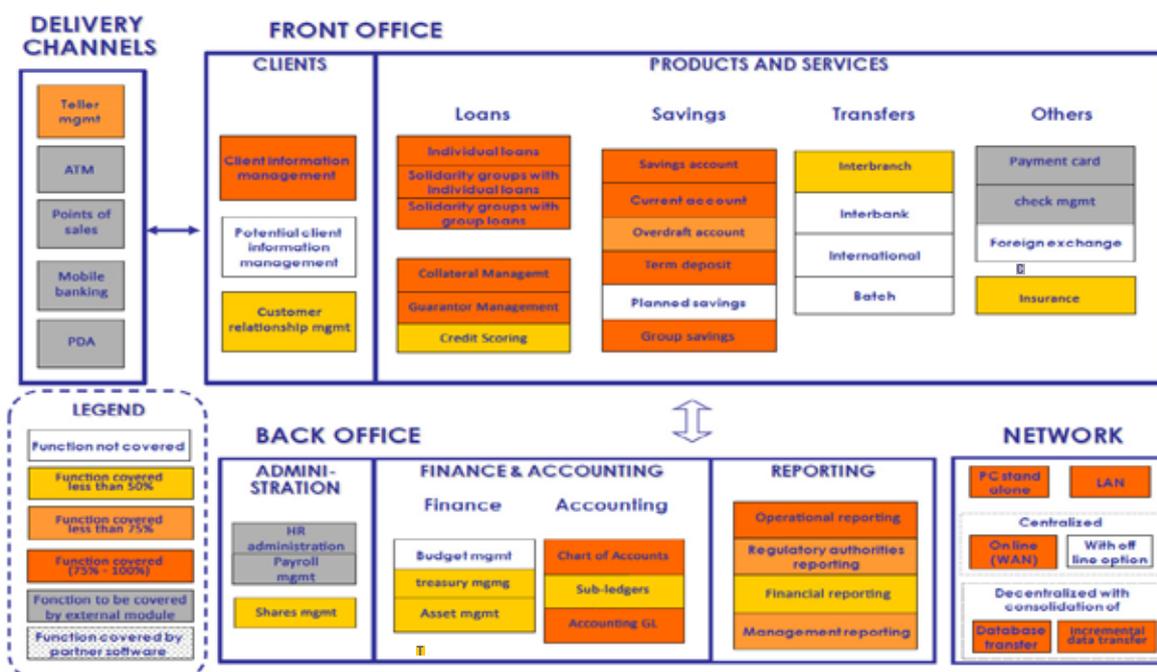
Octopus is a social-business run since 2006, aiming at reinforcing microfinance institutions efficiency, transparency and sustainability. Octopus Team developed Octopus Microfinance Software, a robust and intuitive open-source MIS that covers MFI entire business, from customers, loans, savings and other products, to accrual accounting and reporting.

Octopus approach differs from others by its team know-how and experience in agile and lean methodologies, aimed at making MFIs using Octopus as autonomously as possible and at allowing them to improve the

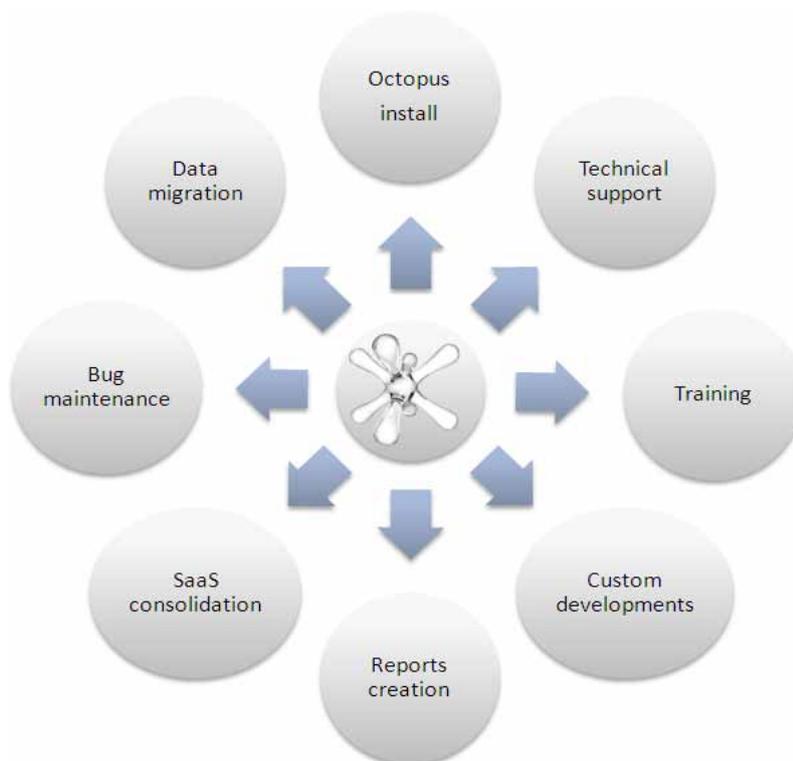
accessibility of poor families to financial services. More than an open source product, Octopus offers a process of continuous improvement, gathering the best practices from the field.

Octopus and its partners offer win-win partnerships and solid contracts to MFIs: implementation, maintenance, technical support and training. The software is used by 60 MFIs worldwide and supported by an open-source community of more than 1,200 persons.

## Octopus main features in 2011



## Our services



Octopus is one of the best management solutions currently available for microfinance institutions. It is a simple and efficient software made to help organize and manage easily microfinance operations (accounting & banking).

Octopus covers the entire scope of microfinance operations: client management, loan and savings contracts, accounting. It is specifically adapted to microfinance banks, savings and credit unions, village banks, local and community banks, NGOs and microcredit projects.

The latest World Bank/CGAP rating recognized Octopus as “one of the most user-friendly solutions with highly ergonomic windows display (intuitive use, universal search box, dashboard with essential data, alerts)”.

Octopus offers an interface based on classical Windows visual that makes it easy to use. It has been co-developed with microfinance experts and software engineers to combine microfinance best practices with IT industry standards for MFIs.



## Octopus in numbers

- ✿ 6 years of experience
- ✿ 5 developers
- ✿ 3 consultants
- ✿ 60 MFIs using Octopus
- ✿ 15 MFIs under guarantee contracts
- ✿ 11 local Value Added Resellers (VAR)
- ✿ 500 downloads per month (average 2010)

[www.octopusnetwork.org](http://www.octopusnetwork.org)



# CONVERGENCES 2015

A think do tank against poverty

## Convergences 2015

At a time when our global economic system shows signs of growing disorders, when poverty and exclusion both in Northern and Southern countries are increasing, when our environment is at risk, the mobilization around the United Nations Millennium Development Goals (MDGs) becomes even more decisive.

To overcome these modern issues, renewed commitments, approaches and partnerships are needed.

Convergences 2015 aims at improving the action and the linkages between multiple actors committed to a more sustainable world. This initiative targets economic and political actors, the civil society and all of those who share the same values of solidarity and feel concerned by the challenges of today and ahead.

The ambition of this unifying project is to develop an “open architecture” in the field of solidarity; a base for increased exchanges and new sustainable partnerships between actors from different but complementary fields, therefore strengthening opportunities for collaboration between mobilized actors.

By drawing the links between those various actors, Convergences 2015 formulates an ambitious gathering project leading to debates, alternative proposals as well as innovative action plans.

In this framework, international cooperation, social economy, social entrepreneurship, microfinance, inclusive finance, fair trade, social business and Bottom of the Pyramid strategies have been identified by Convergences 2015 as priority study topics to highlight such convergence towards sustainable development.

Today, as the 2015 deadline comes closer, 10 years after the establishment of the MDGs, the delays and numerous challenges make the approach and objectives of Convergences 2015 more crucial than ever.





## 2008-2010: From the 1<sup>st</sup> to the 3<sup>rd</sup> Convergences 2015 Forum

Launched in 2008, the First edition of the Forum brought together actors from the fields of finance, new technologies and grassroots civil society organizations over the issue of microfinance and to discuss prospects for the emergence of ethical and responsible capitalism.

In 2009, the Second edition was held in the context of global economic collapse, making the Millennium Development Goals even more ambitious. 360 participants contributed to debates on microfinance in South-East Asia on the latest microfinance trends (investment products, internet, and performance assessment) and on opportunities that need to be stimulated.

With the Third edition in 2010, Convergences 2015 became one of the main annual events gathering microfinance actors and social entrepreneurship in Paris. The event brought nearly 1,200 people together in Paris City Hall.

The key to the success of that edition was the participation of the main decision makers and operators committed to the MDGs, with major companies and banks, civil society and institutional actors represented, as few global events bring together such a large panel of actors. The release of the First Barometer of Microfinance and the publication of the Paris Appeal also contributed to identifying Convergences 2015 as an advocacy and action platform.

### Towards a permanent platform

Today, Convergences 2015 is becoming a permanent and independent organization, under the legal structure of an association. It is led by a steering committee composed by 40 members that are either experts or key figures in the domains of microfinance, social entrepreneurship, and social economy. The committee intends to raise debates and synergies in order to build up thoughtful considerations on Convergences 2015's matters.

### Convergences 2015's mission is threefold:

-  **Reflection:** think, debate and produce ideas;
-  **Advocacy:** promote ideas and reflections beside decision makers and general public;
-  **Do-tank:** promote the creation of linkages and projects around those themes.



A regional microfinance network

## South Asian Microfinance Network

South Asian Microfinance Network (SAMN) is a regional network of national level microfinance networks from six countries of South Asia: Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka. Memberships of national Microfinance Associations in the region make SAMN the most representative and credible regional network for the microfinance sector in South Asia. Its present activities include capacity development of national networks, regional dialogue through exchange and research, Technical Assistance and financial intermediation services to MFIs.

South Asia is the second most financially excluded region globally with nearly 58% of the adult population, i.e. 612 million not using financial services – either formal or semi-formal (in the region) most of whom are poor. In the past few decades, the microfinance sector across South Asia has demonstrated potential as a useful delivery model to provide financial services to low income population, currently reaching over 50 million people.

However, considering the demand for financial services, sector's potential remains underutilized as it faces the challenges of uncertain regulatory

frameworks, limited products and innovation, low institutional capacity of MFIs, poor meso-level infrastructure and financing constrains among others. Therefore, the sustainable growth of microfinance is one of the key tools in addressing the challenge of financial inclusion.

In order to address these challenges, ACTED created the South Asian Microfinance Network (SAMN) in 2008, that aims at enhancing financial inclusion among low-income population of South Asia by promoting a sustainable microfinance sector.



### SAMN focuses on four key areas:

**Strengthening National Microfinance Networks**  
 SAMN provides a permanent link and mechanisms for cooperation and collaboration among national MFAs in the sub-continent to improve their relevance and value in the national context.

**Capacity Building for Microfinance Institutions**  
 SAMN provides targeted and high quality technical cooperation to MFIs to enhance their investment readiness, practices, reporting and transparency, thereby making them sustainable.

**Promoting Regional Exchange and Dialogue**  
 SAMN is a hub diffusing information and knowledge on microfinance. SAMN provides an array of knowledge tools such as research, sharing of best practices, promoting benchmarks, sector consolidation and consensus building among others to improve policy and practice.



### MEMBERS



#### HOST



#### PARTNERS



#### MFIs

- India**  
Credible, Gram Utthan, Mahashakti, Sonata, Star, VFS
- Pakistan**  
ASASAH, CWCD, SAFWCO
- Afghanistan**  
BRAC, AFS, CFA, MADRAC, OXUS Afghanistan
- Sri Lanka**  
Agro Microfinance, BMI, LOLC
- Bangladesh**  
BASTOB, BURO, IDF, MSS, UDDIPAN

#### INVESTORS



The first French peer to peer microcredit website

## What is Babyloan?

Created with the support of ACTED, Babyloan.org is the first French peer to peer microcredit website: on Babyloan, Internet users can choose to lend to micro-entrepreneurs in developing countries starting from 20 euros.

Launched in September 2008, Babyloan is an initiative by ABC Microfinance, in partnership with ACTED, the BRED and the Crédit Coopératif.

It enables the Internet user to:

- ✿ Choose the micro-entrepreneur he wants to support;
- ✿ Lend him / her a certain amount of money;
- ✿ Follow up the reimbursement of the microcredit.

Babyloan offers a new kind of help, based on a loan rather than on a donation. Babyloan is also an interactive community-based website, explaining what microfinance is and acting as a forum for discussion and debate.

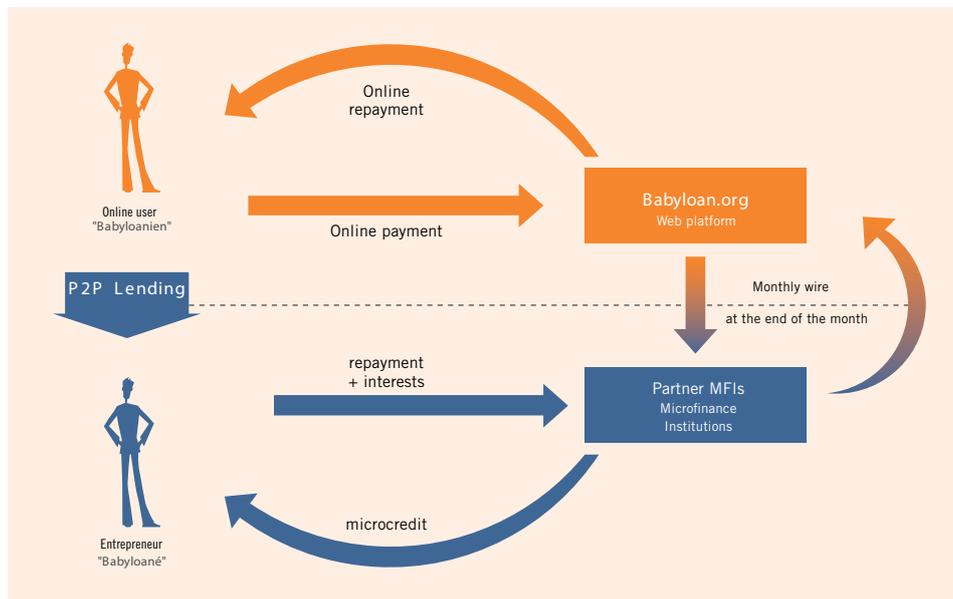
**Today, more than 10,000 people have chosen this new form of solidarity. They have lent more than EUR 1,700,000 to fund over 5,500 projects.**

## How does Babyloan operate?

Babyloan works in partnership with MFIs that grant microcredits around the world. Via this online loan system, Babyloan contributes to the low cost refinancing of MFIs, which in turn have to provide information on the beneficiaries (photographs and project storylines).



## The logic behind Babyloan?



## What does Babyloan hope to achieve?

Babyloan was launched to raise awareness about this fantastic development tool and find a new source of responsible and sustainable financing necessary to its growth. As a pioneer in peer-to-peer lending in France, Babyloan does its best every day to uphold its founding principles and best practices.

Far removed from the Internet start-ups back in 2000, Babyloan is a development program geared towards sustainability, efficiency and collaboration with development-enthusiasts and social finance. Babyloan hopes to become a key financing actor for MFIs, thereby helping to fight poverty in the world.

### The goal is:

- ✿ to raise EUR 10 million of social loans from 100,000 Internet users to support 25,000 micro-entrepreneurs in 20 countries;
- ✿ to develop proximity cooperation by supporting micro-entrepreneurs in France;
- ✿ to develop Babyloan's European expansion: Babyloan is the first European micro-lending Website. In Italy, Babyloan has already obtained agreement from the Italian Central Bank and concluded a partnership with the Etimos consortium to develop its Website for Italian Internet users.





## **ACTED Microfinance and Social Business Initiatives**

### **OXUS Group**

email: [paris@oxusnetwork.org](mailto:paris@oxusnetwork.org)  
web: [www.oxusnetwork.org](http://www.oxusnetwork.org)

### **ACTED Platforms**

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### **Convergences 2015**

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