

# 2018-2021 in review

The previous mandate by the Luxembourgish Ministry of Foreign and European Affairs enabled ADA to implement numerous projects which helped to strengthen the inclusive finance sector.

2021 marked the fourth and final year of ADA's strategic plan which had been initiated in 2018. Throughout this period, ADA supported microfinance institutions (MFIs) in providing financial services (mainly agricultural loans and insurance products) to their target populations. Many of them also received support for their digital transformation, with a view to providing digital solutions to their clients. ADA also worked with new types of stakeholders to address people's needs in a more targeted and impactful manner. In this respect, it provided these stakeholders with more in-depth and individualised support than before. Finally, ADA made the inclusive finance sector more accountable to its clients through client protection initiatives.



## A strategic plan with seven targets

The objective of ADA's strategic plan was to develop, implement and disseminate solutions for vulnerable populations in the least developed countries, with the aim of promoting their financial inclusion and improving their living conditions. The plan had seven key targets.

### 1 ADA-supported MFIs have developed and diversified their service offering and strengthened the capacities of existing and potential clients

- **159,680** beneficiaries of financial services in 2021 (62 299 in 2018).
- Progress between 2018 and 2021**
- Mainly insurance products and agricultural loans
  - ADA also started to support the development of digital services (agent networks, mobile money) during the mandate.

### 2 Professional governance and management of ADA-supported MFIs

- **307** MFIs trained in 2021 (652 in 2018).
- Progress between 2018 and 2021**
- MFIs trained mainly in internal capacity building (financial performance, risk management)
  - Over the course of the mandate, ADA provided increasingly in-depth support to MFIs to achieve a greater impact, hence the fall in the number of MFIs trained.
- **129** MFIs supported with technical assistance (TA)<sup>1</sup> in 2021 (79 in 2018).

- **40,566** beneficiaries of non-financial services in 2021 (2,627 in 2018).

#### Progress between 2018 and 2021

- Mainly financial education and technical agricultural support to complement agricultural loans
- ADA opted for in-depth support of selected entrepreneurs via incubators instead of a broader service.

#### Progress between 2018 and 2021

- More and more MFIs received TA
- Over the course of the mandate, the TA increasingly focused on developing digital solutions for MFI clients
- Specific TA was provided during the COVID-19 crisis (risk management, strategic planning).

- **54** other organisations supported with TA in 2021 to develop and offer financial products and services to target populations, either directly or indirectly (23 in 2018).

#### Progress between 2018 and 2021

- Providers of direct services to target populations:
  - Incubators supporting micro- and small entrepreneurs
  - FinTechs and InsurTechs facilitate access to financial services for vulnerable populations
  - Stakeholders in agricultural value chains (agricultural SMEs, NGOs specialising in agriculture, and agricultural cooperatives) supported via the SSNUP<sup>2</sup> programme to serve smallholder farmers
- Intermediaries:
  - Professional associations/microfinance networks
  - Impact investors via the SSNUP programme
  - Insurance brokers.

### 3 Facilitated access to MFI financing

- **48** MFIs in the portfolio of LMDF (Luxembourg Microfinance and Development Fund) in 2021 (48 in 2018). LMDF is advised by ADA.

#### Progress between 2018 and 2021

- Not necessarily the same MFIs (some are newly financed, others have repaid).
  - **35.3** million EUR of outstanding portfolio (28.7 in 2018).
- Progress between 2018 and 2021**
- Tendency to disburse larger loans to roughly the same number of MFIs.

- **34** MFIs received funding and TA in 2021 (24 in 2018).

#### Progress between 2018 and 2021

- This increase reflects better coordination between ADA's investment advisory activities and its TA projects.

### 4 Professional associations and networks supported by ADA have strengthened their capacities and are effective project implementation partners

- **14** professional associations (PAs) or networks supported in 2021 (16 in 2018).

#### Progress between 2018 and 2021

- Two projects finalised with the professional associations of Vietnam and Tanzania.
  - **223** MFIs trained via these PAs/networks in 2021 (516 in 2018).
- Progress between 2018 and 2021**
- Decline due to COVID-19 and changes in projects with PAs/networks, which focused more on delivering TA to MFIs.
- **72** MFIs received TA via these PAs/networks in 2021 (34 in 2018).

#### Progress between 2018 and 2021

- Decline due to COVID-19 and changes in projects with PAs/networks, which focused more on delivering TA to MFIs.
- These two trends confirm ADA's ongoing commitment to turn networks into fully fledged project partners for the benefit of their member MFIs.

### 5 The conditions for developing financial inclusion in the countries in which ADA operates have improved

- **5** countries in which regulators received support throughout the mandate (Cambodia, Laos, Cabo Verde, Myanmar, Tunisia).

#### Progress between 2018 and 2021

- ADA has improved regulatory oversight capabilities and made the inclusive finance sector more accountable to its clients through client protection initiatives or better regulation.

### 6 ADA has provided the MAEE<sup>3</sup> and development stakeholders in Luxembourg with support and advice on inclusive finance

- **22** stakeholders in Luxembourg with whom ADA worked in 2021 (15 in 2018).

#### Progress between 2018 and 2021

- ADA provided consultancy services, organised events and co-financed projects.

### 7 Information on ADA's financial inclusion activities has been shared

- **37** thematic and scientific publications in 2021 (28 in 2018).

#### Progress between 2018 and 2021

- Thematic publications: social performance management, financial health of micro-entrepreneurs, impact of the COVID-19 crisis on MFIs and their clients, etc.
- Scientific publications on financial regulation have been distributed via the ADA Chair in Financial Law.

- **29** ADA speakers at conferences in 2021 (24 in 2018).

- The conferences included the European Microfinance Week and the African Microfinance Week (SAM).

<sup>1</sup> Sending a field expert to provide targeted support to an organisation in need of development, usually over a long period of time. TA is sometimes referred to as "expert advice".

<sup>2</sup> Smallholder Safety Net Upscaling Programme

<sup>3</sup> Luxembourgish Ministry of Foreign and European Affairs