

# ADA, an expert in inclusive finance

Annual Report 2021



# Review and outlook

Like many organisations, ADA had to temporarily shift its priorities to crisis management during the pandemic. Supporting our partners throughout repeated lockdowns required great flexibility and adaptability by our team, our partners and our main donors in the first half of 2021. While ADA was gradually able to resume most of its activities in the second half of the year, we nevertheless took the opportunity of assessing the lessons learned once the pandemic restrictions to free movement began to be lifted.

## Resilience key for MFIs and their beneficiaries

One of the key takeaways from the pandemic was the importance of resilience. The more resilient an institution or a population is, the better they can deal with external shocks. Unsurprisingly, the key topic at the 2021 edition of the African Microfinance Week (SAM), which took place in Kigali, Rwanda, from 18 to 22 October was therefore 'One is not born, but rather becomes, resilient: Strengthening inclusive finance to overcome crises'.

For a whole week, 700 participants discussed how to strengthen the resilience of microfinance providers and their beneficiaries to economic shocks. While the providers themselves need to become more resilient, they also improve the resilience of their beneficiaries by giving them access to financial services. In particular, technology-based financial innovation will be needed in all developing countries to increase the resilience of their population through saving and micro-insurance products.

## A holistic approach for meeting the SDGs

The organisation of the SAM week was the first clear sign that we at ADA were able to resume our regular activities in the second half of 2021. In addition, we were able to finalise the definition of our new strategy for the coming four years.

At the heart of the new strategy lies the realisation that meeting the United Nations' Sustainable Development Goals (SDGs) will require a more comprehensive approach than simply giving underbanked people access to financial services. This insight - gained from numerous activities over the past years - led us to supplement our activities with non-financial services such as business consulting and financial education to ensure our projects have a lasting impact.

While financial services were already frequently complemented by other services under the previous strategy which ran from 2018 to 2021, ADA will strengthen and broaden this holistic approach from 2022 to 2025 in the new strategy with the support of Luxembourg's Development Cooperation.

In addition to using inclusive finance to meet the SDGs, ADA's new strategy will focus on supporting vulnerable households with limited access to basic services such as water and energy, young entrepreneurs, as well as small, family-run farms and other actors in agricultural and forestry value chains.

**ADA is a driver of partnerships with multiple development actors for sustainable, innovative and impactful inclusive finance.**

The use of digital technology and resilience to climate change will be encouraged in all areas of intervention and a particular emphasis will be placed on women, as they face even greater socio-professional constraints than men.

## Partnerships with multiple development actors

This shift in focus will result in collaborations with a broader range of stakeholders - such as incubators and green SMEs - and ADA will increasingly act as a network coordinator to ensure an efficient and holistic approach to meeting the needs of vulnerable people. In practice, this new approach will combine technical assistance programmes, investment advice for IforD (Investing for Development) activities and knowledge management.

This 2021 annual report is therefore the closing report on ADA's projects from 2018 to 2021. During this period, ADA supported over 600 MFIs, 16 professional microfinance associations and networks plus around 50 other types of organisations in accessing finance and in developing and diversifying their services. In addition, ADA helped them to strengthen their governance and management structures as well as their project management capacities.

Thanks to this extensive support, the number of beneficiaries of financial services increased from 62 000 in 2018 to 160 000 in 2021. On a broader scale, ADA also contributed to improving the regulatory conditions for the development of financial inclusion in five countries.

## Laying the groundwork for the new strategy

This past project cycle laid the groundwork for the upcoming approach of leveraging inclusive finance in support of vulnerable households, agricultural value chain actors and young entrepreneurs under the new strategy: 40 000 people already benefited from non-financial services in 2021 compared to just 2 600 in 2018.

The projects outlined in this report should therefore not merely be regarded as discontinued activities, but rather as the first steps towards ADA's new strategy under which inclusive finance is no longer an end in itself but should be instead measured in terms of impact. To this end, ADA will act as a driver of innovation and partnerships.

### Patrick Losch

Chairman of the Board of Directors of ADA

### Laura Foschi

Executive Director of ADA



2018-2021 in review | **04**

ADA's strategic priorities from 2022 until 2025 | **06**

ADA projects around the world in 2021 | **08**

ADA's key figures 2021 | **10**

Advocating transparency and best practices in the microfinance sector | **12**

Supporting the development of digital solutions to better serve vulnerable populations | **14**

Financial support and business coaching for young entrepreneurs | **18**

Production support and access to tailored financial products for smallholder farmers | **20**

Green products to fight the effects of climate change and provide access to basic services | **22**

ADA as an investment advisor for LMDF | **24**

Inclusive finance sector gathers in Rwanda for SAM 2021 | **26**

ADA's carbon offset measures | **30**

Our partners in Luxembourg in 2021 | **31**

# 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.



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## 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).

<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".

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

### Progress between 2018 and 2021

- Tendency to disburse larger loans to roughly the same number of MFIs.

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

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

# ADA's strategic priorities from 2022 until 2025

Luxembourg's Development Cooperation has renewed ADA's mandate for the period from 2022 to 2025. During this time, ADA will focus on supporting young entrepreneurs, smallholder farmers and vulnerable households in developing countries.



© Luxembourgish Ministry of Foreign and European Affairs

## Key figures

Around **45** employees based in Luxembourg plus ten technical advisers in the field.

ADA's annual budget is about **15 million euros**. **56%** of these funds are provided by the Luxembourgish Directorate for Development Cooperation and Humanitarian Affairs and the remaining **44%** stem from other public and private sources. Expenditure directly related to development activities makes up **93%** of the total, leaving **7%** of the budget to cover administrative expenses.

(From left to right) Franz Fayot, Minister of Development Cooperation and Humanitarian Affairs; Patrick Losch, Chairman of the Board of Directors of ADA

On 15 December 2021, Luxembourg's Development Cooperation renewed its support of ADA for the period from 2022 to 2025. While ADA traditionally bolstered microfinance institutions and networks with a view to promoting financial inclusion, it is currently taking a broader approach. Going forward, ADA will continue to use inclusive finance, which remains its main area of expertise, to increase its contribution to achieving the Sustainable Development Goals.

In addition, ADA will place a special focus on supporting vulnerable households - especially those with limited access to basic services such as water and energy, on young entrepreneurs as well as on small, family-run farms and other actors in the agricultural and forestry value chains who suffer from economic insecurity.

The use of digital technology and resilience to climate change will be encouraged in all areas of intervention. A particular emphasis will also be placed on women, who face even greater constraints to socio-professional integration than men.

ADA's shift in focus will result in collaborations with a broader range of stakeholders in addition to microfinance institutions. For example, ADA will increasingly collaborate with SMEs, incubators and other business development hubs to support young entrepreneurs and it will partner with innovative providers of basic services such as solar-powered solutions.

As a result, ADA will increasingly act as a coordinator to ensure a holistic approach to meeting the needs of vulnerable people. At the operational level, this will be achieved through a combination of technical assistance programmes, investment advice for IforD (Investing for Development) and knowledge management.

ADA will continue to leverage its long-standing expertise to develop innovative financing mechanisms adapted to the needs of vulnerable people, such as flexible, revenue-based or long-term loans, guarantees, as well as insurance, savings or pay-as-you-go payment solutions. Such financial services will allow vulnerable people to increase their autonomy and to improve their risk management in a sustainable manner.

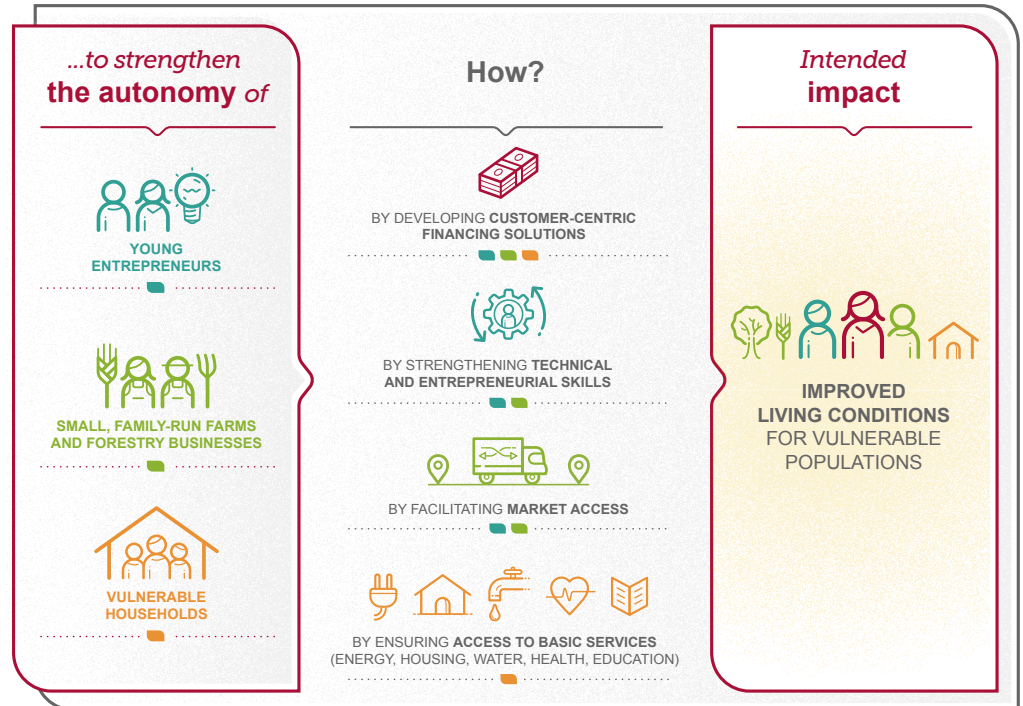
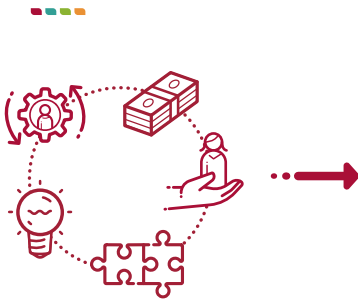
These activities will mainly be carried out in Senegal, Burkina Faso, Laos, Cambodia and Guatemala. However, other countries will also be considered, especially if they offer impact investment opportunities in connection with IforD.

**“Sustainable and innovative inclusion is one of the main ways of achieving the Sustainable Development Goals. This is the key strategic aim of this new strategic plan.”**

**Laura Foschi**  
Executive Director of ADA

**ADA's new strategy focuses on supporting young entrepreneurs, strengthening agricultural and forestry value chains and giving vulnerable households access to basic services. The impact on climate change, gender issues and the use of digital technologies will be considered in all projects.**

**ADA,**  
an expert in inclusive finance.  
Driver of partnerships  
and innovation...

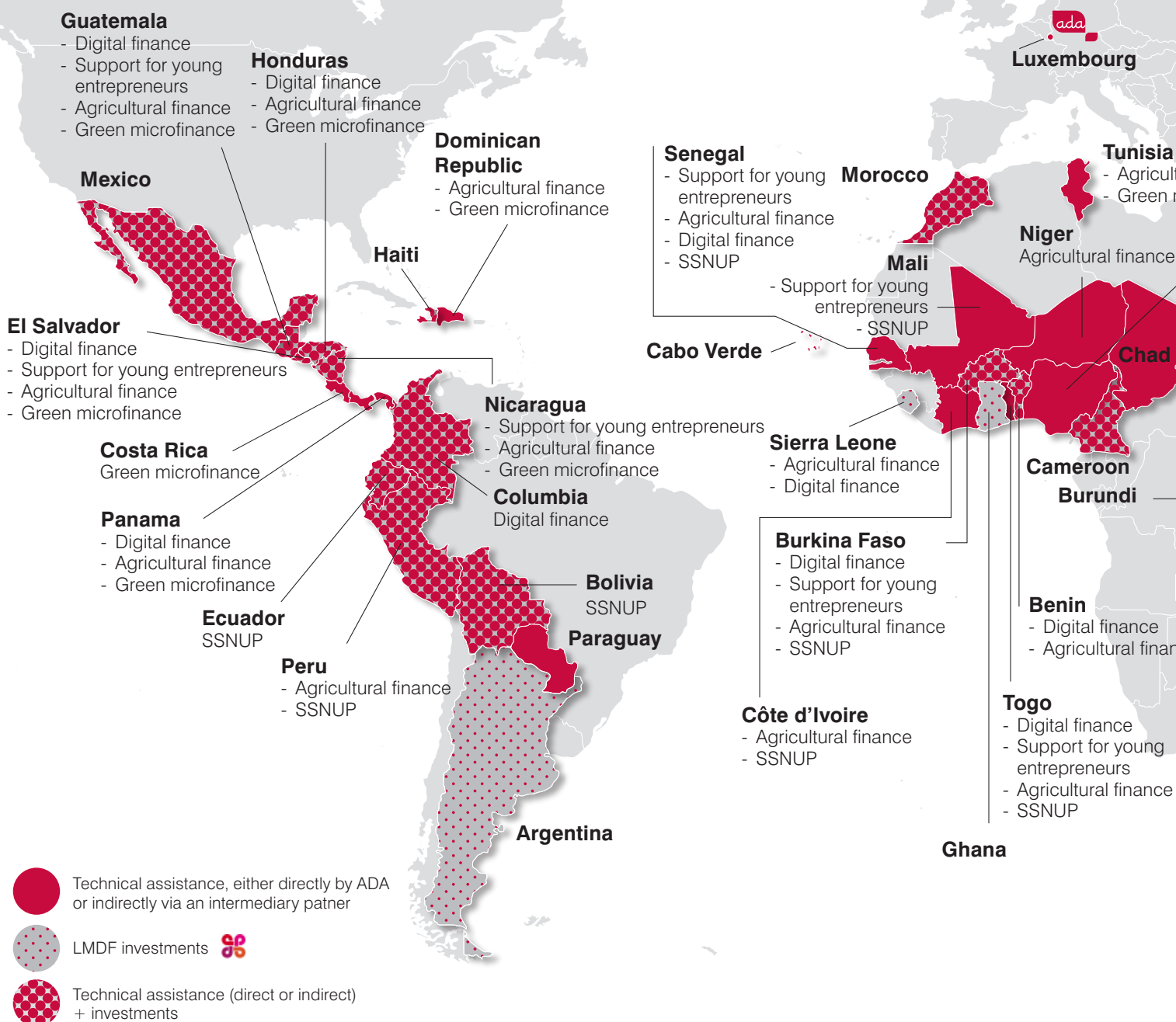


**i** Further information on [www.ada-microfinance.org/en](http://www.ada-microfinance.org/en)

ADA's interventions will significantly contribute to poverty eradication (SDG 1), to reducing food insecurity (SDG 2), to providing access to decent employment and income (SDG 8), to adapting to climate change (SDG 13) and to strengthening partnerships between different types of actors in the inclusive finance sector (SDG 17). ADA will also indirectly contribute to good health and well-being (SDG 3), quality education (SDG 4), gender equality (SDG 5), access to safe drinking water and sanitation (SDG 6), affordable and clean energy (SDG 7), fostering innovation and the inclusion of small enterprises (SDG 9), reducing inequality (SDG 10), improving shelter (SDG 11) and to sustainable forest management (SDG 15).

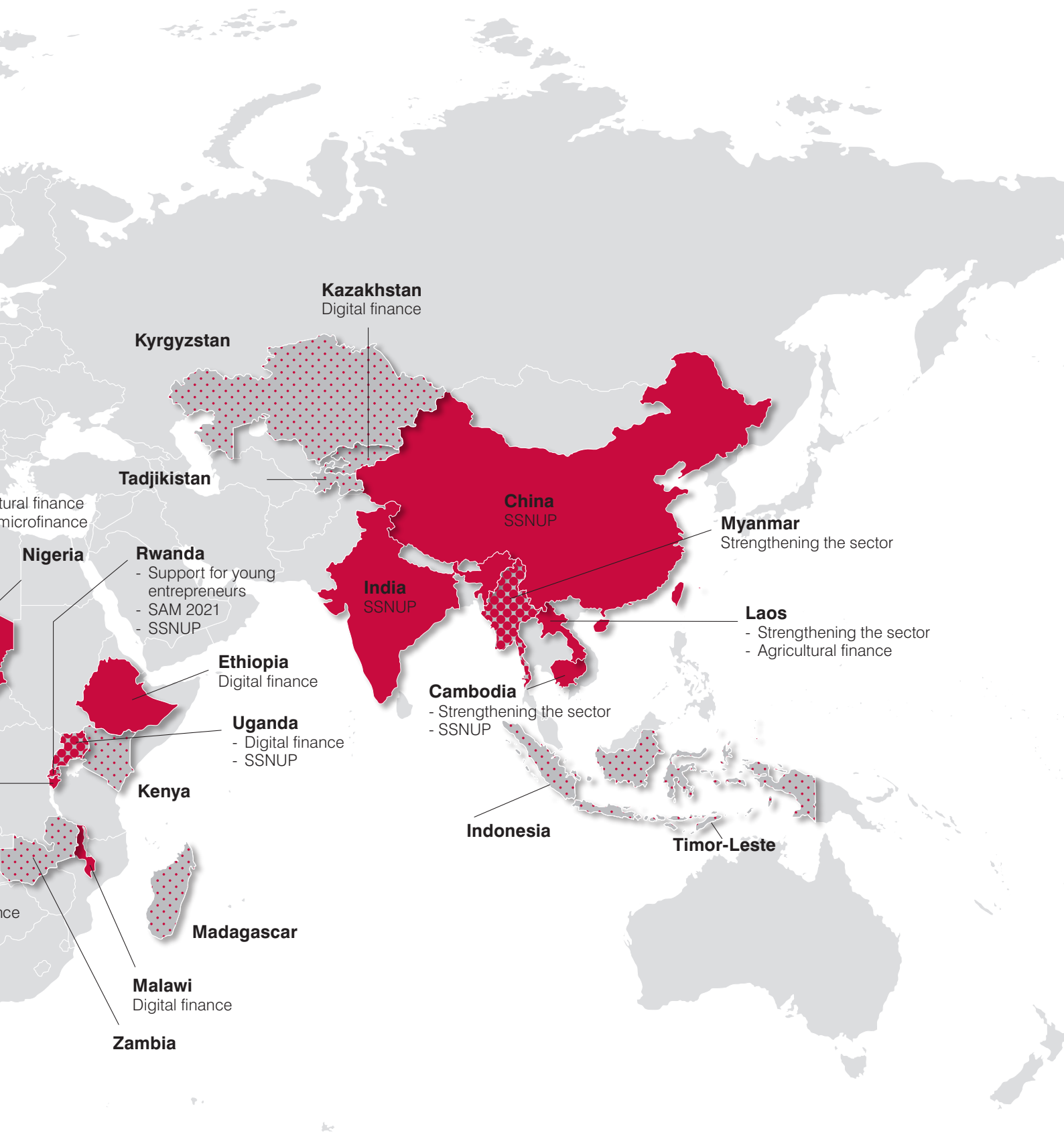


# ADA projects around the world in 2021



SSNUP: Smallholder Safety Net Upscaling Programme





**Kazakhstan**  
Digital finance

**Kyrgyzstan**

**Tajikistan**

**China**  
SSNUP

**Myanmar**  
Strengthening the sector

atural finance  
microfinance

**Nigeria**

**Rwanda**  
- Support for young entrepreneurs  
- SAM 2021  
- SSNUP

**India**  
SSNUP

**Laos**  
- Strengthening the sector  
- Agricultural finance

**Ethiopia**  
Digital finance

**Cambodia**  
- Strengthening the sector  
- SSNUP

**Uganda**  
- Digital finance  
- SSNUP

**Kenya**

**Indonesia**

**Timor-Leste**

**Madagascar**

**Malawi**  
Digital finance

**Zambia**

# ADA's key figures 2021

**159 680**

beneficiaries of a new financial product or service thanks to ADA's involvement

- 111 111 benefited from an insurance product
- 25 951 from a loan
- 11 710 from a savings product
- 10 908 from a digital service (mobile money, digital payment solution, etc.)

**40 566**

beneficiaries of non-financial services thanks to ADA's involvement

**23 840**

beneficiaries of financial education

**16 330**

beneficiaries of technical agricultural training

**24 415**

beneficiaries of agricultural credit

**480**

beneficiaries of a loan to improve sanitation in their homes

**396**

young entrepreneurs received business skill training

**10 908**

people used a digital financial service (mobile account, mobile agent network)

**328**

young business operators were granted a loan

**24 743**

jobs supported via access to credit

**492**

beneficiaries of a loan to access equipment operated with renewable energy or more efficient sources of energy

**182**

beneficiaries of a housing improvement loan

**1** NO POVERTY



**Target 1.4**  
Access to basic services, including microfinance

**Target 1.5**  
Strengthening resilience among vulnerable people

**2** ZERO HUNGER



**Target 2.3**  
Improved agricultural productivity and smallholder incomes, including access to financial services

**Target 2.4**  
Adoption of productive, sustainable and resilient agricultural practices

**4** QUALITY EDUCATION



**Target 4.4**  
Strengthening the skills needed for employment and entrepreneurship

**6** CLEAN WATER AND SANITATION



**Target 6.2**  
Access to sanitation services

**7** AFFORDABLE AND CLEAN ENERGY



**Target 7.1**  
Access to clean energy

# 160

## beneficiaries of technical assistance

- 129 MFIs
- 18 agricultural cooperatives or SMEs
- 6 incubators
- 5 insurance brokers
- 1 mesofinance institution
- 1 FinTech

# 3

countries (Cambodia, Laos, Myanmar) in which ADA undertook initiatives to protect microfinance customers and contributed to regulatory changes

# 14

professional microfinance networks and associations supported, i.e. 602 MFIs

# 307

MFIs trained

# 36

projects in 48 countries with a diverse range of partners such as regulators, networks, professional associations, MFIs, agricultural cooperatives or SMEs, incubators, insurance brokers, FinTechs, training centres, technical experts, NGOs, universities, investors, etc.

# 25

MFIs financed in 2021 for disbursements of EUR 21.5 million

# 31

MFIs supported in their transformation and/or the development of a digital tool to facilitate access to financial services

# 48

MFIs in 27 countries benefited from an LMDF loan advised by ADA at end-2021, for a loans portfolio of EUR 35.3 million

## 8 DECENT WORK AND ECONOMIC GROWTH



## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



## 10 REDUCED INEQUALITIES



## 11 SUSTAINABLE CITIES AND COMMUNITIES



## 17 PARTNERSHIPS FOR THE GOALS



**Target 8.3**  
Employment support

**Target 8.10**  
Capacity building of financial institutions and access to financial services

**Target 9.3**  
Access for small businesses to financial services and integration into value chains

**Target 9.c**  
Access to Information and Communication Technologies (ICT)

**Target 10.b**  
Direct foreign investment

**Target 11.1**  
Improvements to living conditions

**Target 17.3**  
Direct foreign investment

**Targets 17.16 and 17.17**  
Facilitation of partnerships



# Advocating transparency and best practices in the microfinance sector

ADA strengthens the microfinance sector on a national and global level by advocating greater transparency, accountability and client protection through the promotion of best practices, adequate oversight and access to reliable information.



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## Key figures for 2021

- Launch of microfinance client protection initiatives and contribution to regulatory changes in 3 countries (Cambodia, Laos, Myanmar)
- 14 microfinance networks and professional associations supported
- 307 MFIs trained
- 129 MFIs, 5 insurance brokers, 1 mesofinance institution and 1 FinTech benefited from technical assistance
- ATLAS: Includes data of 1246 financial service providers from 138 countries

## Contribution to the SDGs

**Target 8.10:** Strengthen the capacity of financial institutions

ADA not only supports individual microfinance institutions, it also helps regional and national networks to strengthen national microfinance sectors. In addition, ADA contributes to increasing the impact and the social performance of the inclusive finance sector as a whole by disseminating best practices and sharing knowledge throughout its projects. ADA also advocates the standardisation, professionalisation and harmonisation of MFI reporting to investors in the interest of transparency and accountability.

## Preventing over-indebtedness of microfinance clients in Cambodia

On the national level, ADA has a long-standing partnership with the Cambodia Microfinance Association (CMA), the national umbrella organisation for microfinance service providers (MSPs) in Cambodia. During the first few years, ADA's aim was institutional strengthening and capacity building. However, over time, the focus of the partnership shifted to promoting responsible finance, transparency and client protection in response to an

increasing awareness of risks of client over-indebtedness in the Cambodian inclusive finance sector.

ADA helped CMA to prevent over-indebtedness of micro borrowers through research, advocacy, financial literacy campaigns as well as improved regulation and monitoring. Regarding the latter, CMA promoted responsible practices of its members to foster customer protection. This was done in collaboration with its members, ADA and main stakeholders such as the Credit Bureau of Cambodia (CBC),

international social investors and development partners.

CMA's efforts gained momentum when increased client protection became a priority under Cambodia's National Financial Inclusion Strategy to ensure long-term market sustainability. With the support of ADA, CMA initiated a collaboration with the Association of Banks of Cambodia (ABC) and the Cambodian Association of Finance and Technology (CAFT) to set up a more comprehensive common responsible inclusive finance framework.

“The sector-wide code of conduct shows that the impact of our support reaches beyond our partners. By promoting best practices, we can help all financial institutions in developing countries to adopt a more transparent and client-centric way of working for the benefit of the local population.”

**Wendy Medrano**  
ADA's Head of Sectoral Programmes Asia



**ADA helped CMA to prevent over-indebtedness of borrowers through research, advocacy, financial literacy campaigns as well as regulation and monitoring.**

ADA's Christian Baron (2nd from left) and Wendy Medrano (3rd from left) with CMA representatives

### Financial sector code of conduct and lending guidelines

This collaboration was successful: in early March 2022, Cambodia's financial sector adopted the 'Banking and Financial Institutions Code of Conduct' to increase the level of trust and accountability of financial institutions. The code includes specific lending guidelines for MSPs (all financial institutions providing loans under 20 000 USD) and the requirement to comply with the SPTF/Cerise Client Protection Pathway framework.

This new code of conduct will strengthen consumer protection thanks to its rules on information transparency, ethical treatment of clients, marketing and advertising content, product design, selling techniques and debt collection. The code also encourages microfinance service providers to protect customer data, provide financial education, encourage women entrepreneurship and prevent over-indebtedness of clients.

The new code of conduct is in line with Cambodia's Financial Sector Development Strategy 2016-2025 and the National Financial Inclusion Strategy 2019-2025. The self-regulated code will guide all banks (both commercial and specialised), microfinance institutions as well as payment service providers licensed under the industry regulator, the National Bank of Cambodia.

### ATLAS: financial and social performance benchmarking for MFIs

ADA co-financed the development of ATLAS, an online microfinance database managed by MicroFinanza Rating (MFR) which centralises data on the financial and social performance of financial service providers (FSPs). ATLAS aims to promote transparency in the inclusive finance sector, in particular to guide social investors in their investment decisions.

ATLAS is a validated, global database that contains information on FSP pricing, client protection as well as social and financial performance. The database provides subscribing FSPs with benchmarking tools to compare themselves to other FSPs around the world and enables them to generate standardised reports for investors and other stakeholders.

ATLAS also offers benefits for international networks, investors, professional associa-

tions and universities. For example, ADA uses ATLAS as a complementary reporting tool for giving investment advice: data from the factsheets on various MFIs which are supported by the Luxembourg Microfinance and Development Fund (LMDF) is uploaded in the portal and in return ADA has access to consolidated portfolio reports and benchmarks.

More importantly for MFIs, the ATLAS portal is also used by several international investors to get to know microfinance institutions and find new investment opportunities. MFIs can therefore use ATLAS to increase their international visibility and at the same time access interesting regional market benchmarks.

ADA contributes to the supply of information by encouraging its partners to share their data on ATLAS ([www.atlasdata.org](http://www.atlasdata.org)). Officially launched in early 2020, the platform has been financially independent since early 2022, thereby ending ADA's support to this successful project.



# Supporting the development of digital solutions to better serve vulnerable populations

ADA supports the digital transformation of microfinance institutions (MFIs) to enable them to offer their customers digital solutions.



## Key figures for 2021

For all ADA's digital projects:

- 31 MFIs supported in their transformation and/or in developing digital financial services
- 10 908 beneficiaries of a digital service (mobile account, network of mobile agents)
- Areas: Africa (Benin, Burkina Faso, Ethiopia, Malawi, Uganda, Senegal, Sierra Leone, Togo), Asia (Kazakhstan) and Latin America (Colombia, Guatemala, Honduras, Panama, El Salvador)

## Contribution to the SDGs

**Target 8.10:** Capacity building of financial institutions

**Target 9.c:** Access to ICT (Information and Communication Technologies)

## A digital finance initiative in Africa to improve MFI efficiency and the customer experience

The Digital Finance Initiative (DFI) programme was launched by ADA in 2017 and ended in late 2021. The aim was to support small MFIs (Tier 2 and 3<sup>1</sup>) in Africa in digitising their operations to increase their reach, become more efficient, reduce their costs, and improve their customers' experience with new, innovative products and services.

### Defining the MFI's strategy before implementing the digital project

To do this, ADA designed a three-stage support system:

- A workshop on the ground with MFI leaders to help them define their digital strategy, prioritize projects, and raise awareness of project prerequisites and new risks.
- Defining the digital project (pre-project phase): during this three-to-six month phase, ADA supported the MFI in defining its project and in drafting a co-fi-

nancing dossier detailing the project prerequisites, the planned impact, the cost, technical service providers, targets, risks, the schedule, etc. The project was then presented to ADA's selection committee. If approved, it could then be co-financed for up to 70% of the investment costs for a maximum of EUR 100 000.

- Implementing the project, which ADA, as a co-funder, could also assist as well as providing monitoring once the project was up and running.

<sup>1</sup> Tier 2 MFI: Small- or medium-sized MFIs that are profitable or near-profitable, with assets between USD 5 million and 50 million.

Tier 3 MFI: Very small MFIs that are mostly in their initial development phase and/or are not yet profitable, with assets below USD 5 million.



The team of La Fructueuse in Togo

**The digital transformation of MFIs is a key prerequisite for being able to offer digital solutions to their customers.**

**11 projects were launched in 2021**

A total of 11 projects were developed by MFIs in 2021 with the support of the DFI. These include the “La Fructueuse” savings and credit cooperative in Togo, which launched a W2B B2W (Wallet to Bank - Bank to Wallet) service allowing its customers to link their electronic wallet held with a telecom operator to their MFI account. They can then carry out finan-

cial transactions on their phone by app or SMS. Customers can therefore manage their MFI account directly from their phone, 24/7 and in all parts of the country, with no need for a teller.

Also in Togo, Assilassimé Solidarité centralised its databases at head office to facilitate customers’ inter-branch transactions. It also secured its IT infrastructure, implemented a W2B B2W service, and equipped its internal agents with a mobile

tool to digitise financial operations in the field. Finally, it developed an SMS banking service that sends its customers SMS notifications to confirm that their transactions are being processed.

**What are the DFI results after five years?**

**23 PROJECTS IMPLEMENTED**



**WITH 18 AFRICAN MFIs**



The gap between the number of initially involved MFIs (32) and the number of implemented projects (23) is partly due to the fact that many institutions did not have a suitable technical environment for implementing digital solutions such as a management and information system (MIS) open to third-party tools, centralised databases of MFI branches, interconnected branches, internet or electricity, etc.



32 MFIs participated in 15 workshops to define their digital strategy and identify prerequisites and priorities.



As some MFIs did not proceed, 26 pre-projects were submitted to ADA.



Of these 26 pre-projects, 25 were approved for implementation, 2 of which were unsuccessful.



**23 projects were carried out with 18 MFIs.**

Of these, four involved the F2.0 tool developed for the agricultural sector.

Initial workshop

Pre-project

Project

Project completed



“Thanks to ADA’s co-financing, we now have a new cloud-based MIS that monitors GRAINE’s information in real time, improving the collection of tontine savings<sup>2</sup> and the process for granting credit, which was done manually in the past.”

**Eléonore Céline Compaoré**  
CEO of GRAINE SARL in Burkina Faso, supported by a DFI project

### F2.0 platform for promoting the financial inclusion of smallholder farmers in rural areas

Of the 23 projects supported by ADA as part of the DFI, four involved the F2.0 (Fermier 2.0) tool. F2.0 is a web platform that connects stakeholders in agricultural value chains (farmers’ organisations and smallholder farmers) with MFIs. The aim is to give these farmers better access to financial services and improve the transmission of information between all stakeholders (see page 21 for further information). In late 2021, F2.0 was operational in Senegal, Sierra Leone and Ethiopia, and had already helped finance 2,250 smallholder farmers. The platform aims to become sustainable in 2022. In particular, it will be extended to new African MFIs to support new groups of agricultural producers.

### Key factors for a successful digital transformation

The five years of experience with DFI have revealed the following key factors for an MFI’s success:

- Vision: define a digital strategy, have it approved by the entire management, and integrate it into the institution’s overall strategy.
- Governance: involve the management team, educate staff and install a competent project manager - either an outside hire or an existing employee.
- Financing: have the financial capacity to cover costly investments linked to the digital transformation (self-financing and identified donors) and to employ the necessary personnel.
- Operations: employ good portfolio management and understand customers’ needs.
- Regulations: keep up to date with the relevant digital finance legislation in force.
- Technical environment: have a technical environment suited to implementing digital solutions.



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**i** Learn more about DFI projects at [www.ada-microfinance.org/en](http://www.ada-microfinance.org/en).



**Whenever necessary, the development of digital solutions for target populations will be integrated into future projects by ADA.**

### **Developing high-impact digital solutions for vulnerable populations in Central America**

Since 2020, travel restrictions due to the Covid-19 crisis have compelled MFIs to step up their digital transformation. ADA and the Regional Microfinance Network in Central America and the Caribbean (REDCAMIF) decided to support MFIs in the national networks which make up REDCAMIF in implementing simple and inexpensive yet effective digital solutions (quick wins) to facilitate their operations. Contrary to the DFI project, only MFIs that already possessed an MIS that could integrate digital solutions were chosen by ADA on this occasion, thereby ensuring rapid benefits for customers. Since 2020, 17 MFIs have been supported with these “quick win” solutions, with nine projects launched in 2020 finalised in 2021, and eight more launched in 2021.

For example, Hermandad in Honduras undertook several digital initiatives:

- Digitisation of its credit collection process so that its customers do not have to travel to the branch. By the end of 2021, agents had collected 8 600 loan repayments with this system.



Collection agent accepting a credit repayment via the Hermandad app

- Installation of a smart management module that automatically classifies customer requests by business sector. In 10 months, the number of in-branch transactions fell by 39%, with telephone transactions doubling. The loan application time was halved and the loan renewal rate increased by 75%.
- Development of a financial transaction app that gives customers access to MFI products and services, allowing them to check their accounts and manage repayments from their phone. In late 2021, 2 500 customers were using the app.
- Creation of a chatbot<sup>3</sup>-based technical assistance service on WhatsApp, giving farmers instant advice on adopting climate-smart practices related to coffee, cocoa and livestock.

### **ADA outlook**

ADA traditionally supported MFIs to promote financial inclusion. Its new 2022-2025 strategic plan will take a broader approach by including new actors in its development projects (SMEs, fintechs, incubators, etc.), with a view to expanding its scope and having an ever greater impact on vulnerable populations. The use of digital technologies will always be encouraged in ADA's projects if this helps to meet the needs of the target population.

<sup>2</sup> The principle of tontines is that the individuals who make up these groups (family, neighbours, friends) meet at regular intervals. At each meeting, one of them has the right to dispose of the entire amount saved. GRAINE's mobile tontine is a mobile tool that allows MFI agents to collect and record these transactions for customers securely.

<sup>3</sup> Computer programme designed to simulate human conversation.



# Financial support and business coaching for young entrepreneurs

Supporting young entrepreneurs in launching and growing a business is a strategic priority for ADA. ADA collaborates with a multitude of actors to provide young entrepreneurs with flexible, tailored financing as well as business skills.



## Key figures for 2021

- 3 MFIs (Senegal, Rwanda, Togo) supported in the development of financial and non-financial services dedicated to young entrepreneurs
- 6 incubators supported (3 in Africa: Senegal, Mali, Burkina, 3 in Latin America: Nicaragua, El Salvador, Guatemala) in the development of tailored services for young entrepreneurs to facilitate their access to financing
- 396 young entrepreneurs benefited from entrepreneurship training
- 328 young entrepreneurs received a loan

## Contribution to the SDGs

**Target 8.10:** Strengthen the capacity of domestic financial institutions

**Target 2.3:** Increase the agricultural productivity and income of small-scale food producers, including access to financial services

**Target 4.4:** Strengthen necessary skills for employment and entrepreneurship

**Target 9.3:** Access of small-scale enterprises to financial services and their integration into value chains

Fostering youth entrepreneurship in developing countries is key for reducing unemployment and for maximising the contribution of young people to the economy. However, they face significant challenges in developing countries as few financial service providers understand and adequately serve young business owners.

Young entrepreneurs are seen as high-risk clients because of their limited credit history, high mobility and lack of assets to offer as collateral. They therefore often depend on their savings or money from friends and family to start and grow their businesses.

## Financing alone is not enough

Another challenge is a general lack of business skills as there is too little business development support and professional training in most countries. Nevertheless, financial and accounting skills are essential for growing a business and for obtaining and managing a bank loan. Young people also need appropriate training to take advantage of new opportunities in renewable energy, agroecology, and the circular economy.

ADA has therefore extended its range of partnerships. In addition to collaborating with financial institutions, ADA works with support structures for entrepreneurs such as incubators and accelerators. All projects aim to provide young people both with support in business management and with access to tailored financial services.

All parties gain from this setup; it makes the financial institution more willing to grant loans as they are reassured that the entrepreneur is well supported and supervised. The ultimate aim of ADA's support is to help young people in developing countries and their families to improve their quality of life and to play an active role in their communities.

## Creating a favourable business environment in Senegal

In northern and central Senegal, ADA is creating a favourable environment for young entrepreneurs by building and coordinating a network of technical and entrepreneurial support providers in collaboration with the local microfinance institution U-IMCEC (Union Mutualiste d'Épargne et de Crédit) and Jokkolabs in collaboration with the Luxembourgish development agency LuxDev.



© ADA

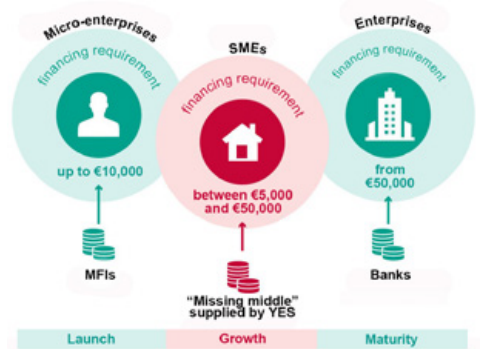
## ADA aims to develop innovative financing mechanisms adapted to young entrepreneurs' needs, such as longer loans and flexible, revenue-based repayments.

### Helping businesses grow with YES-FI

While the project in Senegal aims to help young entrepreneurs launch their business, ADA also seeks to support existing companies who need to finance their next growth phase. The Young Entrepreneurs Sustainable Financing Initiative (YES FI) provides growing entrepreneurs with financing (both working capital and investments) between EUR 5 000 and EUR 50 000 in various African and Latin American countries. This is one of the least covered ranges of funding needs in the "missing middle", which refers to funding requests that are too large for MFIs and too small to attract the attention of commercial banks and impact investors.

The programme finances entrepreneurs to create a financing history with local financial institutions, which can then take over the subsequent financing rounds at a lower risk and without ADA's support.

Another key element of YES-FI is that debt repayments are based on the entrepreneur's monthly turnover instead of repaying fixed amounts. ADA chose this innovative approach to reduce the risk of non-repayment of loans as the entrepre-



neurs are granted more flexibility. The incubators use financial information from the entrepreneurs to determine the repayment amounts every month and entrepreneurs can sometimes even choose to repay the minimum, depending on their current liquidity needs.

As long as the entrepreneurs have an outstanding loan, they also have access to support from partnering incubators. The costs for this support are partly covered by the loan repayments and amount to around 3% of the outstanding capital each month.

This project will run until March 2023 with the aims of developing tailored financial services for young people with flexible conditions and of providing training and coaching after loan disbursement. A partnership was also signed with the incubator Jokkolabs to develop a certified training on agroecological horticulture and food processing and to help 150 entrepreneurs to fine-tune their business plans and to access the market.

In 2021, ADA helped to optimise interactions. For example, meetings were initiated by U-IMCEC with chambers of commerce, the CFP (Centre de Formation Professionnelle) and the Kaolack Departmental Council with a view to hold financial education and awareness sessions. By the end of 2021, nearly a quarter of the young people financed by U-IMCEC had first collaborated with partners other than the project stakeholders of the ADA/LuxDev project.

"At the beginning, the support was mainly focused on the creation of my company and the development of a realistic business plan. I benefited from a prototyping fund to test my products, won a competition on organic production in Senegal and took advantage of Jokkolabs' network to move forward."

**Armande Lo**

Founder of Mandabio (production of organic fruit, vegetables and juices) in Senegal



# Production support and access to tailored financial products for smallholder farmers

ADA strives to improve the livelihoods of smallholder farmers through improved productivity and access to appropriate financial services. To this end, ADA connects agricultural value chain actors and trains MFIs in agricultural finance.



© Fondésurco (Peru)

## Key figures for 2021

- 30 MFIs supported in the development of agricultural credit (Benin, Burkina Faso, Côte d'Ivoire, Dominican Republic, El Salvador, Guatemala, Honduras, Laos, Nicaragua, Niger, Panama, Peru, Senegal, Sierra Leone, Togo, Tunisia)
- 8 MFIs, 1 NGO, 1 cooperative and 1 SME supported in the development of a technical support service for agricultural producers
- 24 415 beneficiaries of agricultural credits
- 16 330 beneficiaries of agricultural technical support

## Contribution to the SDGs

**Target 8.10:** Capacity building of financial institutions

**Target 2.3:** Improved agricultural productivity and income of small producers, including through access to financial services

Farmers and other actors in agricultural and agri-food value chains in developing countries need access to appropriate financial services to improve their livelihoods and increase their productivity to strengthen overall food security. However, many MFIs lack the skills for managing agricultural loans, making it difficult for farmers to obtain financing to improve their production practices and to access new markets.

ADA's support for small-scale producers is threefold. Firstly, ADA supports technical assistance projects that increase productivity and strengthen agricultural value chains. Secondly, ADA strives to connect the different actors in agricultural value chains with MFIs to facilitate the farmers' access to financing by acting as a network coordinator. Thirdly, ADA provides training to MFIs to help them tailor their products to farmers' financing needs. The following three projects are examples for all three approaches.

## SSNUP: Increasing the resilience of smallholder farmers and agricultural value chains

The SSNUP programme (Smallholder Safety Net Upscaling Programme) aims at increasing the productivity and resilience of smallholder farmers in Africa, Latin America and Asia. SSNUP co-finances technical assistance projects that support smallholder farmers and value chain actors such as SMEs, agricultural cooperatives, MFIs and other agricultural financial intermediaries. These projects can range from developing index insurances to promoting climate-smart and agro-ecological farming.

The programme targets agricultural value chains in which impact investors (in particular Fondation Grameen Crédit Agricole, Incofin, Oikocredit, responsAbility and Symbiotics) and their technical assistance facilities are already active. As the targeted beneficiaries are already in

the portfolio of impact investors or among their prospects, SSNUP can direct further funding without the need for additional due diligence. This not only makes the funding of projects more efficient, it also de-risks the investments made by the partner impact investors. While SSNUP is supported by the governments of Luxembourg, Switzerland and Liechtenstein, ADA coordinates the programme and ensures knowledge sharing and the dissemination of best practices.

2021 marked the first full year of the SSNUP programme with the launch of 14 projects which will strengthen 30 financial institutions, producer cooperatives and SMEs. For example, one SSNUP project by Grameen targets an SME in Senegal that processes rice produced by smallholder farmers. Demo rice fields demonstrated good production practices to improve the quantity and quality of the rice. As a result, the farmers increased their yield and the SME benefited from increased output and higher quality.



© ADA

ADA's Caroline Morilhat and Thu Hien Dao giving an online FAR training session

**ADA's support for smallholders: technical assistance to increase productivity, connecting agricultural value chain actors with MFIs and training.**

### **F2.0: An online platform for ordering inputs and managing stocks**

ADA set up the F2.0 (Farmer 2.0) web platform to connect actors in the agricultural value chain with MFIs to facilitate their exchanges and the transmission of information. This increases the financial inclusion of groups of smallholders, reduces risks for all actors and makes the MFI's services more efficient and more targeted to the needs of smallholder farmers.

ADA's F2.0 platform enables smallholders to open a bank account at an MFI, to source financing for inputs such as fertiliser and seeds and to obtain them directly in kind. After the harvest, the platform enables them to follow up on the repayment of input credit in kind by depositing the crops with partners affiliated to the programme (farmers' organisations, traders).

Furthermore, the platform strengthens links in the agricultural cycle and thereby strengthens agricultural value chains as a whole. Upstream, F2.0 enables the definition of input catalogues, orders to be placed, the MFI to finance them and the farmer organisation to monitor their delivery. Downstream, it first facilitates the monitoring of the crop collection from the farmers and then the monitoring of stocks and their sale by the farmer organisation or the trader.

In 2021, certain modules of F2.0 were rolled out in Senegal, Sierra Leone and Ethiopia with four MFIs and discussions are underway with other organisations and MFIs in Senegal for a future rollout of the platform.

### **FAR: Training in agricultural and rural finance**

Together with the Ministry of Foreign and European Affairs of Luxembourg and the Food and Agriculture Organization (FAO) of the United Nations, ADA organises an agricultural and rural finance training programme (FAR) for African financial institutions or public bodies.

Held in both French and English, the introductory online sessions and in-depth physical sessions explore development strategies for the rural and agricultural sector in Africa, with a particular focus on the impact of climate change. The programme is intended for senior managers who are in a position to use the principles and tools provided to deliver products for financing agricultural value chains.

The physical sessions are held once a year, generally either in the African host country of the African Microfinance Week (SAM), if it takes place, or in Luxembourg. In 2021, the online session gathered 45 participants and the physical session in October had 39 participants from 18 countries prior to the SAM event in Kigali, Rwanda.

*"The real-life setting is interesting: we put ourselves in the shoes of agricultural financing managers and created a product according to the type of risk, defined risk management policies with the value chain method or integrated insurance products to evaluate an agricultural financing file."*

**O. Cedrick Montetcho**  
Investment Director, Financial Institutions - West Africa, Senegal, FAR participant



# Green products to fight the effects of climate change and provide access to basic services

ADA encourages the adoption of environmentally friendly practices by vulnerable populations by developing green loans with its partner MFIs, in particular to access equipment operated with renewable energy.



© Enda Tamweel

## Key figures for 2021

- 16 MFIs supported in developing a specific financial product for environmentally friendly activities (Costa Rica, Guatemala, Honduras, Nicaragua, Panama, Dominican Republic, El Salvador, Tunisia)
- 1 229 beneficiaries of these loans:
  - 139 for sustainable agriculture
  - 492 for renewable energy
  - 480 for installing a water and sanitation system
  - 64 for improvements to living conditions
  - 54 for other environmentally friendly activities.

## Contribution to the SDGs

**Target 6.2:** Access to sanitation services

**Target 7.1:** Access to clean energy

**Target 8.10:** Strengthen the capacity of financial institutions

**Target 11.1:** Improvements to living conditions

## Applying good agricultural practices in Tunisia

Enda Tamweel is a Tunisian MFI committed to making its customers' companies more energy efficient. To this end, ADA supported Enda in 2019 in developing a green loan – so-called “Eco-shems” – to finance solar powered irrigation systems for date palm producers.

After the loan was introduced in six branches in the south of the country, Enda extended the pilot to three more branches in 2021 and trained 89 loan officers in an online sizing tool developed with MicroEnergy. The tool is used to assess customer's energy needs and to draw up a quote accordingly for the installation of photovoltaic panels. In late 2021, 106 Eco-shems totalling EUR 539 997 had been granted since the start of the project.

## A support programme to ensure the proper use of the loans

The installation of irrigation systems resulted in over-pumping due to the low cost of solar power compared to diesel, the fuel traditionally employed. This over-extraction of aquatic resources is harmful to the environment and can lead to crop disease. The over-watering of date palms led the grass around the trees to grow, causing the proliferation of mites responsible for a loss of

“ADA helped us carry out market research to understand our target's green finance needs and put us in touch with local stakeholders. We learned about the potential of sustainable finance in our portfolio and put it into practice.”

**Kheireddine Kahia**

Head of Agricultural and Environmental Strategy at Enda



The irrigation system is operated with photovoltaic panels. The pump draws groundwater with energy generated by these panels.

## Access to basic services (water, energy, housing) improves living conditions

30-50% of the date harvest. Enda and ADA therefore recruited the consultancy firm ALCA to provide a technical assistance programme in support of Eco-shems. This programme provided group-based training in the plantations. Producers learned how to properly manage water resources, in particular through drip irrigation, as well as weed control techniques and ways to combat dust mites. The training was followed by six months of individual support (coaching) for each participant. A total of 41 producers received this technical assistance.

### The institution becomes autonomous

ADA carried out a study to show that the Eco-shems product was profitable, and that an accompanying technical assistance programme was required to optimise its use and mitigate risks. ADA ended its support in late 2021. Enda is now trained and equipped to independently expand the marketing of the product to all its branches. In 2022, the MFI plans to diversify the use of the Eco-shems loan, in particular for the acquisition of solar-powered refrigerators.

## Improving the living conditions of low-income populations in Central America

ADA and REDCAMIF ran a joint programme from 2018 to 2021 aimed at improving the quality of life for low-income populations in Central America and the Dominican Republic by giving them access to green loans with a strong social dimension. The purpose of these loans is to finance environmentally friendly activities, either by improving housing conditions or by making farms more profitable by adopting more responsible practices.

ADA and REDCAMIF supported 18 MFIs in Guatemala, El Salvador, Honduras, Nicaragua, Panama, Costa Rica and the Dominican Republic in developing green loans. Six of them also received funding from the Luxembourgish Ministry of the Environment, Climate and Sustainable Development.

Six types of green loans were developed by these 18 MFIs:

- Loan for access to solar energy, which finances the installation of solar panels to produce electricity and hot water
- Loan for access to water and sanitation, which is used to finance the connection of habitations to the city's drinking water network, to build sanitation facilities, or to install rainwater collection or organic waste treatment systems

- Green housing loan, which is used for energy-saving home refurbishments
- Agriculture and livestock loan, which allows farmers to finance climate change adaptation and mitigation practices, such as the improved management of water and excrements or new breeding methods
- Sustainable family farming loan, which is used to finance livestock inputs and to teach families sylvopastoral techniques<sup>1</sup> for use in their livestock farming
- Ecotourism loan, which finances the construction of ecolodges, hotel rooms or restaurants in potential tourist areas, as well as tourist facilities (hiking trails, signage, transport).

In late 2021, more than 2 400 customers had taken out a green loan with the 18 MFIs supported by REDCAMIF and ADA.

### Loans developed based on a customer-focused methodology

These green loans with high social added value were designed according to the principles of "Customer Centricity" – a methodology that places customers at the centre of strategic guidelines by integrating all the organisation's stakeholders (customers, employees, suppliers, partners, shareholders and local authorities). This methodology is central to REDCAMIF and ADA's support for developing new products with MFIs.

**i Browse the Customer Centricity tools in the Resources section of ADA's website or by typing "toolboxada.com" in the URL of your web browser.**

<sup>1</sup> To encourage grass growth.



# ADA as an investment advisor for LMDF

ADA acts as an investment advisor for the Luxembourg Microfinance and Development Fund (LMDF). ADA carries out the prospection, selection and the financial and social analysis of innovative and impactful microfinance institutions.



© Fabienne Bossa

## Key figures for 2021

- 25 MFIs funded in 2021 with EUR 21.5 million disbursed
- A total of 48 MFIs benefit from an LMDF loan at the close of 2021 as recommended by ADA
- Outstanding portfolio: EUR 35.3 million
  - 75 495 microentrepreneurs directly reached
  - 65% of women clients
  - 24% of agricultural clients
  - 49% of service providers and small shops

## Technical assistance by ADA of LMDF counterparties:

- Total: 250 000 EUR
  - 100 000 EUR for punctual interventions
  - 150 000 EUR for integrated interventions
- 16 MFIs for which a punctual co-financing was approved and disbursed
- 3 MFIs are receiving integrated support: Lapo (Sierra Leone), Vision Fund (Dominican Republic), Vahatra (Madagascar)

## Contribution to the SDGs

**Targets 10.b and 17.3:** Direct foreign investment

In 2009, ADA initiated the creation of a private investment fund, the Luxembourg Microfinance and Development Fund (LMDF), through which investments (in debt) have since been made. As the mandated investment advisor to the LMDF sub-fund, ADA prospects, analyses and selects microfinance institutions with profiles sought by the fund. ADA only selects MFIs that meet the strict LMDF financial and social criteria and that add specific value to the market in which they operate.

ADA performs due diligence visits, presents investment files to the ad hoc committee and follows up on the investments

in view of fulfilling the financial and social mission of the fund. At LMDF's request, ADA also supports the definition of the fund's investment strategy. In addition, ADA closely collaborates with Iford/LMDF to ensure the complementarity and coherence of its investments with other development actors in Luxembourg.

For LMDF, 2021 was characterised by a return to normal after an interruption of activities due to the Coronavirus pandemic, as the outstanding portfolio reached an amount of 36 million in December and the portfolio quality returned to pre-pandemic levels.

## ADA's technical assistance complements LMDF investments

ADA complements the LMDF investments with training and technical assistance for the MFI counterparties to optimise their financial and social performance. This assistance will both improve their balance sheet and ensure appropriate consumer protection. More generally, this dissemination of best practices not only benefits the supported MFI but also helps to strengthen the entire inclusive finance sector in the countries concerned.





**As the investment advisor, ADA prospects, analyses and selects microfinance institutions with profiles sought by the LMDF fund.**



**ADA complements the LMDF investments with training and technical assistance for the MFIs to optimise their financial and social performance.**

ADA provides both punctual and integrated support to MFIs supported by LMDF. Punctual interventions co-financed by ADA include training, ratings, social performance assessments or specific projects such as developing an app or updating the customer protection policy. These activities are usually co-financed by ADA and are carried out by consultants.

ADA's team also offers more comprehensive technical assistance. These multiannual projects require a thorough preliminary analysis of the MFI's needs. The projects can either be implemented by service providers (consultants) selected by ADA, or directly by ADA as a technical advisor without external consultants.

For example, in 2021, ADA advised LMDF to invest 500 000 EUR in Vision Fund Dominican Republic (VF). The MFI focuses on offering financial services to poor people who would otherwise have little or no access to credit. It mainly offers loans in support of commerce, agriculture and manufacturing and is mainly present in the south of the country, where poverty levels are higher. VF complements its loans with financial education services without additional costs. The LMDF loan is complemented by ongoing integrated technical assistance by ADA to improve VF's level of digitalisation.



**Luxembourg Microfinance and Development Fund**

# Inclusive finance sector gathers in Rwanda for SAM 2021

700 participants at the African Microfinance Week (SAM) in Kigali discussed strategies and actions for strengthening the resilience of financial service operators and beneficiary populations to shocks like the COVID-19 pandemic.



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## Key figures

The 5th edition of SAM took place from 18 to 22 October 2021 in Kigali, Rwanda and it was attended by more than 700 people from 53 countries, 37 of them African.

- 90 keynote speakers
- 20 training courses and workshops organised by ADA and its partners

**Investor Fair:** 18 investors, 2 rating agencies and more than 200 MFIs. A total of 430 speed-dates were organised in one day.

**Innovators' Village:** 30 innovators

When it was still almost unthinkable to organise a business trip, ADA and the other organisers nevertheless decided to dare: in compliance with all health and safety regulations, the largest inclusive finance platform in Africa convened in person to discuss the resilience of the sector and of vulnerable clients in Kigali, Rwanda, from 18 to 22 October.

This edition of SAM (the abbreviation for *Semaine africaine de la microfinance* in French) was organised by ADA in collaboration with the Governments of Luxembourg and Rwanda, MAIN (Microfinance African Institutions Network), AFRACA (African Rural and Agricultural Credit Association), and AMIR (Association of Microfinance Institutions in Rwanda). While the option of a hybrid or totally online event was on the organisers' table until a few months prior to the event, the desire to close the almost two years of the pandemic, if only symbolically, prevailed.

Thanks to this decision, SAM once again provided an open and dynamic setting to discuss, analyse and explore solutions to accelerate the financial inclusion of vulnerable populations and the economic growth of the continent.

## The SAM week

Like the previous edition, SAM 2021 consisted of five days of high-level exchanges: two days of the conference, two days of training sessions on different topics held by the SAM partners, plus one day for the Innovators' Village and the Investor Fair, which were considered to be of prime importance in fostering direct contacts and exchanges between participants.

## Resilience at the heart of the conference

The organisers decided to take a key takeaway from the pandemic as the central theme of the event, namely resilience: 'One is not born, but rather becomes, resilient: Strengthening inclusive finance to overcome crises'.

It is common knowledge that when a shock occurs, poor households are not only the most likely to be affected, but also the least prepared. Due to low savings rates, imperfect credit and insurance markets and inefficient remittance mechanisms, the poor tend to have no financial buffers to cushion their fall.

Financial services, including savings, credit, digital payments and insurance, can improve resilience in various ways to be better prepared for future economic shocks. One of the missions of African microfinance institutions is therefore to offer services that allow the most vulnerable populations to be less exposed to the rough consequences of shocks and to provide them with more tools to face unexpected situations.

However, the finance sector in Africa suffered during the Covid pandemic, both through the loss of lives and, in economic terms, from the restrictive measures adopted by most countries, with significant consequences also for many microfinance institutions. At the same time, the crisis prompted the adoption of innovative approaches and coping strategies.

The main objective of the two-day SAM conference was therefore to enable high-level exchanges of ideas, experiences and best practices, but also to facilitate possibilities for future collaborations to strengthen the African inclusive finance sector together.

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“Luxembourg actively supports SAM as it is an opportunity for us to deepen our relationship with African countries to support economic development. We are eager to share our regulatory and technical expertise to strengthen the resilience of vulnerable segments of the population.”

**Franz Fayot**

The Luxembourgish Minister for Development Cooperation and Humanitarian Affairs

The conference, which consisted of 18 sessions in total, gathered some 90 speakers including Franz Fayot, Luxembourgish Minister for Development Cooperation and Humanitarian Affairs, and Dr. Uzziel Ndagijimana, Rwandan Minister of Finance and Economic Planning, and many representatives of international and national development and inclusive finance organisations.

### Free training sessions and workshops

A total of 20 training sessions and workshops on different topics (agricultural finance, microinsurance, digital finance, client-centricity, social performance, etc) were organised by ADA and leading organisations in the field of inclusive finance and development, including the Grameen Crédit Agricole Foundation, Cerise, SPTF, UNHCR, ILO, Microinsurance Network and Hedera. One of the most appreciated and well attended sessions was organised by the African Cyber Security Resource Center (ACRC).

which all SAM participants were invited. 30 innovators and three partners including the LoHFT (the Luxembourg House of Financial Technology) and the Mastercard Foundation, exhibited in the Village. On a stage animated by a professional presenter, the innovators had the opportunity to pitch their products and services to the audience.

### Investor Fair

The Fair remains one of SAM's most popular events. A matchmaking application not only facilitated the organisation of the meetings but also the selection of the institutions to be encountered on the basis of criteria such as country, size, type of capital sought, etc. This app enabled an efficient organisation of the Investor Fair.

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Dr. Uzziel Ndagijimana, Rwandan Minister of Finance and Economic Planning

### Innovators' Village

The Innovators' Village was inaugurated immediately after the conference on 20 October, with an opening ceremony to

### SAM 2021 theme:

**One is not born, but rather becomes, resilient: Strengthening inclusive finance to overcome crises**



Innovators' Village

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MAIN transparency award



From left to right: Dr Brian Chirombo (World Health Organisation) and Aissa Touré Sarr (African Development Bank)



“The biggest African event in inclusive finance, SAM gathers key microfinance organisations, investors and service providers from all over Africa in one place which enables us to unlock efficiencies, launch new partnerships and create investment opportunities.”

**Patrick Losch**  
Chairman of the Board of Directors of ADA



**Informal networking opportunities**

Since the very first edition of SAM, coffee breaks, lunch breaks, but also informal meetings in the corridors or at the end of the day have always been important moments for SAM participants to meet new potential partners or to deepen relations with familiar organisations. According to the feedback received by the participants,

after the Investor Fair, networking moments represented the most useful opportunities for concluding new business agreements.

**Not just an event, but a platform with real impact**

SAM 2021 closed with Friday’s general assembly of MAIN plus training sessions on topics such as agent networks, cyber-security, responsible digital finance, and making financial and social projections. All participants agreed that the SAM week was once again a great success and a key networking event, especially given the lack of personal networking opportunities since the onset of the pandemic. SAM was the first opportunity since 2019 for about 700 people to attend an event in person again.



Networking space in the Kigali Convention Centre



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Investor Fair

Immediately after SAM, ADA shared a satisfaction questionnaire with the participants. 93% of respondents found that the main positive impact was the acquisition of new knowledge. The conference in particular provided learning opportunities and confirmed that some issues can only be resolved through collaboration (for instance cybersecurity, climate change, etc).

90% of respondents reported a positive impact of SAM on the development of their networks and on the prospect of concluding new partnerships. Almost 50% of respondents stated that SAM enabled them to conclude new partnerships, mainly through the networking opportunities and the Investor Fair.

This gathering of 700 professionals is an enriching human and professional experience. The energy, knowledge and new relationships created at SAM can boost the passion and motivation of the participants to offer new opportunities to excluded people. This is confirmed by the fact that almost all respondents (98%) declared that they would like to participate in the next edition of SAM and all the sponsors interviewed have already confirmed their support for the next edition.



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A SAM training session

## Key takeaways from the SAM conference

Improving regulatory infrastructure is key to boosting resilience. This includes efforts as diverse as issuing and updating national plans for financial inclusion and resilience, as well as creating enabling environments for MFIs and SMEs.

Micro-borrowers, financial service providers and investors are becoming more aware of the financial (and health) benefits of going green, as green practices are more efficient, sustainable, less risky and able to enhance resilience.

High-quality digital financial services give people and institutions more options when disaster strikes - whether this is sending a remittance to a family member whose house has flooded or applying for a loan or insurance online without needing to travel during the pandemic. That said, cybersecurity is becoming a key issue that needs to be strengthened together with all stakeholders to boost the protection of end-clients.

While impact investors have been successful in working together to support financial service providers in adjusting to COVID-19, mainstream investors now need encouragement to scale-up the models that impact investors have proven viable.

# ADA's carbon offset measures

ADA takes action to offset its greenhouse gas emissions.

## Offsetting through forests

ADA sought to offset the CO<sub>2</sub> emitted as a result of its activities, in particular from business trips.

### The Fundeverde forest reserve in Nicaragua

Together with its partners from Maison de la Microfinance, ADA signed a partnership agreement with the Fundación Reserva Esperanza Verde (Fundeverde), a 23-hectare reserve of primary (without visible traces of human activity) and secondary forests (which grew back after destruction or logging) in Nicaragua. A protection plan was drawn up with local organisations to ensure the preservation of the area. This includes land and water patrols to prevent poaching, illegal logging and possible fires.

### ADA's forest in Luxembourg

This year, ADA also supported Fondation Hëllef fir d'Natur that works to protect biodiversity by raising awareness and with practical measures. Thanks to this partnership, 2 500 plants were planted on 120 acres in a forest in the North of Luxembourg.



ADA's team

© ADA



Tree planting

© natur&emwelt



Climate fresco workshop

## Climate fresco to raise awareness about environmental issues

Last summer, as part of ADA's Staff Action Day, employees created a climate fresco in a three-hour creative and collaborative workshop on key climate issues. Along with one million people who have already completed the fresco, ADA now has all the information it needs to take climate issues into account in its activities.

Further information is available on [www.fresqueduclimat.org](http://www.fresqueduclimat.org).

# Our partners in Luxembourg in 2021



## Our partners in the Maison de la Microfinance



### Board of Directors 2021

**Chair:** Patrick Losch (since September 2021)

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