

# ADA, BUILDING THE FUTURE FOR 25 YEARS

ACTIVITY  
REPORT  
2018



# ACTIVITY REPORT 2018

## EDITORIAL

Laura Foschi, Executive Director of ADA, and Corinne Molitor, President of ADA, look back on 2018 and talk about the challenges facing inclusive finance in the future.

**2018 was the first year of ADA's new term.  
What conclusions can be drawn one year on?**

**Laura Foschi:** We started the new 2018-2021 term with the aim of having a bigger and more focused presence on the ground. We made progress with a number of projects, especially digitalisation, which is beginning to deliver real results, and small and micro enterprises (SMEs), which saw new momentum. And finally, let's not forget MicroMED in Tunisia, a major project that was successfully completed towards the end of 2018.

**Corinne Molitor:** It is important to have access to long-term resources to ensure that we can make uninterrupted progress with programmes that, by definition, are designed to create long-term impact at the 3 levels where ADA operates: micro (microfinance institutions - MFIs), meso (sector) and macro (government). The new term will see us continue the work of the previous one, with the new projects in French-speaking Africa, agricultural and digital finance, for example. We will start looking for new partnerships along the SME development chain, such as incubators, accelerators and cooperatives etc.

**What are the challenges for ADA in 2019?**

**C.M.:** Challenges will be those of microfinance, starting with digital finance, where MFIs will clearly have to increase their expertise, the creation of new partnerships along the finance value chain and, finally, we will need to remain proactive and innovative in a sector under continuous change.

**L.F.:** Internally, we will be revisiting our thinking, creating a dynamic culture of innovation through the agency of our project managers. Measuring the impact will also be a major issue for ADA, through the identification and deployment of various tools.

***“Provide an inclusive and consistent microfinance offering that meets the need and effecting a long-term impact.”***



We will emphasise on the social responsibility aspect of microfinance, using social performance indicators. Finally, we will continue to offer coordinated finance facilities with our key partner SPTF (Social Performance Task Force) in Asia and in Central America, with the aim of reinforcing the capacity and

management of social performance for microfinance institutions.

**What are the challenges for microfinance in the future?**

**L.F.:** The major challenge lies in making access to and use of financial services easier for excluded populations and groups facing the greatest discrimination, such as young people and women.

**C.M.:** We need to focus on financial innovation and not letting Fintechs lacking social or development mission compete with us. The other challenge lies in keeping the sector's attractiveness in spite of its 25 years of age because it is an essential foundation for the Sustainable Development Goals. Regarding our activity, Goal 17 is particularly important because it is the one we work mostly on: establishing partnerships with other stakeholders to provide an inclusive and consistent microfinance offering that meets the needs with long-term impact.

**L.F.:** The SAM – Semaine Africaine de la Microfinance [African Microfinance Week] – which we will be hosting in Ouagadougou in Burkina Faso from 21 to 25 October 2019, will be an opportunity to address all of these areas.



**Laura Foschi**, Executive Director of ADA and **Corinne Molitor**, President of ADA



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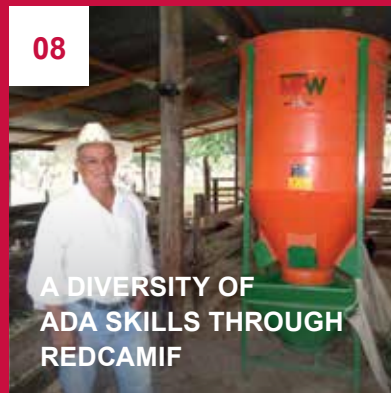
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The figures shown in this publication reflect results achieved as at 31 December 2018.

## IMPACT ON A COUNTRY

# MICROMED: ACCELERATING FINANCIAL INCLUSION IN TUNISIA

*After the revolution in Tunisia in 2011, there was an urgent need to revive socio-economic development in the country. Improving access to and use of financial service for the population became a priority. The MicroMED project completed at the end of 2018 was set up with this aim in mind.*



The MicroMED programme was launched in 2012 with a budget of 4 million Euros and was co-financed 50/50 by the FEMIP trust fund (The Facility for Euro-Mediterranean Investment and Partnership) and the Luxembourg Ministry of Foreign and European Affairs and managed by the European Investment Bank (EIB), which delegated the field operations to ADA. The project was designed to provide technical assistance to public authorities and players in the microfinance sector to foster the growth of employment and financial inclusion in Tunisia, through the improvement of access to financial services for the population and the capacity of MFIs to meet market needs. MicroMED was built around three objectives.

## 1. CREATION OF AN OBSERVATORY FOR FINANCIAL INCLUSION

ADA assisted the Central Bank of Tunisia (CBT) with the creation of an Observatory for Financial inclusion (OFI). Observatory staff were trained in data collection methods, quantitative survey procedures and the use of data

processing and communication tools. In order to provide the Observatory with on-demand data, the OFI received technical support for conducting a **national survey** on the status of financial inclusion and the use of financial services, the results were to be used as a recommendation to the authorities for its targeted financial inclusion policy (rural women, young entrepreneurs etc.). The results of the study showed that, although financial inclusion in the country was as high as 61%, only 9% were reg-

ularly using a bank or postal account. The results of the study were officially presented in December 2018.

Committed to assisting the sector in Tunisia for the period 2019-2021, ADA will continue to support the Observatory, which the Government has tasked with implementing a national financial education programme.



*“We achieved our objective, it’s a real success story! The infrastructure is solid now, staff are qualified and able to bring studies to successful conclusion and issue recommendations. The Observatory has the skills to launch the next survey all on its own.”*

**Bernard Georges**  
MicroMED project manager for ADA



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*“Coupled with a qualitative study for understanding the results, the national survey on financial inclusion has enabled us to offer proper quantitative recommendations for short- and medium-term implementation. The new organisational and functional structure of the Observatory will enable it to follow up on these recommendations.”*

**Faker Halleb**  
Director of the Observatory for Financial Inclusion



Presentation of the results of the national survey in financial inclusion in Tunis on 18 December 2018. From left to right: **Bruno Obegi** (at the lectern), Adviser to the ADA Board; **Ridha Chalghoum**, Finance Minister; **Marouan El Abassi**, Governor of the BCT; **Ulrich Brunnhuber**, Head of the representative office of the European Investment Bank in Tunis.



## 2. CAPACITY BUILDING

Following the introduction of a new regulatory framework for microfinance in 2011 and in the wake of the revolution, numerous microfinance institutions (MFIs) were established since 2014. In order to support this growth and professionalise the sector, MicroMED assisted with creating the **first ever microfinance training centre**, which was located within the Académie des Banques et Finances in Tunis, an institution tasked with bank training. A course including 10 basic modules covering the different areas of microfinance was devised around **two certifications**: one for loan officers and the other on management for future heads of MFIs, and 25 qualified local trainers were trained. Thus the 496 people, mainly from MFIs and public bodies involved in financial inclusion, have been trained to date. In addition, agents from the microfinance Supervisory



Authority received training in techniques for auditing information systems within MFIs and procedures for analysing loan portfolio risk.

## 3. IMPROVING MARKET INFRASTRUCTURE

In order to meet increasing demand for microloans and actively promote financial inclusion, a study was conducted to assess future requirements for the refinancing of MFIs. A complementary study into the feasibility of a refinancing fund was conducted at the request of the Finance Ministry. A project designed to follow through on MicroMED will be set up in 2019, enabling us to continue with the analysis and contribute to the creation of a suitable financial structure.



## SUPPORT FOR THE SECTOR

The MicroMED project is sector-specific, meaning that it addresses all levels of the sector. ADA is adopting an approach similar to Cape Verde and the PADFI (Projet d'appui au Développement de la Finance Inclusive), aimed at formalising and boosting the microfinance sector in the archipelago.

# ADA'S COMMITMENT TO THE BUSINESS ECOSYSTEM IN SENEGAL



*Since 2017, ADA has extended its focus to small enterprises, the major economic growth drivers in low income countries. In particular, ADA is sharing its financial expertise with business stakeholders in the country of Teranga (Senegal).*

## SMALL BUSINESSES NEED FINANCING

MSEs – Micro and Small Enterprises – have substantial potential in terms of employment. When referring to small business owners, we mean young people from the primary sector (agriculture, fishing and traditional crafts etc.) who need financing between €10,000 and €100,000. Banks finance big companies and MFIs, but small and micro enterprises are often neglected, particularly because of the risk entailed. They are known as the “missing link” and ADA offers solutions to fill the finance gap.

Investment Club Senegal). Other potential partners have been identified in Mali, Burkina Faso, El Salvador, Guatemala, Honduras and Nicaragua. Business support initiatives are planned for both regions starting from 2019.



## ADA: PARTNERING INNOVATIVE INITIATIVES IN SENEGAL

After a prospecting trip to Senegal to identify innovative initiatives to strengthen SMEs, ADA initiated four pilot projects there in 2018, with two incubators specialising in the support of entrepreneurship (CTIC Dakar and Jokkolabs), an online sales platform for agricultural products (Soreetul) and a syndicated investment fund created by women for women (Women's

## JOKKOLABS: AN INCUBATOR FOR YOUNG ENTREPRENEURS



ADA financed the launch of a “Jokkofood” competition run by Jokkolabs in Senegal. It was the first competition of its kind on food processing for local products in the country. Eight winners were selected to take part in a six-week boot camp to refine their project, delivering a 5-minute pitch to a jury at the end. The three finalists went away with a cheque to start their business.

*« Jokkolabs is an initiative launched over 8 years ago. Opened in 2010, the first hub is the number one space for business innovation in Africa. “Jokko” means link or connection in the Wolof language. In addition to stimulating creativity, Jokkolabs promotes collaboration between development stakeholders that aren't communicating, but operating in silo mode, such as NGOs, development banks and agencies, and entrepreneurs etc. We provide small businesses with an infrastructure and a team to help them to grow. Alongside our preference for digital solutions and technology, we are also open to other projects such as agriculture and processing of local products, as with the Jokkofood competition where we had support from ADA. »*

**Karym SY**  
Founder and Director of Jokkolabs

In 2016, ADA joined the ANDE (Aspen Network of Development Entrepreneurs) network, which specialises in support for small businesses with a strong potential for growth and creation of employment. Since then, our NGO has been networking, sharing experiences and establishing partnerships with other member institutions in Central America and Africa.



## SOREETUL: ONLINE COMMERCE PLATFORM



Created in 2014, Soreetul is an e-commerce platform for agrifood and cosmetic products designed to bring rural products to the urban market. It allows Senegalese women living in rural areas and processing primary materials to gain access to the market. In 2018, ADA worked with Soreetul on a pilot project aimed at bringing fish products to the platform. 4 economic interest groups (EIG) including over 1,000 women producers have been selected to date. Sooretul means "It's no further" in the Wolof language.

## WOMEN'S INVESTMENT CLUB



In June 2018, ADA joined forces with WIC Senegal, the first ever syndicated fund in the West African Economic and Monetary Union (WAEMU) created by women for women to promote female entrepreneurship. According to ADA consultant Axel de Ville: "WIC's vision is interesting and we have been impressed by the initiatives already implemented with their own funds. ADA wishes to support the devel-

opment of new businesses in Senegal through partners with vision and clear methods based on a viable business model, and WIC is one such example." To this end, ADA co-financed the initiative with €30,000 to assist with the creation of this kind of financing mechanism. By the end of 2018, the WIC raised over a million and a half Euros (1 billion CFA francs), which will be invested from 2019 through its new finance structure, WIC Capital.



*"In French-speaking West Africa, we still don't have access to the whole range of innovative finance products. We have to meet the challenge of these approaches, as they come from our own reality. We can enrich the regulatory framework by showcasing these innovations."*

**Madji Sock**  
President of the WIC, Senegal



## ADA ALSO SUPPORTS YOUNG ENTREPRENEURS

Launched in 2005, the ADA "Young Entrepreneurs" project offers financial and other services to young people seeking to start or strengthening their micro-enterprise. The initiative has helped to finance over 4,000 young people and created around 7,000 jobs so far.



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IMPACT ON 7 COUNTRIES

# A DIVERSITY OF ADA SKILLS THROUGH REDCAMIF



*ADA and REDCAMIF provide technical and financial support for microfinance institutions based in Central America and the Caribbean. As an illustration of its dual expertise, ADA looked at the case of a microfinance institution based in Honduras.*

## ADA'S DUAL EXPERTISE IN THE FIELD

ADA and REDCAMIF provide technical support for microfinance institutions looking to offer new products and services that meet the needs of their clients. Additionally, ADA provides financial support for a number of MFIs through the Luxembourg Microfinance and Development Fund (LMDF).

ADA used this dual skill to great effect for the REDCAMIF project promoting financial inclusion in Central America and the Caribbean, supporting the **PILARH** (*Proyectos e Iniciativas Locales para el Autodesarrollo Regional de Honduras*), **an institution belonging to the Honduran microfinance network REDMICROH**, also a member of REDCAMIF specialising in financing smallholders in rural areas. PILARH received support from ADA and REDCAMIF for the development of its inclusive financial services in the rural finance category. Financed by the LMDF, the institution also distributes micro-insurance products for SER-INSA, an insurance brokerage firm created by REDCAMIF.

## DEVELOPMENT OF INCLUSIVE FINANCIAL SERVICES

When the project was launched, there was strong demand for the financing of agricultural production in rural areas where PILARH was operating. ADA and REDCAMIF responded by assisting the MFI in the development of two innovative financial products: micro leasing and the environmental production loan. Micro leasing enables low income people with no guarantees to obtain a loan with a purchase option to rent a modern, environmentally friendly production systems.

The product was implemented at PILARH in several stages. First of all, a technician from the existing staff was appointed to run the project and the best agencies were also chosen to test the products with clients. Alongside this, fairs were held in rural communities to promote the product in partnership with equipment and machinery suppliers, which also had the role of providing technical assistance, training and follow-up support for the management of the purchased equipment. Finally, clients were able to share their experiences and go on field visits to test the reliability of the product.



*The solar coffee dryer allows coffee beans to be processed quicker and cheaper. The system helps to reduce environmental impact.*



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The pulping machine removes the coffee husk, isolating the beans for more efficient processing and improved quality.

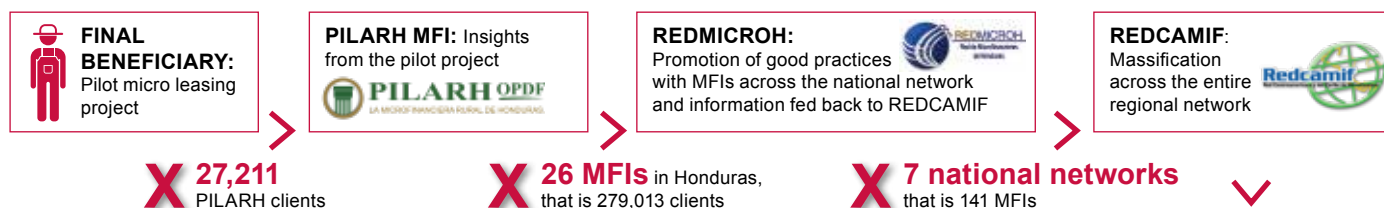
## SUCCESS OF THE PILOT PROJECT

The micro leasing product had a positive impact on the life of clients who adopted it, benefitting the local economy considerably. PILARH's image was greatly enhanced in the eyes of lenders, strategic partners, competitors and existing or potential clients alike. As part of the REDCAMIF II project launched in 2018, PILARH continues to analyse the results so as to improve the product and extend micro leasing to other producers.

## GOOD PRACTICE

10 years ago, CIF Vie in Burkina Faso was the first micro insurance company to be created by an MFI in West Africa and it is supported by ADA. The expertise ADA acquired through the project enabled it to support SERINSA.

## IMPACT INCREASED BY THE NETWORKING EFFECT



REDCAMIF ultimately represents **1.8 million** clients.

## FINANCIAL SUPPORT FROM LUXEMBOURG



PILARH is a Tier 2 MFI, meaning a small or medium-size institution with total assets between 5 and 50 million Euros specialising in financing small agricultural producers. The Luxembourg Microfinance and Development Fund (LMDF), a Luxembourg fund created and advised by ADA, finances this type of MFI with strong social mission. LMDF granted PILARH a loan of USD 700,000 over 4 years to develop its activities.

## DISTRIBUTION OF MICRO-INSURANCE PRODUCTS

In order to cap the risk incurred by low income people, REDCAMIF started a project enabling its clients to protect themselves through micro insurance. The network created its own social enterprise called **SERINSA** (Servicios Inclusivos S.A) in 2016, and it facilitates the sale of micro-insurance products in the region. Following a market study, three insurance products were designed. PILARH tested two of them: life insurance and loss of income due to accident, and they covered the risk of 4,668 of the MFI's clients in 2018.

## ADA AND REDCAMIF SIGN UP FOR 4 MORE YEARS

Covering the period 2018-2021, the new partnership with REDCAMIF follows on from the initial project with investments amounting to 4.3 million Euros co-financed by both parties 50/50. It is structured around the following areas: social performance, technology, development of financial services with strong social value-added, risk management and regional/ national knowledge management.

# DIGITAL FINANCE: LEVERAGING FINANCIAL INCLUSION



*Digital finance is shaping the future of inclusive finance, giving easier access to remote populations and with lower operational costs for microfinance institutions. ADA offered its expertise to assist ACEP to devise a digital strategy suited to client needs.*

## ACEP: ONE NETWORK, FIVE COUNTRIES AND A SINGLE COMMON STRATEGY



The ACEP (Agence de Crédit pour l'Entreprise Privée) network has become one of the top microfinance networks in Africa Through its microfinance institutions (MFIs) located across five countries - Senegal, Cameroon, Madagascar, Niger and Burkina Faso - the Group targets Small and Medium Enterprises (SMEs), contributing to local economic development by creating jobs - mainly for young people.

Aware of the need to include the new technology in its institutional strategy to serve a wider customer base (especially in remote areas), ACEP called on the services of ADA to help define a common digital strategy for the whole network, which will then be rolled out country by country with consideration for local specifics.

## FORMULATING A DIGITAL STRATEGY

ACEP devoted three days to digital finance at its annual conference in June 2018. Arnaud de Lavalette, a Senior Project Manager at ADA, assisted the Group in formulating a common digital strategy.

## SETTING PRIORITIES

The debate during the seminar led to the identification of **three priorities** for the ACEP Group:

1. Offer clients **local support to facilitate loan repayment;**
2. Offer clients **local support to facilitate savings;**
3. **Digitalise internal operational processes** to facilitate and promote loan activities.

Having come to these conclusions, ADA looked for a way of optimising value-added for ACEPs on the one hand, and providing them with tools for operating effectively on the ground, and for clients on the other, by offering them local services. ADA identified a number of options for doing this.



Arnaud de Lavalette (centre) at the ACEP conference.

- **On site internal agent:** agent employed by ACEP to whom the MFI leases a point-of-sale where any client can make transactions at certain times and days.
- **Mobile internal agent:** agent employed by ACEP who goes to his/her allocated clients' homes.
- **On site external agent:** independent shop offering transaction services to clients who show up.



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## ACEP: SYNERGETIC ACTIVITY



ACEP agents in Burkina Faso.



*“ACEPs have problems in common. Defining a digital strategy provides them with a certain number of tools that they can use in line with their development priorities and situation at any given moment. The options we make available are complementary, not exclusive.”*

**Arnaud de Lavalette**  
Digital Project Manager for ADA

## IDENTIFYING TOOLS

### Offer a local service

Offering local services to clients allows them to pay either via an **existing third-party network** (bank, MTO - mobile telephone operator, or platform) or **agent network** set up by each ACEP (on site internal agents, mobile internal agents or on site external agents).

The various options selected are linked to the customer segment and geographical configuration of each individual ACEP. For example, payment via mobile telephone operator will be preferable for clients located far from an agency (rural areas) and geographically wide-spread, as a mobile agent would spend too much time travelling and this solution is not financially viable. On the other hand, for cost

and security reasons, a network of ACEP's proprietary agents will be preferable for a concentrated urban client base.

### Digitise operations on the ground

Improving the operational management process on the ground is priority number three for the ACEP Group. To achieve this, ADA proposed credit scoring, a tool enabling each ACEP to evaluate the risk with clients wanting to take out a loan and based on criteria already

contained in its database (reliability, creditworthiness etc.). If the client is eligible after credit scoring, the loan officer can then offer them a loan tailored to their needs (short-or long-term, small or large amount), as they already know that the client is creditworthy and will be able to make the repayments.

**See also: investment with ACEP Burkina Faso (pp. 12 and 13)**



## DIGITAL FINANCE INITIATIVE

Launched by ADA in 2017, its objective is to assist MFIs in several African countries to develop and implement digital solutions that will improve their financial and social performance, offering them strategic, procedural, technical and financial support. Intervention is restricted to 3 options: integration of telecom operators, setting up mobile agent networks and improving the information and management system (IMS), mainly involving migration to a Cloud solution. At the end of 2018, the DFI provided digital finance training for 28 MFIs, ran 6 workshops (Cotonou, Dakar, Dapaong, Luxembourg (2), Paris) with 18 MFIs, approved 8 projects and assisted 4 MFIs in setting up their projects.



*“The digital strategy for the ACEP network was worked out during the seminar with the managers of the ACEP institutions and assistance from ADA; we realised that these digital services could only be developed effectively if supported by a clear joint group strategy based on our values. Digital solutions appear to be an excellent lever for improving services to clients, facilitating communication and accelerating transactions. This makes the agency banking approach that we came up with during the seminar a good way of getting closer to our clients, given that we also decided, where financially possible, to maintain direct contact and continue to manage client relations without outsourcing everything.”*

**Thierry Perreau**  
President of ACEP International

# INVESTING FOR THE FUTURE

*ADA advises Luxembourg Microfinance and Development Fund (LMDF), a social fund that invests in microfinance institutions with well-established social objectives. ADA financed the ACEP MFI in Burkina Faso with a double loan, for example.*

## ACEP: NETWORK OF MICROFINANCE INSTITUTIONS IN AFRICA

The ACEP (Agence de Crédit pour l'Entreprise Privée) network was created back in the 1990s. It is now a major network and a main player in the microfinance sector in Africa. ACEP targets Small and Medium Enterprises (SMEs), contributing to local economic development through job creation - mainly for young people - and stimulating local production with strong value-added. The international ACEP network brings together microfinance institutions (MFIs) operating in five African countries: Senegal, Cameroon, Madagascar, Niger and Burkina Faso.

## ACEP IN BURKINA FASO

Created in 2010, the MFI ACEP Burkina offers financial services to people who are excluded from the traditional financial market. It is aimed at entrepreneurs developing micro, small and



medium enterprises in urban and sub-urban areas strongly committed to introducing a corporate social responsibility (CSR) mechanism for identifying and pursuing social remit throughout business activities. ACEP Burkina has 18,000 clients, one third of them women. It started operating in 2012 and the MFI now finances over 9,986 micro-entrepreneurs via 6 offices located in Ouagadougou, Bobo-Dioulasso, Koudougou and Kaya. The average loan granted is €3,388. Around 90% of loans finance retail, 7% services, 1.5% production and 1% processing.

Furthermore, ACEP has the advantage of offering the development of mobile banking. Starting from the second half of 2018, the MFI introduced a system enabling clients to deposit money into their accounts via their mobile phones, thus allowing the institution to reach clients in remote areas.

**See also the article on the digital strategy employed with the ACEP network (pp. 10 and 11).**



*“The ACEP customer base is made up of men and women (retailers and wholesalers) running financially viable businesses with an average monthly turnover between 500,000 and 10 million CFA francs. The ACEP finances a wide range of activities. General commerce, restaurants, processing, transport, crafts and dressmaking are the most common.”*

**Ousseni Kirakoya**  
Deputy CEO of ACEP Burkina Faso



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## ACEP: SYNERGETIC ACTIVITY



**Senior Loan:** an amount ranging between 0.2 million and 1.8 million Euros granted in local currency, USD or EUR for a maximum period of 5 years at the market rate;

**Subordinated Loan:** an amount ranging between 0.2 million and 1.8 million Euros granted in local currency, USD or EUR for a maximum period of 5 to 7 years at the market rate.

If there are any problems with repayment, a senior debt takes priority over a subordinated debt.



Making local millet beer, commonly known as Dolo.

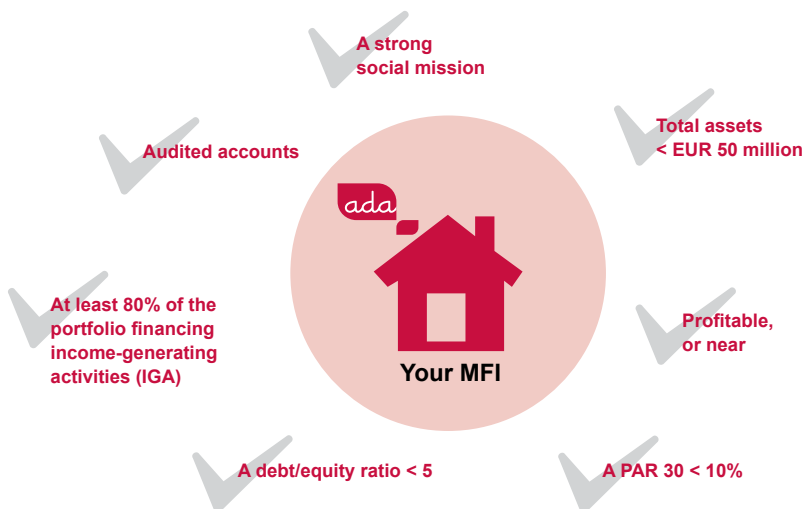
*“ACEP Burkina is a Tier 2 MFI showing very strong growth and an interesting social profile. Highly dynamic, it has several sales outlets across various regions of Burkina Faso, adding real value to the country. It serves both SMEs that don’t have access to bank financing and micro-entrepreneurs, granting above-average loan amounts around €3,300. Like the RCPB, the MFI is one of the few in Burkina Faso to have a national strategy. LMDF made two credit lines available to ACEP Burkina, including a subordinated debt to help it boost equity and support growth.”*

**Victor Muller**  
ADA Risk Officer

## A STRATEGIC INVESTMENT CHOICE WITH ADA AND LMDF

Through LMDF, ADA offers two kinds of financing for Tier 2 and 3 MFIs located in Central America, South East Asia, Central Asia and Africa. Advised by ADA, LMDF chose to invest in ACEP Burkina, one of the strategy’s target countries. Working closely with ACEP on technology-based risk management, ADA/LMDF provided ACEP Burkina with financial assistance through a dual loan solution involving a senior loan (conventional debt instrument) of €457,323 over 3 years and a subordinated loan (quasi-equity) of €304,882 over 5 years. The subordinated loan is aimed at boosting ACEP Burkina’s equity to support rapid growth, whereas the senior loan is aimed at financing its portfolio growth requirements.

## ELIGIBILITY FOR AN MFI TO RECEIVE FINANCE FROM ADA/LMDF



## AS AT 31 DECEMBER 2018

- 48 MFIs advised by ADA and financed by the LMDF in 23 countries
- Outstanding loans amounting to 28.7 million Euros
- 60,058 micro-entrepreneurs directly impacted, 80% of them women

## LUXMINT, THE PREDECESSOR OF LMDF

Created in the year 2000 on the initiative of ADA, LUXMINT (Luxembourg Microbank Intermediary) preceded the LMDF until 2008. During this period, LUXMINT invested in 15 MFIs serving over 812,000 clients. At yearend 2008, its investment portfolio structure was 68% loans, 22% bonds and 10% capital holdings. 40% of investment was in Latin America, 37% in Africa and 23% in Asia.



# A YEAR OF ADA TRAINING AROUND THE WORLD



**December 2018 - Tanzania:** Transparency training in partnership with the national network TAMFI. 30 participants (22 MFIs).



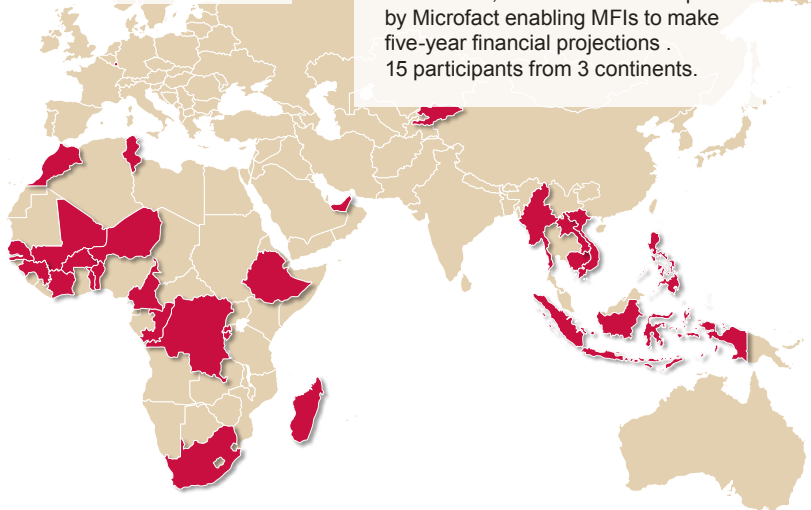
**December 2018 - Tanzania:** 55 participants (38 MFIs).



**November 2018 – Louvain (Belgium):** Pilot training for Microvision, the new tool developed by Microfact enabling MFIs to make five-year financial projections . 15 participants from 3 continents.

## In 2018

- 154 trainings
- 652 MFIs represented
- 4,809 participants



**May 2018 - Myanmar:** First Microfact workshop on social and financial performance management with members of the Myanmar professional organisation (MMFA). 30 participants (12 MFIs).



**June 2018 - Saly Portudal (Senegal):** Closing workshop for the 2013-2018 term by ADA and the CGAP (Consultative Group to Assist the Poor), with the dual objective of maintaining good quality training opportunities in French-speaking African countries and helping to institutionalise the trainers network. Over the 5-year term: 10 training modules, 146 trainers certified, 14 experts, 17 partner institutions, 47 training programmes in 13 countries.



## SOCIAL IMPACT

# ASSESSING SOCIAL PERFORMANCE MANAGEMENT

*Promoting good social performance practice is integral to ADA's mission. That is why our NGO invests in its partner microfinance institutions, networks and the industry as a whole to encourage the assessment and improvement of social performance in the financial inclusion industry.*

## A STUDY ANALYSING FMI PRACTICE

ADA and Cerise joined forces in 2018 to assess the current status of evaluation and management practice for social performance in microfinance institutions (MFIs). Since it launched its SPI4 tool in 2014, allowing MFIs to evaluate their social performance management against Universal Standards defined by the SPTF, Cerise has been entering SPI4 audits provided by institutions on a central database. On the basis of this data, special attention is being paid to MFIs that subject themselves to a social audit, their main strengths and weaknesses in terms of social performance management and possible complementarities between social, financial and environmental performance.

Between March 2014 and August 2018, 435 audits were conducted and sent to Cerise by 368 MFIs from 73 countries. The Sub-Saharan, Latin American and Caribbean regions have greater representation among MFIs conducting SPI4 audits than among MFIs sending their information to Mix Market – an on-line platform that collates financial data from MFIs – often used as a reference in the microfinance sector.

## MFIS IN SUB-SAHARAN AFRICA NEED THE MOST SUPPORT

The study shows that these institutions achieve an average score of 65.4%. The ones getting lower scores are the institutions in Sub-Saharan Africa (Figure 1), cooperatives, institutions with small portfolios and those targeting urban areas. Specifically, these institutions are generally weaker across all areas of social performance management and therefore require support in this regard.

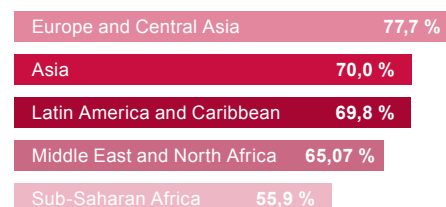
The study also looks at the Transparency Index devised by ADA and Cerise in 2017 and included in the SPI4 tool. It seems that institutions in the Sub-Saharan Africa region also achieve lower scores in this category.

Finally, when looking at the link between social and financial performance, the study shows that the institutions achieving the best scores in the SPI4 audit are the ones managing lower-risk portfolios: the study shows a positive correlation between good social performance practice and portfolio quality.

## ADA SUPPORTS MFIS ON TRANSPARENCY

More data would be required to deepen this type of analysis and generate useful information about and for the sector. This is why ADA supports initiatives promoting data centralisation and transparency in MFIs, as with the Data Platform developed by Microfinanza Rating. Launched in 2017 and supported by the French Development Agency, the Swedish International Development Agency (SIDA), the Lichtenstein Development Service (LED) and the Luxembourg Ministry of Foreign and European Affairs via ADA, the initiative is aimed at centralising MFI social and financial performance data on an on-line platform accessible only to subscribers (MFIs, investors, regulators, support organisations and researchers etc.). The main objective is to promote transparency within the inclusive finance sector. The platform will be launched officially at the end of 2019.

**Figure 1:** Overall social performance management score by region



# ADA: PROJECTS AND SOLUTIONS AROUND THE WORLD

## SUPPORTING MFIs with their operational development

- Products and services for young entrepreneurs in Togo and Rwanda.
- Agricultural finance in Benin, Burkina Faso, Democratic Republic of Congo, Togo and Laos (pp. 10-11).

## ADVISING the sector to create an environment conducive to inclusive finance

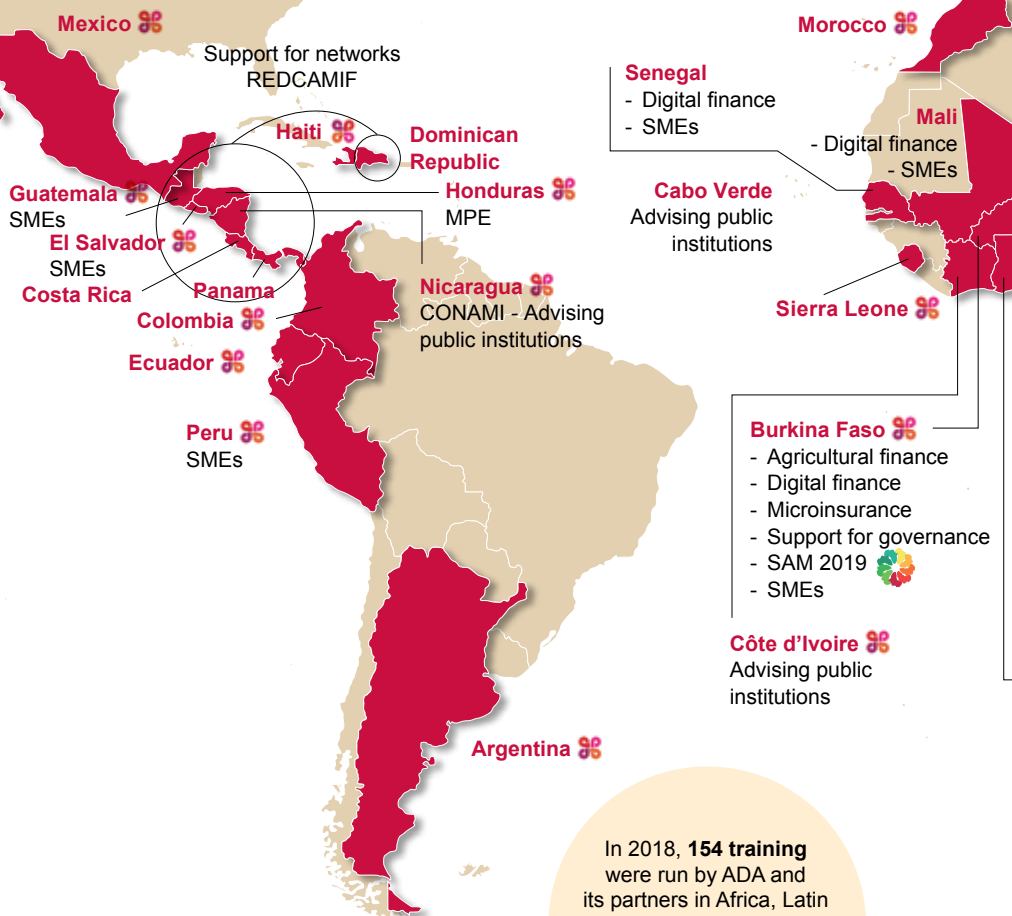
- In Africa: MAIN, TAMFI and CIF networks and governmental microfinance regulators in Ivory Coast and Cape Verde.
- In South East Asia: In South East Asia: Myanmar MicroFinance Association (MMFA), Lao Microfinance Association (MFA), Cambodia Microfinance Association and Microfinance Council of the Philippines, Inc. (MCPI).
- In Latin America: the regional REDCAMIF network (pp. 08-09)

Around **1,000 institutions** use a Microfact tool (MFI Factsheet, BCEAO Factsheet, MFI Factsheet Compiler or Micro-insurance Factsheet). A new tool called Microvision will make it possible to make 5-year financial projections.



## Innovative finance mechanisms for SMEs in Senegal (pp. 06-07)

ADA launched four pilot projects with partners in Senegal under its support programme for Micro and Small Enterprises (MSE): two incubators specialising in support for businesses (**CTIC Dakar and Jokkolabs**), an on-line platform for selling agricultural products (**Soreetul**) and a syndicated investment fund created by women for women (**Women's Investment Club Senegal**).



In 2018, **154 training** were run by ADA and its partners in Africa, Latin America and South East Asia, with **652 MFIs** represented and **4,809 participants**.

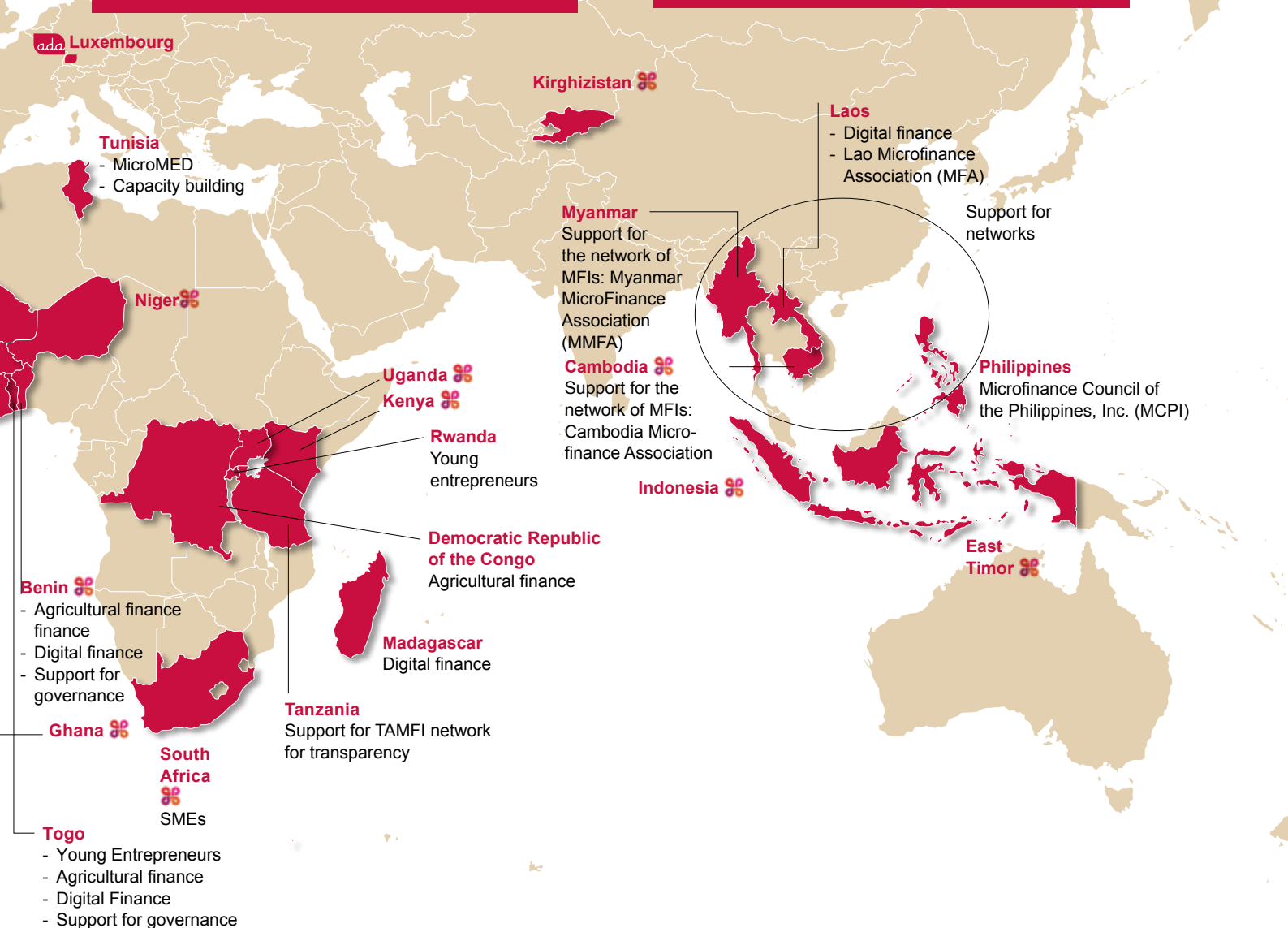



## PROFESSIONALISING the sector:

- Through technical assistance, tools and tailored training provided by ADA 3T on:
  - Financial and social performance
  - Risk management
  - Governance and transparency
  - Product diversification (product innovation, agricultural finance, digital finance, support for Micro and Small Enterprises (MSEs), micro insurance)
- Increasing the professional capabilities of the microfinance sector via the financial inclusion support project in Tunisia, as a continuation of the MicroMED project (pp. 04-05).

## FINANCING MFIs with a strong social mission via LMDF (pp. 12-13):

- 48 MFIs advised by ADA and financed by the LMDF in 23 countries.
- Outstanding loans of 28.7 million Euros.
- 60,058 micro-entrepreneurs impacted directly, 80% of them women.



 Investments via LMDF upon advice provided by ADA in 2018

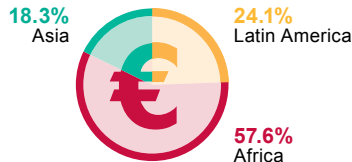
# KEY FIGURES 2018

## Resources for 2018 came from:

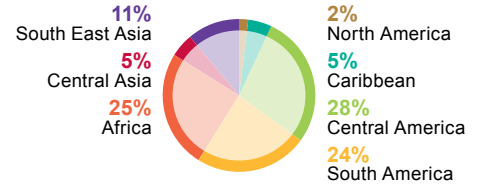


15% Other resources  
85% Ministry of Foreign and European Affairs (MFEA)

## Distribution of operational expenditure by continent:



## Geographical distribution of ADA/LMDF loans by continent:



The support of the MFEA is essential to ADA!

Over half of ADA project expenditure goes to Africa!

57% of investments are made in Latin America!

## Formations



154 training initiatives



652 MFIs



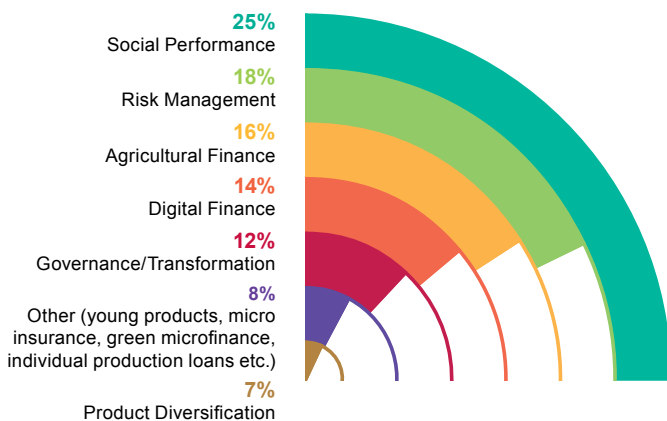
4 809 participants

## Technical assistance

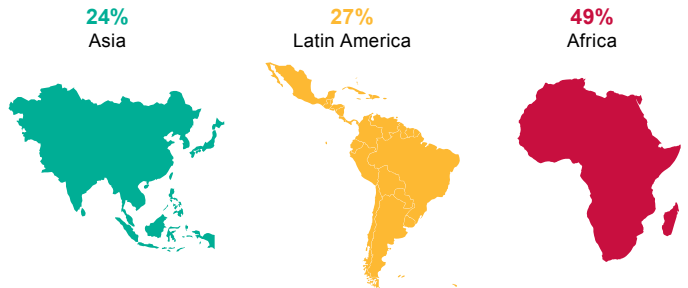
79 MFIs have received one-off (diagnostic) or sustained (long-term support) technical assistance across 10 areas:

### Distribution by area of the 79 MFIs supported

(Some MFIs have received technical assistance in several areas)



Most of the 79 MFIs operate in Africa:



Reading example: 25% of MFIs have received technical assistance with social performance

## Beneficiaries

With support from ADA, 23 MFIs offered a new financial product or service in 2018 (agricultural loans, young entrepreneur loans, green loans, micro insurance and mobile banking etc.), for a total of 70,309 beneficiaries. 2,627 beneficiaries also received non-financial support.

# OUR PARTNERS IN 2018

Our partners on the ground enable us to operate, but nothing would be possible without the support of our partner institutions.



Gouvernement de la République de Cabo Verde



Gouvernement de la République de Côte d'Ivoire



Gouvernement de la République tunisienne



Nos partenaires dans la Maison de la microfinance



## EXECUTIVE BOARD 2018

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For further information about our activities, go to: [www.ada-microfinance.org](http://www.ada-microfinance.org)



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