

# A DRIVER OF CHANGE

ANNUAL REPORT  
2020

ADA



ada

# ANNUAL REPORT 2020

## EDITORIAL

### Flexible, reactive and ready to listen — a driver of change

The year 2020 will stand out in history.

It was tragically marked by the passing of the Chairwoman of our Board of Directors, Corinne Feypel-Molitor, on 9 August. A member of the ADA Board of Directors since 2011, Corinne took up the chair in 2018 as a sign of her commitment to making finance ever more inclusive. Corinne also showed her commitment to ADA, both in the field during a visit to Burkina Faso for the 2019 African Microfinance Week and in Luxembourg, where among other things she hosted the ADA 25<sup>th</sup> anniversary celebration. True to character, she passionately defended and touted inclusive finance as a tool for combating poverty, as well as looking to the future of a sector that is undergoing a sea change under the impetus of innovation and new technologies. Our heart goes out to her family and loved ones. We are grateful for the precious legacy she left behind.

The spread of the COVID-19 pandemic around the globe, another defining event of the year, showcased the **flexibility** and **reactivity** of our teams, which rose to the challenge as soon as April by creating and rolling out a crisis management programme. This support programme, which you can find more about in this report, drew upon the observations and analyses of our project managers in Luxembourg and our technical advisers in the field, as well as discussions with our partners. Their work enabled a swift response to soften the blow of the emergency situation on vulnerable populations.

2020 was also the third year of our Operational Development Plan (2018-2021), whose achievements are fully in line with our vision for making a real impact as well as the Sustainable Development Goals. When it comes to the positive **changes** we want to bring about (with a focus on improving the living conditions of poor populations), it is not enough to talk the talk, we also need to walk the walk. This means putting the drive for impact at the heart of each project from the design stage, i.e. integrating the actual needs of microfinance institutions and their clients from day one. As a result, the hallmark of a player such as ADA, on top of flexibility and reactivity, is its ability to listen to its partners in order to tailor its interventions to their operations and the actual needs of their clients. To bring about positive change, the best course of action is to take stock of the needs and realities on the ground to create sustainable cooperation strategies with partners so that these changes can take effect in the present and then, stage by stage, achieve a long-term impact.

While 2020 was filled with challenges, especially when it came to holding meetings in person with our partners, it was also an opportunity to discover resources we were not aware of and capabilities that allow us to open up new avenues for relational follow-up by multiplying alternative forms of interaction. Among other things, it reminded us of the need to learn to live with change every day, adapt to unexpected situations and come up with new and uncharted solutions and ways of doing things. This crisis showed us that adapting to unforeseen circumstances is not only possible, but often necessary, to track the evolving needs of poor populations as closely as possible. Flexibility is one of the main determinants of our success now and in the future.

ADA cannot help the most vulnerable populations excluded from traditional banking channels to access financial services and rise out of poverty on its own. Only together, by pooling our diversity and our strengths, will we be able to blaze a trail towards greater financial inclusion.

**Laura Foschi**

Executive Director of ADA

**Nicole Dochen, Philippe Onimus and Patrick Losch**

Vice Presidents of the Board of Directors

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The figures shown in this publication reflect results achieved as at 31 December 2020.

# IN 2020, ADA OPERATED IN 42 COUNTRIES IN 8 AREAS

## COOPERATION OR ADVOCACY

with microfinance regulators in 4 countries  
(Cambodia, Laos, Myanmar, Cabo Verde)

## 370 MFIS

received training (including 65 on a topic related  
to COVID-19)

## 14 NETWORKS AND PROFESSIONAL ASSOCIATIONS

supported on 3 continents representing a total of 684 MFIs

## 126 MFIS, 6 INCUBATORS AND 4 FINTECH COMPANIES

received technical assistance  
(including 56 MFIs to deal with COVID-19)

### Areas



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**137,177**

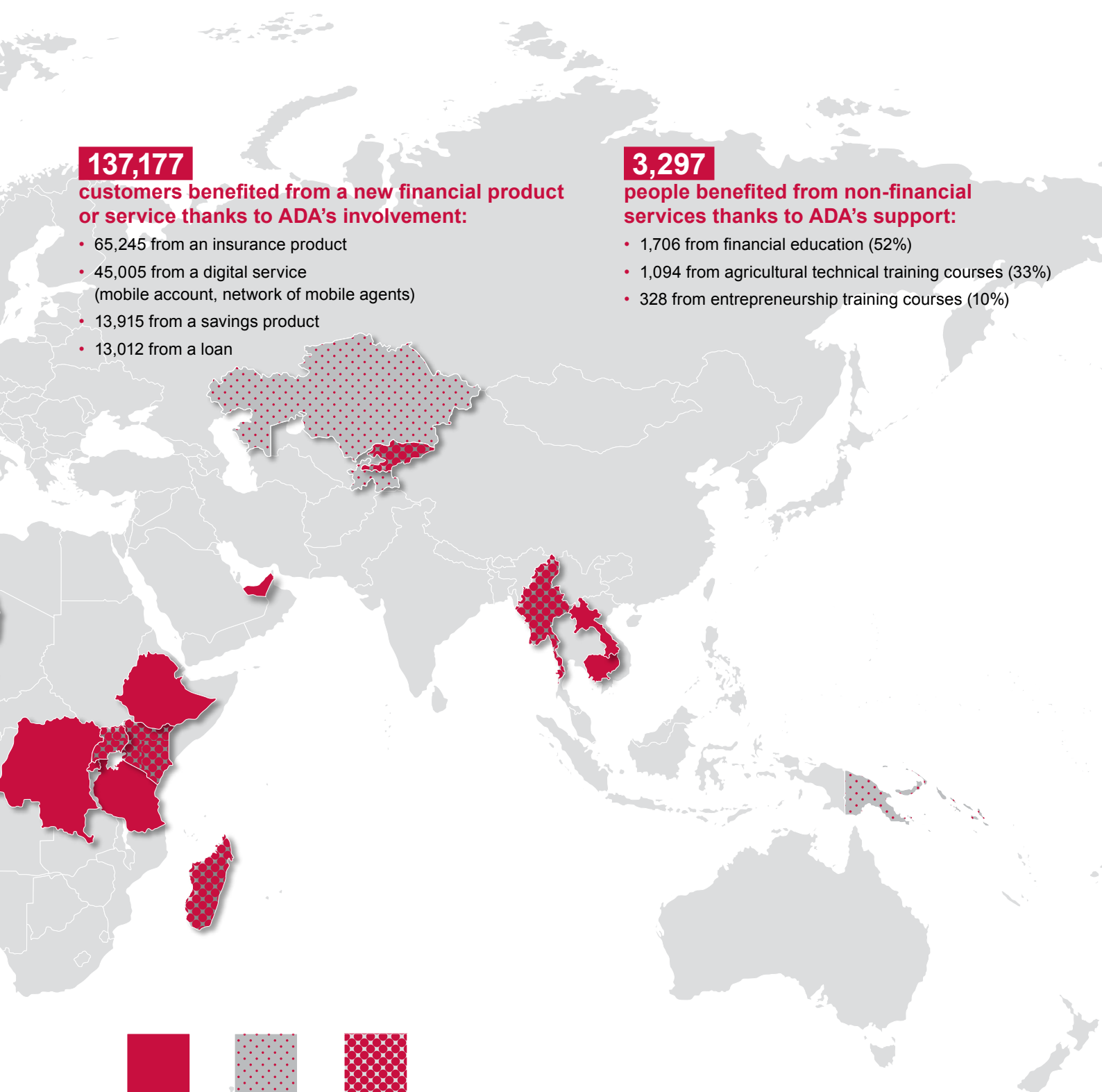
**customers benefited from a new financial product or service thanks to ADA's involvement:**

- 65,245 from an insurance product
- 45,005 from a digital service (mobile account, network of mobile agents)
- 13,915 from a savings product
- 13,012 from a loan

**3,297**

**people benefited from non-financial services thanks to ADA's support:**

- 1,706 from financial education (52%)
- 1,094 from agricultural technical training courses (33%)
- 328 from entrepreneurship training courses (10%)



Technical assistance



Investment



Technical assistance + investment

# ADA'S ACTIVITY AND RESULTS

ADA activity as at 31 December 2020

## Target 1.4

Access to basic services, including microfinance

## Target 1.5

Building resilience among vulnerable people

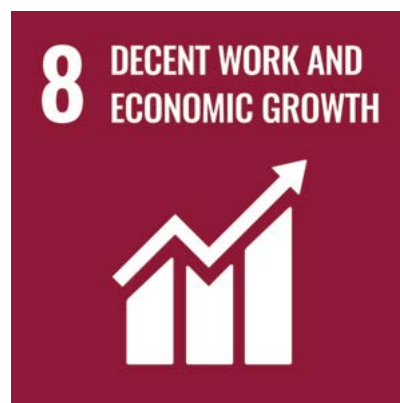
- **137,177** people had access to **financial services** thanks to ADA's involvement (mobile account and/or in a financial institution, credit, savings, insurance). These include:
  - **65,245** people benefited from an **insurance product** of which **13,178** via digital solutions;
  - **13,915** benefited from **savings products**;
  - **1,706** benefited from **financial education**.



## Target 7.1

Access to clean energy

- **106** beneficiaries of a loan to acquire **solar equipment**.



## Target 8.4

Access to basic services, including microfinance

## Target 8.10

Capacity building of financial institutions

## Target 8.3

Employment support

- **137,177** people had access to **financial services** thanks to ADA's involvement (mobile account and/or in a financial institution, credit, savings, insurance);
- **11,443 jobs supported** through credit availability;
- **100%** of young entrepreneurs benefiting from a loan have hired **1 to 3 temporary or permanent employees** since obtaining a loan;
- **1.3 emploi** additional jobs created on average per entrepreneurs;
- **87%** of young entrepreneurs receiving a loan state that their **income has increased**.

## Target 9.3

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

## Target 9.c

Access to ICT (Information and Communication Technologies)

- **331 young** entrepreneurs receiving a loan;
- **35 MFIs** and **4 FinTech** companies involved in the **transformation** and/or development of a **digital solution**;
- **58,183** beneficiaries of a **digital financial service**: **45,005** beneficiaries of a mobile account and/or network of mobile agents and **13,178** of microinsurance via digital technology.

### 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

- **11,112 agricultural credit** beneficiaries;
- **94%** of agricultural credit beneficiaries state that **income from their activity has increased** slightly (40%) or significantly (54%);
- **1,094** beneficiaries of **technical agricultural training**.



### Target 4.4

Strengthening the skills needed for employment and entrepreneurship

- **328 young** entrepreneurs receiving **entrepreneurship training**.

### Target 6.2

Access to sanitation services

- **91** recipients of credits to improve their **home sanitation** system.

### Target 10.b

Foreign direct investments

- **51 MFIs** in 24 countries benefited from an **LMDF loan** (fund advised by ADA);
- **9** loans disbursed for a total of €5.2 million;
- Loans outstanding of **€26.5 million**.

### Target 11.1

Housing improvements

- **546** beneficiaries of a **housing** improvement loan.

### Target 17.16 and 17.17

Facilitation of partnerships

- **35+ projects in 42 countries** with a **variety of partners** such as regulators, networks, professional associations, MFIs, incubators, FinTechs, training centres, technical experts, NGOs, universities, investors, etc.



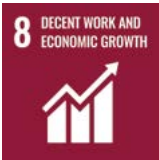
**SUSTAINABLE  
DEVELOPMENT  
GOALS**



# THE COVID-19 RESPONSE PROGRAMME: ADA TOOK ACTION TO HELP ITS PARTNERS

*Early in the pandemic, ADA designed and implemented a program to help its partners overcome the crisis and take steps to ensure business continuity and customer protection.*

## CONTRIBUTION TO SDGs

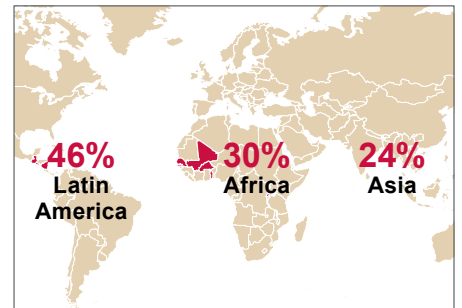


**Target 8.10**  
Capacity building of financial institutions

## KEY FIGURES FOR 2020

**80** organisations benefited from the COVID-19 crisis response programme:

- **72** microfinance institutions (MFIs) - of which **25** financed by LMDF - including:
- **5** incubators;
- **3** networks.



## TECHNICAL ASSISTANCE

**Grants and technical assistance to meet partners' urgent needs**

Within a short time, MFIs saw their activities disrupted or interrupted. Developing business continuity and risk manage-

ment strategies, while protecting customers, was a priority. With the support of the Luxembourg Ministry of Foreign and European Affairs, ADA therefore set up a **COVID-19 response programme to help its partners** overcome the crisis. This circa €1 million programme provided:

The pandemic meant that ADA had to work under emergency conditions. Its rapid response involved offering its partners (MFIs, incubators and networks) a **COVID-19 response programme** centred on a **technical assistance** component and a **research and knowledge generation** component on the effects of the crisis.

*“ADA’s support enabled us to ensure business continuity 72 hours after a first hurricane hit our country during the crisis, and 24 hours after a second hurricane a few days later.”*

Pana-Pana microfinance institution in Nicaragua





- **grants** to purchase health and IT equipment and to ensure business continuity;
- **technical assistance** to MFIs, which, depending on needs, could cover a wide range of topics including the implementation of a continuity plan, portfolio and liquidity management, strategic planning and repositioning, and the implementation of digital solutions;
- **tools** to facilitate the analyses needed to manage operations under crisis conditions, in particular: a **guidance note** detailing the measures needed to organise appropriate crisis management and ensure business continuity; a **toolkit** to put this note into practice; a **Microvision guide**<sup>1</sup> to develop stress tests and scenarios for anticipating the effects of the crisis; and, finally, a **guide for payment deferrals** within the banks and MFIs of the West African Monetary Union (UMOA).

In total, **80 institutions** in Latin America, Africa and Asia received technical and/or financial support.

Networks and incubators received grants exclusively. Of the 72 MFIs benefiting from the response programme, however, 68 were able to receive grants and 42 received technical assistance (with some receiving both). Of these 42 MFIs, 76% (32 MFIs) received support with risk management, which enabled them to control and recover their situation (reduction in the portfolio at risk<sup>2</sup> and increase in amount outstanding). At the same time, 62% (26) of MFIs received support for strategic planning and 33% (14) with implementing digital strategies in response to the crisis.



## RESEARCH AND KNOWLEDGE GENERATION

### Understanding the impact of the crisis on partners and their customers

ADA also sought to understand the impact of the crisis over time on its partner MFIs around the world. To do this, it has joined forces with the Fondation Grameen Crédit Agricole and Inpulse to carry out **survey waves approximately every 45 days to monitor and analyse the effects of the crisis from the partner MFIs’ perspectives**. These surveys have shown that MFIs have a certain ability to adapt. Some are planning to develop new products or services to meet their customers’ needs, such as loans specifically for agriculture, digital services or savings products. A to-

tal of **five survey waves**<sup>3</sup> were carried out in 2020. Information was gathered from 70 to 110 MFIs, depending on the wave. Further surveys are planned for 2021.

ADA also contributed to the initiative launched by the Social Performance Task Force (SPTF) to better **understand the impact of the crisis on IMF customers** through a single questionnaire created by the SPTF in collaboration with FINCA and 60 Decibels. ADA has therefore supported certain partner MFIs in conducting surveys among their customers via an external entity or via credit agents directly. The following surveys have been carried out:

- 3 survey waves for 3 partner MFIs in Senegal, Togo and Rwanda: 1,891 customers surveyed;
- 2 survey waves for 8 MFIs in the ASOMI network in El Salvador: 399 customers surveyed;

*“Customer surveys have shown that their activities and sources of income have been severely affected by the crisis, leading to a deterioration in their financial position. However, they have also revealed these customers to be resilient, with the main adaptation strategy being the use of savings.”*

**Mathilde Bauwin**  
ADA R&D project manager

<sup>1</sup> Microvision is a tool for MFIs to make simplified projections of their 5-year financial statements.

<sup>2</sup> Portfolio at risk (PAR): ratio of the loan amount outstanding with overdue repayments to the total loan portfolio.

<sup>3</sup> Survey waves: this is the same survey (with a few modifications) sent several times to the same partners to monitor and analyse the way that feelings change in the face of the crisis.



- 1 survey wave for 5 MFIs in Cabo Verde (938 customers surveyed), 13 MFIs in Guatemala (1,063 customers surveyed), 1 MFI in Myanmar (1,028 customers surveyed) and 1 MFI in Bhutan (1,151 customers surveyed).

Conducting these surveys has allowed MFIs to better understand and sometimes adapt to the issues and needs of their customers (e.g. easing credit availability conditions).

### Contributing through Research

ADA contributed to **managing knowledge on the consequences of the crisis by supporting** the research of a student at the Université Libre de Bruxelles entitled “How the COVID-19 Crisis Represents an Opportunity for the Development of Digital Finance in the West African Monetary and Economic Union (JEMOA)”.

It also supported a **study on the impact of the crisis on the inclusive finance value chain** undertaken as part of the Europe-

an e-MFP microfinance network’s working group, “From Research to Practice”.

### Coordinating investor support

From the start of the COVID-19 crisis, joint initiatives by inclusive finance stakeholders emerged to provide a coordinated response for MFIs.

At the initiative of the Fondation Grameen Crédit Agricole, a group of 26 investors and key inclusive finance players, including ADA, has signed a document setting out a set of principles aimed at better supporting the sector through the health and economic crisis caused by COVID-19. These principles, grouped together in form of a **Pledge**, were aimed in particular at ensuring continued access to finance under the best possible conditions and to safeguard the well-being of customers and staff.

ADA then created and hosted a **coordination group for support provided to MFIs** by donors and investors’ technical assistance programmes. This initiative



**A shared commitment to protect microfinance institutions and their customers.**

was consistent with one of the principles of the Pledge. The aim was to share information on the support provided to MFIs so as to avoid duplication and pool efforts. A collaborative tool enabled 96 MFIs receiving support to be identified.

Finally, ADA and six others **co-signed a publication of lessons learned from implementing the principles of the Pledge** six months after its launch, including recommendations for the future.

## ONLINE REINVENTION: THE MIDI DE LA MICROFINANCE



First Midi: MFIs could ask questions directly to ADA Management: Laura Foschi, Executive Director, and Christian Baron, Head of Operations.

The Midi de la microfinance is a face-to-face event organised every three months in Luxembourg since 2006. The aim is to raise awareness in Luxembourg of trends in the inclusive finance sector. The crisis has led ADA to develop a new online

format. It has expanded its target to partners on the ground (associations, MFIs, etc.) to communicate its actions under emergency conditions. An initial Midi de la microfinance in June opened a dialogue with microfinance professionals working on the ground in Africa, allowing ADA to better understand their situation in light of the crisis.

***This new format has allowed us to transform a limitation into an opportunity.”***

**Laura Foschi**  
Executive Director of ADA

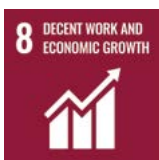


STRENGTHENING THE SECTOR

## LAYING THE FOUNDATIONS TO DEVELOP THE SECTOR

*Networks and professional associations play a key role in the development and professionalisation of the microfinance sector with their ability to mobilise MFIs and engage with authorities.*

### CONTRIBUTION TO SDGs



**Target 8.10**  
Capacity building of financial institutions

### KEY FIGURES FOR 2020

- **ATLAS:** data from 3,544 financial service providers in 138 countries;
- **Cooperation or advocacy** with microfinance regulators in 4 countries: Cambodia, Laos, Myanmar, Cabo Verde;
- **14 networks and professional** associations received support on 3 continents: a total of 684 MFIs.

### MACRO LEVEL

#### ATLAS: THE FINANCIAL AND SOCIAL DATA PLATFORM FOR MFIS

Since 2017, ADA has been financing the development of ATLAS, an online platform managed by Microfinanza Rating (MFR) which **centralises data on the financial and social performance of financial service providers**. ATLAS aims to **promote transparency** in the inclusive finance sector, in particular to guide social investors in their investment decisions. The platform's public launch was in early 2020.

The data available on the platform may be provided directly by financial service providers or by certain partners working with several suppliers at once (rating agen-

cies, investors, networks, sector support workers, etc.), either via the ATLAS standard form or via existing tools that are compatible with the platform (e.g. MFR social and financial ratings, Cerise's SPI4 social performance management audit, Microfact's MFI Factsheet, etc.). ATLAS also contains all historical data from the Mix Market. Financial services providers may decide to share their data either with names recorded (increasing MFIs' visibility) or anonymously. This data is only accessible to **ATLAS subscribers**, namely **investors, regulators, international donors, networks and organisations that support the sector**. At end-2020, ATLAS aggregated data from 3,544 financial service providers in 138 countries. More than half of its costs were covered by subscriptions and data management projects. The platform plans to become financially inde-





pendent from 2022. In addition to financial support for developing the platform, ADA contributes to the supply of information by encouraging its partners to share their data on ATLAS (www.atlasdata.org).

### Deploy and professionalise inclusive finance in Cabo Verde

Cabo Verde is one of the 7 priority countries for the Coopération Luxembourgeoise that benefit from the Indicative Cooperation Programmes (PIC). The PIC signed with Cabo Verde covers a wide range of development activities in different sectors. ADA implements the component dedicated to **strengthening and deploying inclusive finance for the fourth PIC (2016-2020)**.

Governments and regulators are responsible for promoting an enabling a **suitable environment for MFI development**.

Following two Inclusive Finance Development Support Projects (PADFI) between 2012 and 2018, which laid the foundations needed to develop the inclusive finance sector in the archipelago and to structure its stakeholders (the Central Bank of Cabo Verde (BCV) and the Microfinance Promotion and Development Unit (UPDM) of the Ministry of Finance, the **PADFI-Extension II** ended in December 2020. This enabled BCV to apply a **new regulatory framework** for monitoring the sector and to support UPDM in setting out



**MACRO**  
Government and regulators



**MESO**  
The sector's representative bodies



**MICRO**  
Microfinance institutions

*The different levels work together to advance inclusive finance in a consistent and concerted way.*

### a new national microfinance strategy for 2020-2025.

The 7 Cabo Verdean MFIs licensed by BCV at end-2018 received technical support to comply with the new law and professionalise their operations. For example, they were trained in how to complete the new financial reporting tool that they must submit quarterly to BCV.

### MESO LEVEL

ADA strengthens the capacities of national microfinance professional associations. The aim is for them to become key players, legitimate MFI representatives, and effective partners in the implementation of responsible inclusive finance projects. Examples in Laos and Myanmar.



Village Credit Scheme.

### Sector structuring in Laos

Since 2010, ADA has supported the Lao Microfinance Association (LMFA) in its professionalisation and in the development of services for its members. An initial seven-year partnership enabled LMFA to improve communications with its member MFIs and promote transparency in the sector. Following these good results, a second partnership between ADA and LMFA was drawn up for the period 2018-2021. As an industry representative, LMFA stayed in permanent contact with its member MFIs in 2020 and **intensified its advocacy activities** to represent its member MFIs' interests to the authorities during the crisis. In particular, it was involved in various meetings organised by the country's Central Bank (BoL - Bank of Lao) to discuss measures needed to combat COVID-19, and it supported and disseminated the Laotian translation of various documents detailing good practices in times of crisis. A **study on the over-indebtedness of microfinance customers** was also launched in coordination with the Task Force on Rural Finance, headed by the BoL. The results will be available in 2021.

ADA and LMFA are working with LuxDev to implement a project to structure the existing **Village Credit Schemes** in four of the country's poorest provinces, and to create 115 new ones by 2021 to enable poor people in rural areas to access basic financial services (savings and loans) as close as possible to their homes. The aim





of the project is to contribute to the development of village populations' economic activities through access to local financial services. ADA provides technical assistance through its on-site technical advisor.

### Strengthening the Myanmar microfinance association

In 2017, ADA provided support for the first time to the Myanmar Microfinance Association (MMFA). The project aimed to provide the association with technical assistance for its structuring via a full-time ADA advisor on its premises. As a result, MMFA has improved its governance, installed a secretariat, recruited permanent staff and drawn up its three-year strategic plan. To support the implementation of this three-year plan, ADA is continuing to assist MMFA with a new partnership for 2018-2020 targeting the following three outcomes:

- Improve MMFA's institutional and financial independence;
- Develop high-quality demand-based services to support the growth of the microfinance sector and facilitate consistent collaboration between microfinance practitioners and stakeholders;
- Advocate for a healthy market environment within an appropriate legal and regulatory framework.

With this in mind, the association has sent a request on behalf of all its members to the Financial Regulation Department (FRD) to **advocate for clarification of the measures** taken to combat the COVID-19 crisis, the **easing of regulatory requirements**, and the **facilitation of authorisations for new equity or loan investments** for MFIs. MMFA has also continued capacity building activities among its member MFIs by making some of its training programmes available online. Lastly, it has continued to manage the Myanmar Microfinance Data Sharing Platform (MCIX) launched in 2018, which facilitates the exchange of data between MFIs to control and monitor the over-in-



Training session in transparency with MAIN members.

debtedness of their customers. At end-2020, 57 MFIs were part of this initiative, exchanging financial data for more than 2 million customers. MMFA therefore has reliable data on the state of the sector, which supports its advocacy efforts with the FRD regulator.

### MICRO LEVEL

#### Promoting MFI transparency in Africa

The transparency of MFIs remains a major challenge for inclusive finance in Africa. MFIs must be able to provide their customers with clear information and the financial education necessary to under-

stand and compare the products offered to them, and thus make the best choice. Since 2018, ADA has supported the Microfinance African Institutions Network (MAIN) in implementing a project aimed at developing financial and social transparency for MFIs in Africa. MAIN currently has 114 member MFIs in 29 countries. In two years, the project has already helped train and support 60 MFIs in 15 African countries on topics linked to transparency. 2020 was the year in which transparency actions were first put into practice by African MFIs. To this end, a **Transparency Pact** has been signed by 45 member MFIs in 18 countries seeking to commit to greater transparency in their practices. To win the trust of potential investors ready to finance the development of their activities, the collection, analysis and publication of financial and social data on the ATLAS platform are key aspects of this process.



**Advocate for a clarification of measures taken to combat the COVID-19 crisis, the easing of regulatory requirements, and the facilitation of authorisations for new investments.**

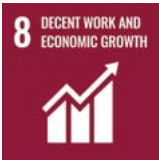


DIGITAL FINANCE

## SUPPORTING MFIs WITH DIGITISATION

*Whether as a means to reach people in areas that are difficult to access, offering fast and secure services to customers, or reducing costs, digital solutions offer many opportunities.*

### CONTRIBUTION TO SDGs



**Target 8.10**  
Capacity building of financial institutions

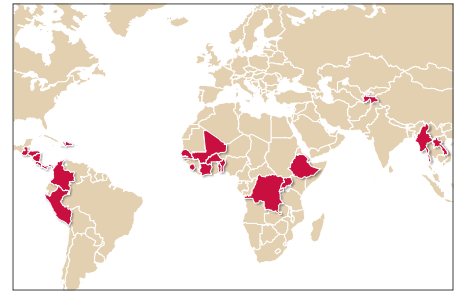


**Target 9.c**  
Access to ICT (Information and Communication Technologies)

### KEY FIGURES FOR 2020

For all ADA digital projects (Digital Finance Initiative, REDCAMIF, COVID-19 response programme and insurance projects) there were:

- **35 MFIs** receiving support to set out their digital strategy and implement digital solutions:
  - **16 in Africa;**
  - **16 in Latin America and the Caribbean;**
  - **3 in Asia;**
- **4 FinTech companies** receiving support to develop an insurance solution using digital technology:
  - 3 in United Arab Emirates and 1 in Mali;**



- **58,183 users of a digital financial service** (mobile account, mobile agent network, insurance via a digital solution).

## THE DIGITAL FINANCE INITIATIVE (DFI)

### Developing digital solutions for MFIs in Africa

DFI is a project implemented by ADA between 2017-2021 that provides support to MFIs in several African countries with defining and implementing their digi-

tal strategy to improve their financial and social performance and, consequently, to promote financial inclusion in the country.

These digital solutions include the **digitisation of MFI processes** (customer authentication, credit assessment, recruitment and remote credit approval) and the digitisation of **interactions with MFI customers** (partnership with telecom operators enabling customers to make mobile

transactions, establishing a mobile agent networks to promote local coverage, SMS Banking, new digital products, etc.).

The DFI assists MFIs with implementing all these solutions by offering them strategic, methodological, technical and financial support, which is reflected in possible financial involvement and support for project management. This support has three phases: (1) **an initial workshop** to set out



Workshop with EBO SACCO in Uganda.

the digital strategy and identify priorities; (2) **defining the prioritised digital project**; (3) **implementing the digital project (pilot)**. ADA's support comes to an end with this final step.

### Five workshops and three digital projects implemented in 2020

In 2020, **5 MFIs participated in workshops** (step 1): Assilassimé (Togo), EBO SACCO (Uganda) and YIKRI (Burkina Faso) took part in workshops in their respective countries, while WASASA (Ethiopia) and La Fructueuse (Togo) took part in online workshops. Afterwards, the MFIs approved their digital strategy and integrated it into their business plan.

**5 MFIs set out their digital projects** (step 2), which were approved by the DFI selection committee: Millenium Microfinance (Togo), Assilassimé (Togo), ALID (Benin), WASASA (Ethiopia) and EBO SACCO (Uganda). Other projects are under development.

Finally, **3 MFIs finalised the implementation of their digital project** (step 3) :

- COOPEC-SIFA (Togo) has equipped its 35 agents with a mobile solution. It has a centralised database and offers its more than 40,000 customers the option to carry out transactions across the whole network;
- Millenium Microfinance (Togo) has implemented a W2B B2W (Wallet to Bank - Bank to Wallet) solution for its more than 30,000 customers. Customers can transfer the e-money wallet of a Togolese mobile phone operator to their account with the MFI, and vice versa. One month after activating this channel, the MFI had 1,825 W2B B2W subscribers;
- RENACA (Benin) continued to set up interconnections within its network to provide a technical environment that supports the implementation of digital solutions. More than 110,000 customers can do business in all of these interconnected branches.

*“Developing digital solutions is an opportunity for MFIs to expand their reach, especially in rural areas, and to improve financial inclusion.”*

**Catherine Liziard**  
Senior Project Manager for ADA's "Digital Finance Initiative"

### F2.0 (Farmer 2.0): platform for connecting farmers' organisations with MFIs

In 2020, the DFI continued to develop a project initiated in 2019 called F2.0 (Farmer 2.0). This is a web platform that connects stakeholders in the agricultural value chain (in particular farmers' organisations) with MFIs. The aim is to facilitate the transmission of information between each stakeholder, thereby promoting the financial inclusion of small producers.

Initially, F2.0 was developed to promote the distribution of warrantage<sup>1</sup> and input credits. The approach was highly focused on farmers' credit needs, hence the strong involvement of farmers' organisations. In reality, however, F2.0 involves much more than access to credit services. It offers farmers the opportunity to:

- open a bank account;
- order (on credit or not) and receive their agricultural inputs (resources used by a farmer to operate their farm, such as fertilizer, seeds, etc.);

*“A good digital strategy allows MFIs to work more efficiently and offer their customers better services.”*

**Arnaud de Lavalette**  
Senior Project Manager for ADA's "Digital Finance Initiative"

<sup>1</sup> Warrantage, also known as inventory credit, is a rural credit scheme whereby a farmers' organisation (FO) and/or its producing members obtain a loan by using their produce (millet, sorghum, rice, maize, peanuts etc.) that is likely to gain value as a guarantee. (Source: FinDev portal)



The 41,000 members of COOPEC-SIFA can now operate in all branches of the MFI network.

- pay for their inputs by selling crops at fair trade prices;
- profit from rising agricultural prices through inventory credit.

More specifically, the platform helps manage several links in the agricultural cycle:

- upstream, it allows users to define input catalogues, place orders, to have these financed by the MFI, and to monitor their delivery by the farmers' organisation;
- downstream, it facilitates the monitoring of crop collection from beneficiaries, then the monitoring of inventory and sales by the farmers' organisation or the dealer.

A first pilot project conducted in 2020 in Senegal enabled two MFIs to use the F2.0 platform for monitoring input credits and inventory management: U-IMCEC and MEC FADEC. At end-2020, 750 producers had received credit via the platform.

## THE DIGITAL TRANSFORMATION OF MFIs IN LATIN AMERICA

REDCAMIF (*Red Centroamericana y del Caribe de Microfinanzas*) is a Central American and Caribbean regional microfinance network that brings together seven national microfinance networks (Nicaragua, El Salvador, Guatemala, Honduras, Dominican Republic, Costa Rica and Panama).

The ADA-REDCAMIF partnership seeks to encourage the use of technology by MFIs to facilitate their customers' access to the services they offer. This digital support for MFIs is a cornerstone of the collaboration between the two parties.

From the outset, the ADA-REDCAMIF partnership has made digital transformation one of its priorities given the sector's appetite for new technologies. The health crisis has only increased this upsurge in digital solutions. As part of its COVID-19 response programme, ADA, in collaboration with REDCAMIF, supported **five MFIs with setting out a digital strategy** to stem the effects of the crisis: FUSAI and CREDICAMPO (El Salvador); FUDEMI (Nicaragua); Vision Fund (Guatemala); and FINSOL (Honduras). At the same time, **two other MFIs received support in choosing the most appropriate digital solution** in response to COVID-19: CDD (Dominican Republic) and ADRA (Honduras). This support was provided under emergency conditions that highlighted the significant need for MFIs to respond to the crisis through digital solutions. Fittingly, this was one of the priorities of the ADA-REDCAMIF collaboration.

Finally, **nine MFIs received support in setting up a digital initiative** (some having already received support in 2019 in defining their digital strategy, others having received support in 2020 under the COVID-19 response programme):

- Banco Delta (Panama): online basic services invoice payments tool;
- Sac Integral, S.A. (El Salvador): chatbot allowing customers to communicate directly with the MFI;
- Fafidess (Guatemala): application for credit officers to make loans on the ground;
- CREDICAMPO (El Salvador): payment services from the AKIpagos network to improve customer confidence;
- FUSAI (El Salvador): financial transactions application for its customers;
- Banco Popular (Honduras): tokens to authenticate its customers when using digital products;
- Finsol (Honduras): application for managing credits for its agents;
- Hermandad (Honduras) implemented a contact management system between customers and the MFI; developed an application for its customers and a call centre; and improved the collection module in the application used by agents and the financial transactions application used by its customers;
- ODEF OPDF (Honduras) began using WhatsApp to communicate with its customers and has improved the application used by its agents to better segment and serve its customers.

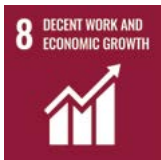




# SUPPORTING YOUNG ENTREPRENEURS IN AFRICA AND LATIN AMERICA

*ADA supports young entrepreneurs with access to funding and capacity building. Depending on their funding needs, ADA offers support through MFIs or the YES Funding Initiative, an innovative funding mechanism.*

## CONTRIBUTION TO SDGs



**Target 8.10**  
Capacity building of financial institutions



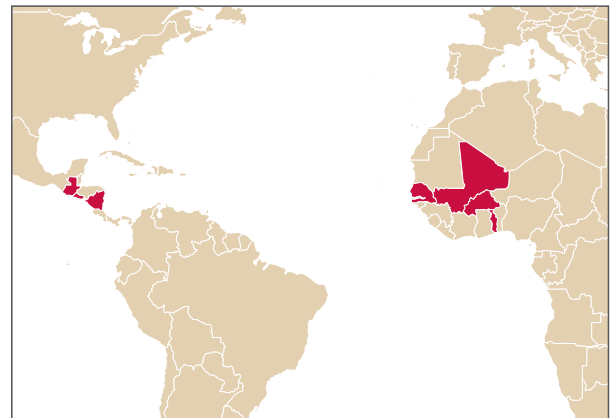
**Target 4.4**  
Strengthening the skills needed for employment and entrepreneurship



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

## KEY FIGURES FOR 2020

- **3 MFIs** in Africa (Senegal, Rwanda, Togo) received support for the development of financial products and non-financial services for young people;
- **6 incubators** (3 in Africa: Senegal, Mali, Burkina Faso, 3 in Latin America: Nicaragua, El Salvador and Guatemala) received support to develop a support offer for young entrepreneurs;



- **331 young entrepreneurs** received credit;
- **328 young people** received training or entrepreneurship support.

## SUPPORT FOR YOUNG ENTREPRENEURS THROUGH MICROFINANCE INSTITUTIONS

(financing needs up to €10,000)

### In Rwanda with UFC (Umutanguha Finance Company)

Since 2016, ADA, with the support of Rotary Luxembourg, has supported Rwandan MFI UFC with offering young entrepreneurs financial services (credit and savings) combined with non-financial

services (training, financial education, business management advice, monitoring and support). Rwanda is one of the few African countries that introduced strict lockdown measures in 2020 in response to the pandemic. This had a significant impact on UFC, as the portfolio at risk (PAR) doubled.



Young entrepreneurs and customers of UFC receiving a «Artisan Youth Loan» to launch their business.

To respond to this emergency, the MFI approached young entrepreneurs aged 18-35 to better understand their needs and pre-empt the risks of non-repayment. To this end, UFC worked with ADA (and the Social Performance Task Force (SPTF) to carry out a **study aimed at identifying the financial needs of the institution's young** customers. The findings made it possible to tailor the financial services offered by the MFI to the real needs of young people following the crisis. Proposed solutions included the **restructuring of existing loans** and/or **obtaining an additional working capital loan**, e.g. for the purchase of the raw materials needed to resume operations.

The crisis also **accelerated the implementation of the digital strategy** adopted by UFC. The connection between accounts opened with the institution and customers' mobile accounts has improved significantly. This is thanks in part to government measures aimed at supporting the use of digital tools during lockdown, such as waiving transaction fees between customers' bank and mobile accounts. UFC has also set up a **network of agents**, most of which are small local businesses. These agents allow the MFI's clients to withdraw money or pay loan instalments without having to travel to MFI branches that are sometimes located several

*“I am grateful to see that UFC has pushed us to use digital financial services such as mobile banking to send or receive money, without wasting time locating their credit agent.”*

A UFC customer on what gave them cause for hope during the pandemic

kilometres away from their home. This **saves time** for customers and for MFIs, who can now focus on canvassing for new customers and selling savings and credit products. These digital services led more than 13,900 young people to open an account in 2020 with the MFI, which in turn collected €0.7 million, thus strengthening its financing capacity. Finally, Rwanda's lockdown has boosted **e-commerce**, providing an opportunity for young people, some of whom have set up their own company, to deliver goods purchased online.

In 2020, 235 UFC customers received a “Artisan Youth Loan” (intended to finance an artisanal profession such as hairdressing, sewing, mechanics, joinery and welding), and 215 received support.

**In Senegal with U-IMCEC, as part of a project conducted in partnership with LuxDev**

ADA, in partnership with LuxDev, supports the activities of U-IMCEC (Union of Community Mutual Savings and Credit Institutions) in Senegal for the financial inclusion of young people, mainly first-time entrepreneurs aged 18-25. ADA's support began in 2020. It is focused on **developing savings and loan products** tailored to the various high-potential professions in the region concerned that young people can access to launch their own business after receiving training.

ADA has developed synergies with other players on the ground specialising in non-financial support for young people (professional training, support in drawing up a business plan), such as Jokkolabs, a Senegalese incubator that has launched a support programme for young people in the agroecology sector. In this context,

U-IMCEC **supports young people supported by Jokkolabs** with financial products designed specifically to meet their needs. These collaborations and market studies supported by ADA have allowed U-IMCEC to enhance its offering in 2020 with **savings and loan products tailored for young first-time entrepreneurs**. An **agricultural insurance product** was also launched and distributed by U-IMCEC.

Lastly, Senegal benefited from the COVID-19 response programme launched by ADA in April 2020 (page 8) to limit its operational risks following the health crisis.

**SUPPORT FOR YOUNG ENTREPRENEURS THROUGH INNOVATIVE FINANCING**

(for financing needs of between €5,000 and €50,000)

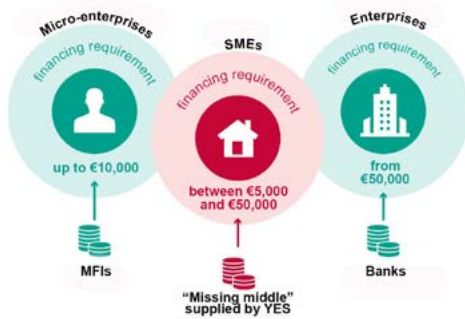
Among the many young people whose socio-professional integration will depend



November 2020: first cohort supported by Jokkolabs as part of support for young entrepreneurs in Senegal.



on the creation and development of their own activity, some have the capacity and want to develop business projects that require larger financing (up to €50,000) than what MFIs offer.



While microfinance institutions (MFIs) finance micro-enterprises and banks finance established businesses requiring large amounts of funding, **growing SMEs** struggle to find solutions tailored to their needs.

In 2018, ADA set up a new funding mechanism called the “**Young Entrepreneurs Sustainable (YES) Funding Initiative**” to address this problem.

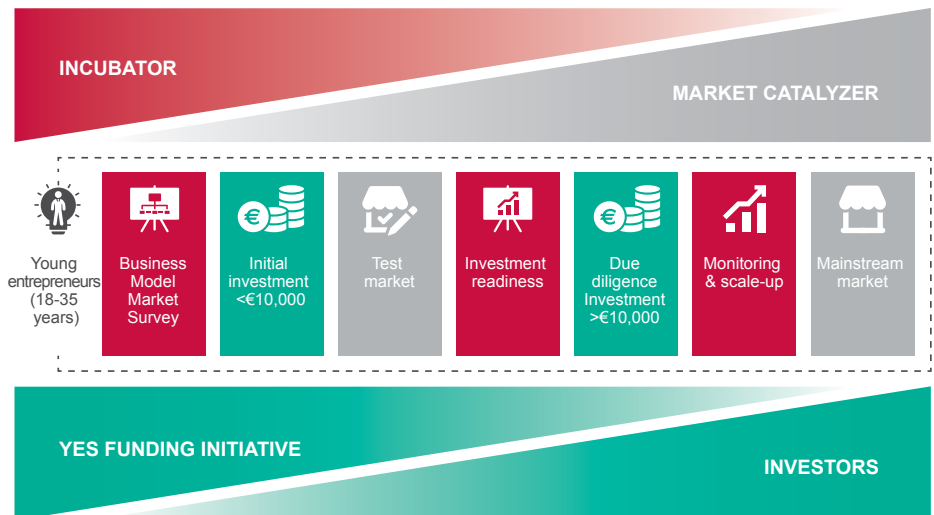
YES FI is a mechanism that finances projects not yet covered by private investors or business angels, which are used to financing young and growing entrepreneurs. YES FI works with partners specialised in supporting entrepreneurship (incubators/accelerators, market catalysts and financial institutions) that provide young people with technical and financial support. This dual financial support (guarantees implemented by YES FI for the financing granted by the financial institution) and technical support (from the incubator) means that investors seeking to finance young people take on less risk. The reimbursement of the financing granted by the YES FI is calculated on the basis of the turnover that the young person derives from his activity. The amount reimbursed is also used to finance the support provided by the incubator.

Several pilot projects have been launched in 2020:

- in West Africa:
  - in Burkina Faso, with the incubator La Fabrique and the financial institution Cofina Burkina;
  - in Mali, with the incubator Donilab and the financial institution Cofina Mali;
  - in Senegal, with the incubator Jokkolabs and the financial institution Cofina Senegal.
- In Latin America:
  - in Nicaragua, with the incubator Impact Hub Managua;
  - in Guatemala, with the incubator Alterna;
  - in El Salvador, with the incubator INSERT/Yawal and Alterna.

A total of **62 young entrepreneurs** received support through these organisations.

### YES Funding Initiative : Invest in the next generation



*Gradually, the financing provided by YES FI gives way to investor financing. At the same time, the young person receives the incubator's support necessary for the growth of the company.*



# STRENGTHENING PRODUCERS TO ACHIEVE SUSTAINABLE AGRICULTURE

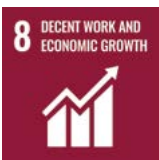
*The agricultural finance project was launched to address the lack of suitable financial products in the agricultural sector. In addition, ADA offers MFIs support to optimise customer ownership of these products.*

## CONTRIBUTION TO SDGs



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

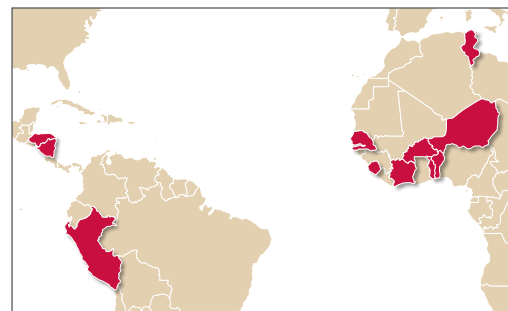
**Target 2.4**  
Adoption of productive, sustainable and resilient agricultural practices



**Target 8.10**  
Capacity building of financial institutions

## KEY FIGURES FOR 2020

- **14 MFIs** received support to develop agricultural credit through different projects (F2.0, agricultural finance, Niger, Tunisia and REDCAMIF);
- **Countries:**
  - **Africa:** Benin, Burkina Faso, Ivory Coast, Niger, Togo and Tunisia;
  - **Latin America:** Honduras, Nicaragua, Peru;
- **11,112 beneficiaries** of agricultural credit;



- **1,094 beneficiaries of training in agricultural techniques** to adopt more sustainable practices.

## ENABLE AGRICULTURAL OPERATORS TO GRASP MARKET OPPORTUNITIES

In 2020, ADA continued its commitment alongside MFIs to offer specific products to farmers and producer organisations in **Benin, Burkina Faso and Togo**. This collaborative work is aimed at **non-financial services (training) to enable agricul-**

**tural value chain operators to optimise the use of credit**, in particular farmers and livestock breeders. These training courses have given them the tools to adopt best practices in terms of product yield and quality. Groups of producers received support with storage techniques and quality control to facilitate their access to the market.

**In Benin, the MFI Renaca**, in collaboration with the Songhaï agropastoral and

agroecological centre, has trained its customers in 4 productions: poultry farming, fish farming, snail farming and market gardening. This training was aimed at optimising production processes, thereby increasing customers' incomes. All these customers were selected by Renaca based on three criteria: (i) their credit history; (ii) their communication skills; (iii) the provision of a space to host at least three other producers with whom they share



the good practices, and who are encouraged in turn to undergo training. The MFI then followed up on the farms to ensure the adoption of these good practices and areas for performance improvements. Several positive impacts emerged from the project, such as the generation of attractive business relationships for Renaca customers and the creation of new jobs. In 2021, this experiment will be extended to soybean and cassava productions.

**In Burkina Faso, ADA is partners with Yikri**, an MFI that works with two training centres (one for animal production, the other for crop production) to provide the same type of support to its customers in three sectors: chicken farming, pig farming and market gardening.

**In Togo**, ADA implemented this same project with two MFIs: **FUCEC and Assilassimé**. For FUCEC, the training was delivered by local NGO MVCP and focused on storage techniques and market access. To date, 280 producers have received this training. Assilassimé has chosen to support its customers in the maize storage, the mechanisation of ploughs, and the adoption of agroecological practices.

ADA has also set up specific training courses for specialised MFI account managers in these countries, most often agronomists, to give them the tools to analyse credit applications related to the sectors in which the institutions operate.



Training of maize, soybean and cassava producers with the NGO MVCP.

Of these four MFIs (Renaca, Yikri, FUCEC and Assilassimé), a total of 9,680 customers received credit to finance their business (production, processing, marketing) and 828 received training. **Ninety-four percent** of agricultural credit beneficiaries state that their income has increased slightly (40%) or significantly (54%).

### IMPROVING THE FINANCIAL INCLUSION OF YOUNG FARMERS IN NIGER

In collaboration with LuxDev, ADA launched a technical assistance project in the Dosso region in 2020 to strengthen financing opportunities for young farmers.

LuxDev was already active in the region, with a capacity building project for young farmers. It has created a start-up financing mechanism consisting of 50% subsidies, 40% credit, and 10% personal contribution from the beneficiary. To finance as many young people as possible, LuxDev and ADA are working together to diversify the financial institutions involved in this project. This has allowed for the inclusion of two small MFIs from the region (Gomni and Hinfani), which can now also offer this credit to young people trained by LuxDev. ADA provides support for capacity building for these two institutions, e.g. to improve operations related to the investigation and monitoring of credit files. In 2020, **146 loans were granted, with an average value of €622**.

The COVID-19 pandemic put the brakes on some activities related to FMI capacity building. Moreover, ADA's technical advisor on the ground in Dosso had their travel restricted. Nevertheless, staff from both MFIs took part in a four-day agricultural finance course organized by ADA. Close support has been implemented on the use of the Factsheet<sup>1</sup> by MFIs as a preliminary step for training on indicator analysis and the use of "Microvision", a tool that allows MFIs to make financial projections. A study



Training in agricultural finance for 4 MFIs in Dosso from 29 September to 1 October 2020.

on MFIs' digital environment and digital transformation strategy was launched with a view to facilitating the financial inclusion of new customers in the region and optimising certain processes. Finally, a capacity building plan with well-defined priorities has been developed for each MFI. These will be implemented by the end of the project in December 2022. At the same time, ADA assisted LuxDev in the operationalisation of a guarantee fund mechanism. It is also offering support and advice to the representative of the Ministry of Foreign and European Affairs in Niger for the strengthening of the country's inclusive finance sector.

### SUPPORTING PERUVIAN COCOA PRODUCERS

Following the assessment of the pilot phase of a project to support small cocoa producers in the San Martín region of Peru (2018-2019), ADA started the second phase of the project in 2020 in collaboration with the NGO and MFI Prisma. This will extend until end-2021.

During the pilot phase, the NGO and MFI Prisma reintroduced an **ancestral method of mutual assistance called "chova"**. The aim was to disseminate good environment-friendly agricultural

<sup>1</sup> The MFI Factsheet Microfinance is a tool for monitoring and analysing an MFI's financial and social performance.



practices for the maintenance of plots for cocoa production, and to partially solve problems related to the lack of working capital. A team of agronomists forms groups of producers called “choveros” and identifies one leader per group. The “chova” method allows these groups to apply agricultural best practices (how to trim trees properly, fertilize, control diseases, etc.), initially with the support of the agronomist. These best practices are then universally replicated on the plots of each producer member of the group. At the same time, MFI Prisma has created the “Prisma Cultivo” loan – a financial product tailored to the needs of the region’s small cocoa producers that allows them to source inputs and acquire equipment.

The goal of the second phase focuses on the **synergy between the financial service (“Prisma Cultivo” loan) and the non-financial service (“chova” technical assistance)** so that cocoa producers can benefit simultaneously from both means of support. **Two mobile applications** have been created to this end: **one used by the “choveros”** in which data relating to the members of the group, their plots, and the maintenance work carried out are collected; **the other used mainly by credit agents** for credit application analysis, **or partially by the agronomists** to collect credit requests from the “choveros”, as they are in direct contact with producers on the ground.

Shortly after the start of phase two, the project saw a sharp slowdown due to the health crisis that struck the country, which also faced a political crisis. Office staff in Lima were forced to work from home, and farmers were unable to get to their plots for weeks or even months with the San Martín area under lockdown. The interruption of freight transport also reduced

sales of cocoa to cooperatives in the region. Nevertheless, many planned activities were implemented. Capacity building training initially planned for the MFI and NGO Prisma was moved to an online platform. “Choveros” were able to stay



**Supplement the financial service (credit) with a non-financial service (technical assistance) to generate more income.**

in touch thanks to an active WhatsApp group. The agronomist team organised webinars via this network and sent regular technical advice to small cocoa producers.

At the end of this year, and given the particularly difficult social and health conditions, the balance sheet is positive, with a volume of loans that exceeded the planned goal (2,000,000 Peruvian sols versus an initial goal of 1,500,000 sols) and 467 loans disbursed. 35 agricultural producers received both financial and non-financial services. The assessment of the pilot project showed that the combination of these two services generated more income, hence the need to bolster their synergy. Two hundred and sixty-six new producers have also joined support groups, supplying the MFI database with precise feedback from the field. In 2021, the MFI Prisma thus plans to integrate the agronomy team into the MFI’s staff within a new unit dedicated to agricultural technical assistance.



Group of farmers undergoing training with their “chovero” leader.

**SSNUP: INCREASING THE RESILIENCE OF SMALLHOLDER FARMERS**

Smallholder farmers often struggle to access inputs, financing and market information. They are also highly vulnerable to weather events (floods, drought, etc.) related to climate change and to price volatility. The growth of the agricultural sector is a key factor in reducing poverty. It is hence vital to strengthen the safety nets – in other words the resilience of these stakeholders.

To meet the needs of these smallholder households, ADA, in collaboration with the Swiss Agency for Development and Cooperation (DDC), the Luxembourg Agency for Development and Humanitarian Cooperation, and LuxDev, launched the **SSNUP (Smallholder Safety Net Upscaling Programme)** in October 2020. SSNUP is a programme that **co-finances technical assistance projects for impact investors**, whose partners (investees) are stakeholders in agricultural value chains on the ground (MFIs, rural banks, insurers, SMEs, agricultural cooperatives, etc.). By supporting these projects, SSNUP aims not only to increase smallholders’ resilience but also to reduce investment risk, thus encouraging greater investment in agriculture. SSNUP intends to use this virtuous circle to support the development of a sustainable agricultural sector.



Planned over 10 years and with an estimated budget of €55 million, SSNUP aims to strengthen the safety nets of 10 million smallholder households in Africa, Latin America and Asia, improving the well-being of 50 million low-income people.

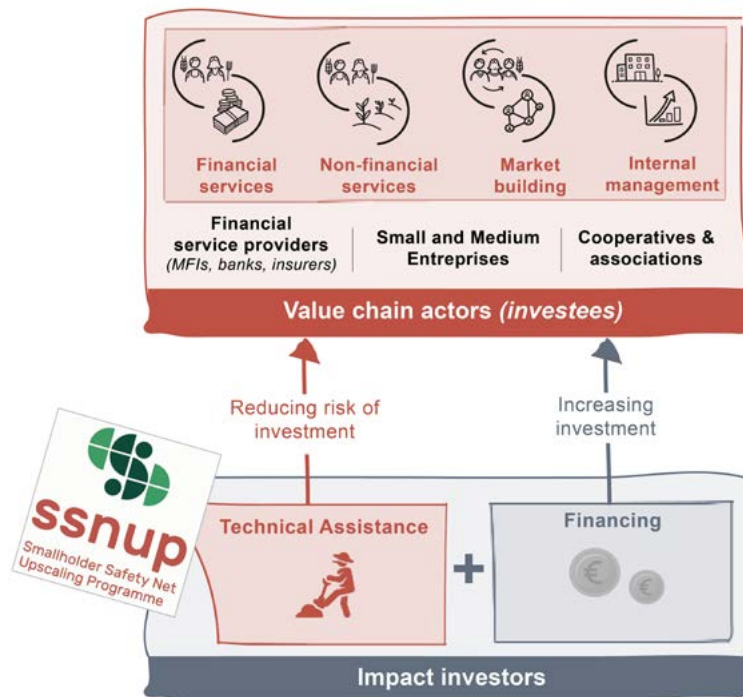
**SSNUP are actively involved in four types of project**

To date, SSNUP co-finances impact investor technical assistance projects in four areas:

- **Development of financial services:** design, management and distribution of financial products through institutions on the ground, and market or feasibility studies to develop these products;

- **Development of non-financial services:** projects for the adoption of sustainable agricultural practices, as well as financial education or certification projects for farmers;
- **Facilitating access to markets:** projects aimed at developing markets by creating synergies between agricultural value chain stakeholders;
- **Internal management:** projects to build investees' capacities (risk management, digitisation of processes, financial management, etc.).

- Example of a technical assistance project supported by SSNUP**
- Project name: index-linked agricultural insurance in West Africa
  - Project type: development of financial and non-financial services
  - Impact investor: Oikocredit
  - Value chain stakeholder (investee) that benefits from the technical assistance: Inclusive Guarantee, an insurance broker in which Oikocredit has invested
  - Country: Burkina Faso, Ivory Coast, Mali, Senegal
  - Value chains: cotton, rice, millet, sesame, sorghum and soya
  - Goals: i) to reduce the risk of 60,000 smallholder farmers (including 20,000 women) taking out agricultural insurance for the first time; ii) to improve the financial management and risk awareness of 100,000 smallholder households through financial literacy training
  - Budget: €235,000, of which €100,000 comes from SSNUP



*“From the field to the fork”: the value chain is the full range of successive activities by different players that take a product or service from its design and production to its distribution to consumers, including its various processing phases. At each stage of the chain, the product gains value.*

**ADA’s role spans coordination and knowledge management**

ADA coordinates the entire SSNUP programme and in particular receives proposals for technical assistance projects from impact investors. At end-2020, investors such as the Fondation Grameen Crédit Agricole, Incofin, Oikocredit, responsAbility and Symbiotics had already joined forces with SSNUP. ADA is also responsible for knowledge management and dissemination.

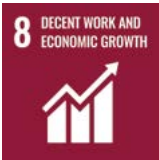


INCLUSIVE INSURANCE

# PROTECTING VULNERABLE POPULATIONS THROUGH INCLUSIVE INSURANCE

*Inclusive insurance is a suitable response to the protection needs of the most vulnerable. ADA contributes to inclusive insurance through innovative solutions relating to products, distribution channels and partnerships.*

## CONTRIBUTION TO SDGs



**Target 8.10**  
Capacity building of financial institutions



**Target 1.5**  
Building resilience among vulnerable people

## SERINSA: PROVIDING ACCESS TO INSURANCE IN CENTRAL AMERICA

SERINSA (*Servicios Inclusivos, S.A.*) is a company created by REDCAMIF, a regional microfinance network for Central America and the Caribbean. It distributes inclusive insurance products through 14 MFIs based in Nicaragua, Guatemala, Honduras and El Salvador. Since 2018, **ADA has been working with the Belgian Raffeisen Foundation (BRS) to provide technical assistance to SERINSA.** This allows it to:

## KEY FIGURES FOR 2020

- **14 MFIs and 4 FinTech** companies received support;
- **65,245 beneficiaries** of an insurance product: life insurance (99%) or agricultural insurance (1%);
- **Countries:**
  - **Central America:** Guatemala, Honduras, Nicaragua and El Salvador;
  - **Middle East:** United Arab Emirates;
  - **Africa:** Mali.



- **improve its offering of inclusive insurance products** (life, accident and health, particularly cancer) tailored to the needs of its partner MFIs' customers;
- **stimulate its growth** to achieve high standards of financial and social performance.

During the pandemic, credit officers could no longer visit their customers and prospect for new ones. Despite this, **eight MFIs continued to sell products.** In 2020, 58,771 insurance policies were sold, including 52,067 (88%) for life insurance only.

ADA and BRS have increased assistance to SERINSA to help it overcome the crisis with a **subsidy** to finance certain expenses, including the **financing of a market and customer satisfaction research** in El Salvador. The aim is to gather information on customer needs to better position itself in this mature market. Results have highlighted customers' interest in insurance products relating to health, theft, floods and fire, emphasizing the need to educate people and make them aware of insurance. Notably, 70% of those surveyed said they were satisfied with the current offer.





Finally, ADA's support enabled SERINSA to finance an **assessment of insurance policy renewals** in Nicaragua, Honduras and El Salvador. The company has also expanded its range of insurance products with a **remote medical consultation service**, which 1,921 customers had already used in 2020.

### INSURING MIGRANT WORKERS AND THEIR FAMILIES VIA MONEY TRANSFER

Since 2017, ADA has partnered with Democrance, an insurance tech company based in Dubai, to **provide insurance to low-income migrant workers** in the United Arab Emirates. Membership of this **insurance scheme is achieved via the money transfer operators that migrants use to send money home to their families**. Relatives can thus receive compensation in the event of the death or disability of the migrant.

Two insurance products for migrants were developed and launched in 2020 with the support of ADA and the insurance company AXA: a free product, sponsored by the money transfer operator, which covers death and disability for 90 days; and a second paid product (€1.60 per

month), which adds greater coverage to the free product. A free teleconsultation service was also added during the COVID-19 pandemic. A third product offering coverage to families remaining in the country is under development. These products are distributed through money transfer operators (Hello Paisa and Rise) using a digital platform developed by Democrance. The platform allows: i) the migrant to easily manage his/her insurance subscription via smartphone; ii) his/her family in the country of origin to also make a claim via smartphone if the need arises; iii) the insurer to compensate the family in the country of origin via the money transfer operator.

By the end of the project in September 2020, 13,235 migrants had taken out one of the two insurance products.

### OKO IN MALI: AGRICULTURAL INSURANCE FOR MAIZE PRODUCERS

Since March 2020, ADA has been supporting OKO in Mali, a start-up that distributes index-linked agricultural insurance products to small producers in the country. It allows farmers affected by floods or droughts to receive compensation directly via their mobile phones. Initially, OKO sought to insure **maize growers** in five regions of Mali.



The support provided by ADA was aimed at supporting the start-up in **expanding to two additional regions**.

With ADA's support, OKO recruited two representatives for the two new regions. It then launched a text message campaign in May in the seven regions for small maize producers, who were invited to receive a call back if they wanted to purchase the agricultural insurance product. A total of 30,000 expressed interest in the product and asked to be contacted again. Victims of their own success, OKO's agents were unable to call back every customer. Some producers, who are illiterate, were unable to read the text message in French or even receive the promotional voice message via WhatsApp as they did not have a smartphone. Only **1,867 maize producers have finally taken out the agricultural insurance policy against floods or droughts**. Of these, **624 are in the two expansion areas targeted by the project** (i.e. 33%), which nevertheless is a satisfactory result during a pandemic. Mali experienced severe flooding throughout the country in 2020. In the two areas supported by ADA, out of 624 producers who subscribed to the agricultural insurance product, 373 were able to be compensated. Following this initial experience, OKO wants to cover four new crops in addition to maize, and to modify its communications to make it more accessible to illiterate customers.

#### CUSTOMER JOURNEY

- The migrant goes to a money transfer operator to send money to his or her family.
- The insurance is automatically activated when he or she makes the transfer.
- Both the migrant worker and their family receive a text message with the insurance policy and the procedure to follow when making a claim.
- In the event of death or disability, his or her family may request compensation via the telephone.
- Compensation is paid via money transfer.



# PROMOTING ENVIRONMENTALLY AND CLIMATE FRIENDLY INITIATIVES

*ADA supports microfinance institutions in developing financial services for environment- and climate-friendly uses and practices.*

## CONTRIBUTION TO SDGs



**Target 8.10**  
Capacity building of financial institutions



**Target 6.2**  
Access to sanitation services



**Target 7.1**  
Access to clean energy



**Target 11.1**  
Improvements to living conditions

## KEY FIGURES FOR 2020

- **22 loans disbursed** for the “Eco-shems” product (Tunisia);
- **13 MFIs supported** for the development of “green” credit (REDCAMIF);
- **Countries:**
  - **Latin America:** Guatemala, Honduras, Dominican Republic, El Salvador,
  - **Africa:** Tunisia.



## PROVIDING ACCESS TO GREEN ENERGY FOR AGRICULTURAL PRODUCTION IN TUNISIA

In 2019, ADA carried out a project to support ENDA Tamweel in Tunisia, the country’s largest MFI, in applying their environmental strategy through the implementation of new “green” products and services. The project **assessed the potential of the MFI’s green portfolio** to build internal capacity for more efficient portfolio management; to **improve an existing green product focussed on recycling**, the “Eco-loan”; and to **define a new**

**green product**, the “Eco-shems” loan, to finance the irrigation and solar pumping systems of date palm producers in southern Tunisia.

In 2020, ADA supported the introduction of the Eco-shems product in the pilot branch of the city of Tozeur, before distributing it in five more branches in the south of the country. At end-2020, despite the health crisis that slowed down the project, **22 loans for a total of €144,000 were disbursed**. The goal for 2021 is to grant 240 Eco-shems loans and provide technical agricultural assistance to 50 producers to teach them good water management techniques. In



Enda Tamweel customer who benefited from an energy transition product.

time, the taught method can then be replicated by the MFI.

Furthermore, Enda Tamweel and ADA have started to think more broadly about implementing a financial product enabling customers to embark on their company's energy transition using photovoltaic panel technology and its many possibilities. A survey will be launched in early 2021 to better understand the needs of certain promising business sectors in urban and suburban areas, and to be able to launch a new tailored green product in 2021.

## PROMOTING THE USE OF RESPONSIBLE FINANCIAL SERVICES IN LATIN AMERICA

The microfinance sector in Central America and the Caribbean is represented by the REDCAMIF regional network (*Red Centroamericana y del Caribe de Microfinanzas*), which brings together the national networks of seven countries: Guatemala, Honduras, Dominican Republic, El Salvador, Nicaragua, Costa Rica and Panama. Together, these networks represent 138 MFIs, with a total coverage of 1.8 million customers, 60% of whom are women with 40% living in rural areas. The partnership with REDCAMIF allows a significant geographical reach and the integration of a wide variety of themes needed to strengthen the sector.

For 12 years, ADA and REDCAMIF have been providing financial and technical support to member MFIs to help them

offer innovative solutions to the most disadvantaged people and to improve their living conditions. An initial ADA-RED-CAMIF project carried out between 2012-2017 was the subject of an assessment, the conclusions of which informed the **ADA-REDCAMIF II project for 2018-2021**. This second project includes the development of financial products and non-financial services enabling access to energy and encouraging environmentally responsible agricultural practices aimed at adapting to climate change with MFIs affiliated to REDCAMIF.

In this context, **13 MFIs from RED-CAMIF-affiliated networks received support in 2020 to develop a "green" loan** not limited solely to energy or the adoption of agricultural and environmental practices. Green credit covers several themes:

- **energy:** installation of solar panels;
- **water and sanitation:** improvements to or construction of toilets and waste management;
- **green housing:** energy renovation (e.g. transparent roofing to allow natural light to enter);
- **green rural finance:** implementation of environmental practices in agricultural activities.



**Green credit is not just about energy or adopting agricultural and environmental practices.**

At end-December 2020, a total of **381 MFI customers** based in Guatemala, Honduras, the Dominican Republic and El El Salvador benefited from green credit:

- **Energy: 2 MFIs** (BANCO POPULAR and FFDL) and **106 beneficiaries**;



- **Water and sanitation: 4 MFIs** (FAPE, MAYAVERSATIL, HPHES, PANAPANA) and **168 beneficiaries**;
- **Green housing: 1 MFI** (ADOPEM) and **40 beneficiaries**;
- **Green rural finance: 6 MFIs** (SUMA, PADECOMSM CREDITO, PILARH, CREDICAMPO and FUNDENUSE) and **67 beneficiaries**. Another project aimed at financing the development of ecotourism with FDD is underway.

These projects are only in their early stages. The products were marketed at the end of 2020, and distribution has been slow due to the pandemic. Earnings are expected to be stronger in 2021.

In October 2020, ADA also received funding from the Luxembourg Ministry of Environment, Climate and Sustainable Development (MECDD) to carry out a green product development project entitled "Strengthening the capacity of low-income farmers and micro-entrepreneurs to adapt to and mitigate climate change". Three MFIs have already been selected to receive this support.



INVESTMENT

# FINANCING THE DEVELOPMENT OF MICROFINANCE INSTITUTIONS

*ADA advises the Luxembourg Microfinance and Development Fund (LMDF) about financing microfinance institutions with a strong social mission.*

## CONTRIBUTION TO SDGs



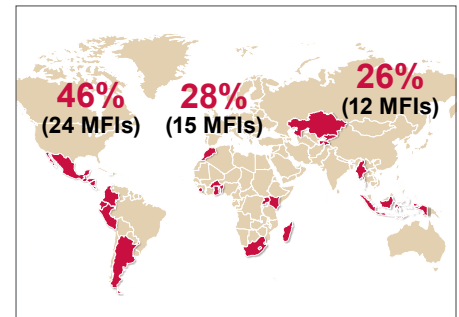
**Target 10.b**  
Foreign direct investments



**Target 17.3**  
Foreign direct investment

## KEY FIGURES FOR 2020

- **9 loans disbursed** for €5,200,000;
- **3 new funds** financed;
- **As at 31 December 2020:**
  - **51 MFIs** financed in 24 pays;
  - amount outstanding of €26.5 million;
  - average loan: €1,338;
  - **55,721 micro-entrepreneurs** impacted directly, 72% of them women.



ADA advises the LMDF fund that it set up in 2009. ADA makes **debt investments** via this fund with small MFIs (Tier 2 and 3) based in Africa, Latin America and Asia. In addition, ADA can offer them one-off or enhanced (long-term) **technical assistance**.

### The case of Finamiga in Colombia: bespoke support

Finamiga UNI2 is a Colombian MFI that specialises in financing the vehicles needed to develop micro-enterprises (motorcycles, trucks, tractors, etc.). It also offers

loans for financing the working capital, fixed assets and housing improvement. ADA, through LMDF, granted an initial loan to Finamiga in 2019 to help it expand its loan portfolio. With the pandemic that followed in 2020, the MFI granted financial aid to its customers to reopen their businesses.

As part of its **COVID-19 response programme** (p. 8), ADA also issued a **grant** to Finamiga to enable it to purchase the biosecurity equipment it needed to carry on its business. It also provided a **team of consultants** to help Finamiga **resume its**

**lending operations**. This recovery plan included a project to **digitise promissory notes and the implementation of an electronic signature** enabling customers to carry out their transactions remotely without the need to travel. The MFI also received a subsidy for setting up a **social rating**, one of the tools used by MFIs and other financial service providers. With business back up and running, ADA was able to resume the investment process and LMDF **granted a new loan in late 2020 to Finamiga for €600,000** to enable it to grant new loans to its customers.



# REDUCING AND OFFSETTING ADA'S CARBON FOOTPRINT

*For the past three years, ADA has implemented actions to improve its environmental and social impact.*

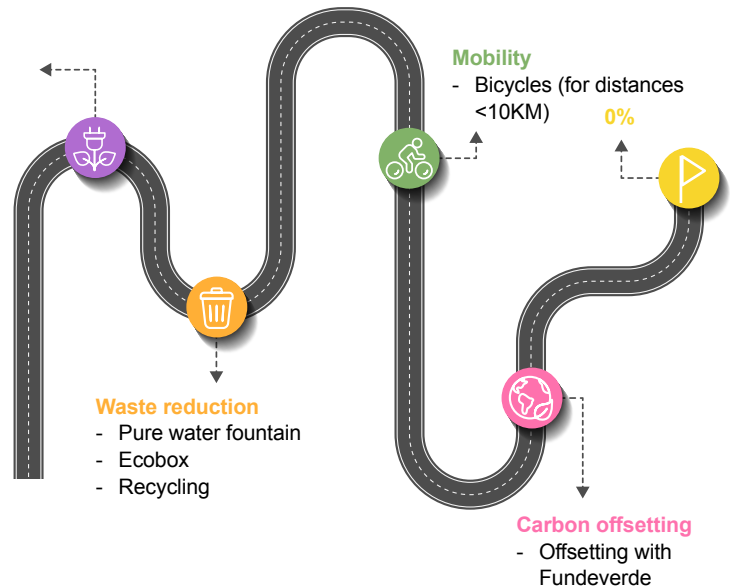
ADA has set out to achieve zero carbon emissions in four ways:

- **Energy savings:** employees are asked to use less heating in the offices via **weather stations** that show the temperature of each room, and to **turn off lights and computers** when they are not on the premises;
- **Waste reduction:** everyone ordering takeout meals from partner restaurants and hotels in Luxembourg is encouraged to use an **Ecobox**. **Filtered water fountains** have been built to make use of the water in the urban network and to gradually replace plastic water coolers (down from 139 in 2019 to 46 in 2020). The goal is to completely eliminate their use in 2021;
- **Mobility:** **two bicycles** were provided for those wanting to travel within a 10 km radius of the workplace;
- **Carbon offsetting:** in 2020, ADA set up a partnership with the **Fundación Reserva Esperanza Verde (Fundeverde)**, a 3,200-hectare reserve of primary and secondary forests in Nicaragua, to offset its 2019 emissions of **305 tonnes of CO<sub>2</sub>**.

## On the way to Zero Emissions

### Energy savings

- Weather stations
- Lights and computers off



48% of ADA employees took daily actions to reduce the carbon footprint. A package detailing the good practices of each member (including ADA) is available on the IMS website.

ADA has signed IMS Luxembourg's **"Zero Single Use Plastic" Manifesto** to remove single-use plastic from day-to-day business. At end-2020,

TRIBUTE

# CORINNE MOLITOR

(1967-2020)

Chair of the ADA Board of Directors from 28 June 2018 to 9 August 2020.

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*“Microfinance in 25 years? I hope it no longer needs to exist. Because everyone will have access to the formal banking system. This is the goal: that microfinance at some point becomes fully integrated into the traditional financial system.”*

Corinne, in an interview with the Lëtzebuenger Journal on 19 November 2019



On 28 June 2018, Corinne Molitor succeeded Max Meyer as Chair of the ADA Board of Directors.



Laura Foschi, Executive Director of ADA and Corinne Molitor, Chair of the Board of Directors: two women at the head of ADA.



At SAM 2019 (African Microfinance Week) in Ouagadougou, Burkina Faso, Corinne had voluntarily postponed her flight to attend the closing ceremony on Thursday evening.



Corinne was involved in the 25th anniversary, working hard with founder Mia Adams, like a passing of the baton between these two committed women.

# OUR PARTNERS IN LUXEMBOURG IN 2020

In 2020, ADA collaborated or held talks with 20 players in the Luxembourg scene:



Our partners at the Maison de la Microfinance:



## BOARD OF DIRECTORS 2020

Chair: Corinne Molitor (January-August 2020), then acting vice president  
 Vice Presidents: Nicole Dochen, Philippe Onimus and Patrick Losch  
 Directors: Gilles Franck, Rémy Jacob, Michel Maquil, Max Meyer, Bram Schim van der Loeff, Luc Vanderweerd, Robert Wagener and Claude Witry

Discover our field partners on:  
[www.ada-microfinance.org/en](http://www.ada-microfinance.org/en)



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