

# ADA, an expert in inclusive finance

Annual Report 2023





**ADA,**  
*a driver of progress for a  
more **INCLUSIVE** and  
**SUSTAINABLE** world.*

# Amplifying our impact in 2023

2023 was a very productive year with major advances in terms of transformation and consolidation. Thanks to the unwavering commitment of our teams, partners and funders, we contributed to improving the living conditions of more than **186,000 beneficiaries** in 55 countries through 15 million euros worth of innovative programmes and projects.

We are proud to see that our expertise in **programme management** and **investment advice** is having an increasing impact on the vulnerable segments of the population we support most (young entrepreneurs, small-holder farmers, small-scale forestry professionals and vulnerable households) thanks to the implementation of tailored and innovative solutions.

In 2023 alone, the projects managed by ADA reached 100,000 new beneficiaries of **financial services**, 20,000 new beneficiaries of capacity building, 15,000 new beneficiaries of **market access solutions** and 800 new beneficiaries of **access to basic services**, the vast majority of whom are vulnerable households. In total, this brings the number of new beneficiaries impacted by our programmes between 2022 and 2023 to 336,000.

Each year, we strengthen our ability to measure and track the impact of our actions through **knowledge management** activities. This ongoing

commitment to maximising our impact is a concrete example of how inclusive finance can effectively leverage financial and non-financial innovative solutions to provide a targeted response to specific needs and thus reduce vulnerability.

The launch of FIT (Financing Innovation Tool), which ended the year with three completed investments, was another highlight of the year 2023. FIT illustrates our ability to develop innovative, flexible and tailored tools to drive impact investing. In addition, we further enhanced the impact of our partnerships. For example, our support for the Luxembourg Cooperation via the collaboration with LuxDev enabled us to expand our activities and increase our impact in Africa and Central America. At the same time, SSNUP (the Smallholder Safety Net Upscaling Programme) financed 34 projects in support of 119 organisations.

Another highlight this year was the major role played by ADA in organising the SAM (African Microfinance Week) in Togo, which reaffirmed the special position we hold in the financial inclusion ecosystem in Africa, while at the same time underlining our commitment to promoting the sharing of knowledge and best practices.

In conclusion, we would like to express our gratitude to all the partners with whom we work closely and who

– through their dedication, passion and expertise – enable ADA to continue to make a significant difference to the lives of vulnerable people. Together, we are driving progress towards a more inclusive and sustainable world for all.



**Laura Foschi**  
Executive Director, ADA



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

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# What we do



## Programme management

ADA's programmes strengthen the autonomy of vulnerable people by leveraging inclusive finance to improve their living conditions. These programmes focus on supporting young entrepreneurs (see page 12),

providing access to basic services (see page 20) as well as strengthening agricultural and forestry value chains (see page 16). All projects are implemented in partnership with local organisations and service providers, who can afterwards continue to offer the services in an autonomous manner.



### Investment advice

As an impact investment adviser to LMDF (Luxembourg Microfinance and Development Fund), Investing for Development (Iford) and the Financing Innovation Tool (FIT), ADA prospects, analyses and selects investees with

profiles sought by LMDF and FIT and provides training and technical assistance to optimise their financial and social performance if necessary. While LMDF mainly strengthens microfinance institutions, ADA launched FIT to give underfunded social impact organisations access to financing (see page 26).



### Knowledge management

The knowledge management team analyses the impact of ADA's projects and collects, analyses, produces and

shares knowledge based on ADA's project experience and that of other actors in the development and inclusive finance sectors (see page 28).

# Key figures 2023





## Results

# 186,729

**beneficiaries of solutions tailored to their needs, 60% of whom are women**

# 19,638

**beneficiaries of technical and/or entrepreneurial support services**



# 761

**households with access to basic services**



# 162,516

**beneficiaries of tailored financial services, 62,674 of whom via investment advisory services**



# 15,434

**beneficiaries of market access solutions**



## ADA's contribution to the Sustainable Development Goals (SDGs)



**1 NO POVERTY**

**TARGET 1.4**

Access to basic services, including microfinance

**TARGET 1.5**

Strengthening resilience among vulnerable people



**2 ZERO HUNGER**

**TARGET 2.3**

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

**TARGET 2.4**

Adoption of productive, sustainable and resilient agricultural practices



**3 GOOD HEALTH AND WELL-BEING**

**TARGET 3.9**

Reduction of health problems due to polluted air, water and soil



**4 QUALITY EDUCATION**

**TARGET 4.4**

Strengthening the skills needed for employment and entrepreneurship



**6 CLEAN WATER AND SANITATION**

**TARGET 6.2**

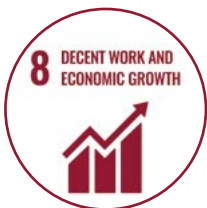
Access to sanitation services



**7 AFFORDABLE AND CLEAN ENERGY**

**TARGET 7.1**

Access to clean energy



**8 DECENT WORK AND ECONOMIC GROWTH**

**TARGET 8.10**

Capacity building of financial institutions and access to financial services



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

**TARGET 9.3**

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



**11 SUSTAINABLE CITIES AND COMMUNITIES**

**TARGET 11.1**

Access to adequate, safe and affordable housing



**13 CLIMATE ACTION**

**TARGET 13.3**

Raising awareness of climate change



**15 LIFE ON LAND**

**TARGET 15.1**

Sustainable use of terrestrial and freshwater ecosystems



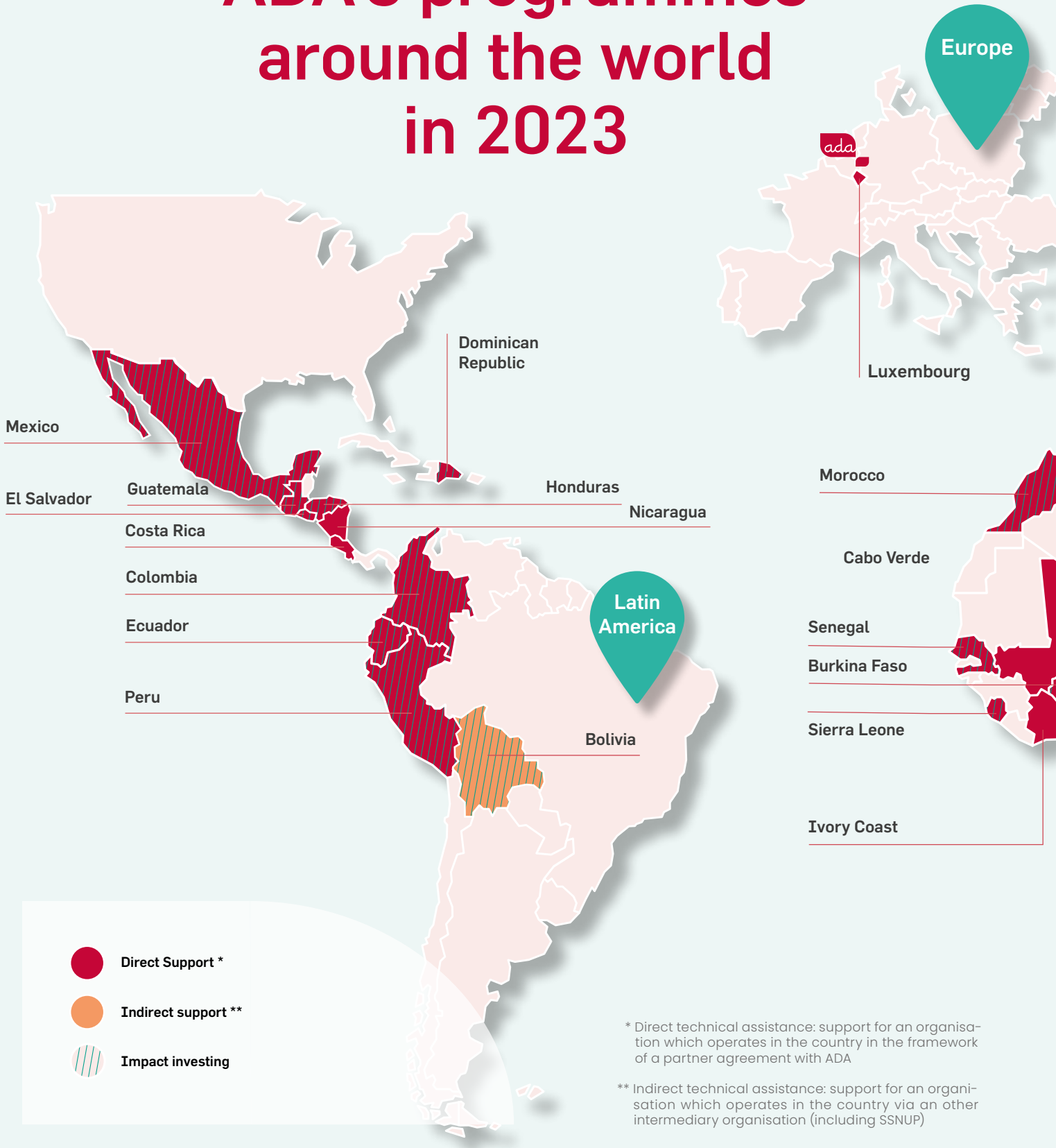
**17 PARTNERSHIPS FOR THE GOALS**

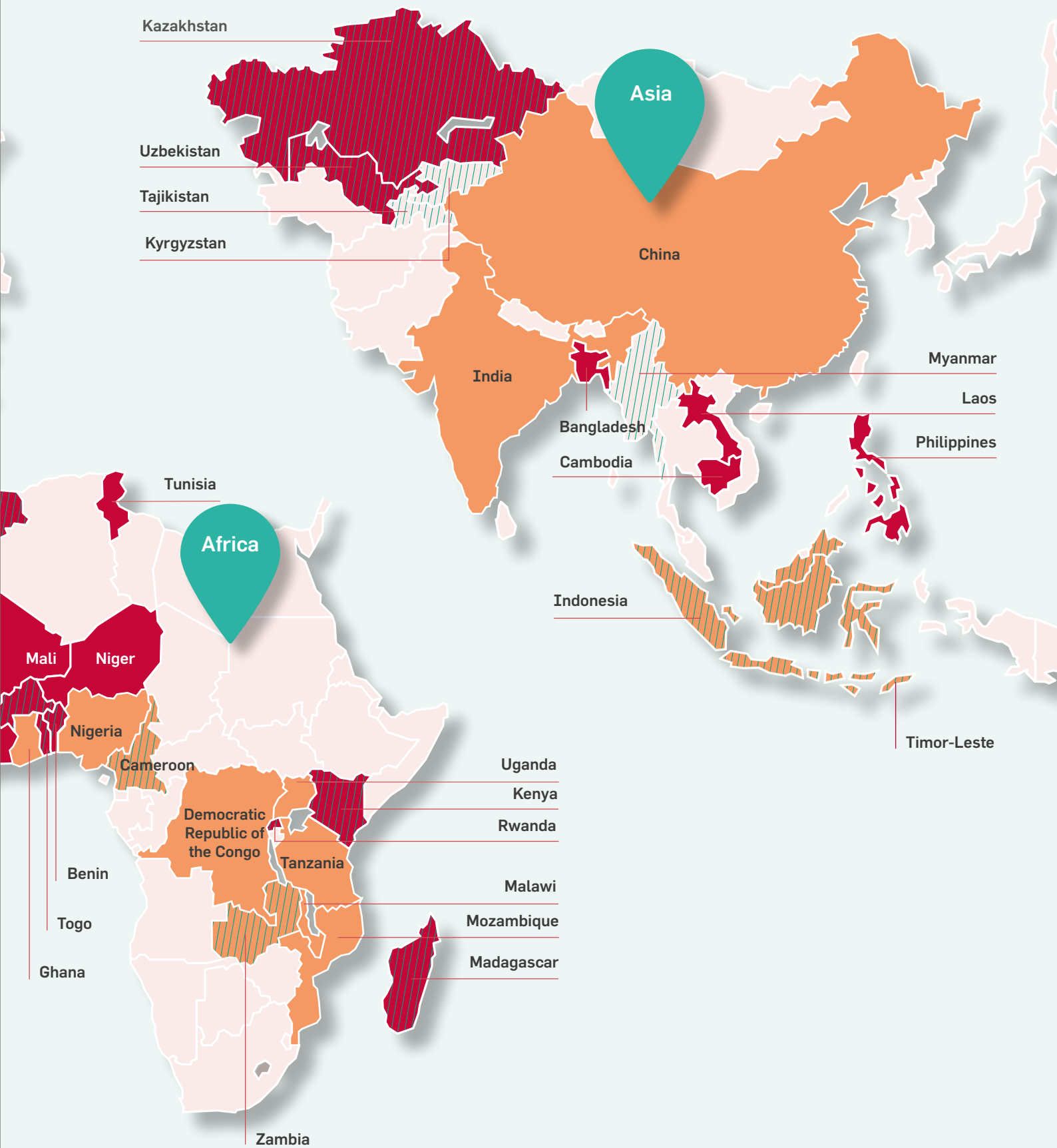
**TARGET 17.3**

Direct foreign investment

**TARGET 17.17**  
Support national strategies in developing countries

# ADA's programmes around the world in 2023





# Financial support and business coaching for young entrepreneurs

Supporting young entrepreneurs in launching and growing a viable business is a strategic priority for ADA.

ADA collaborates with a multitude of actors to provide owners of micro-enterprises and SMEs with flexible, tailored financing as well as business skills.



Fostering youth entrepreneurship in developing countries is key for reducing unemployment and for maximising the contribution of young people to the economy. However, they face significant challenges.

Few financial service providers understand and adequately serve young business owners, especially as their financing needs change throughout the business cycle – a startup has different financing needs than a growing SME.

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

### Financing alone is not enough

Another challenge is a general lack of business skills as there is too little professional training and business development support in most countries. Nevertheless, financial and accounting skills are essential for growing a business as well as for obtaining and managing a bank loan.

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

All parties gain from this setup; it makes the financial institution more willing to grant loans as they are reassured that the entrepreneur is well supported and supervised. The incubators on the other hand are able to offer more holistic services to entrepreneurs thanks to partnerships with the financial institutions. This not only makes

their service more attractive but also more durable.

### Supporting micro-entrepreneurs in Senegal

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

This project aims to develop tailored financial services for young people with flexible conditions and to provide training and coaching before and after the loan disbursement. Throughout 2023, the programme was enriched with post-financing support for young entrepreneurs, which enabled better monitoring and improved skills, confidence, management, mutual support, networking and market access. As a result, the programme is now ready to be upscaled and has already been extended to northern Senegal.

### Helping businesses grow with YES-FI

While the project in Senegal aims to help young entrepreneurs launch their business, ADA also seeks to support

existing companies who need to finance their next growth phase. The Young Entrepreneurs Sustainable Financing Initiative (YES-FI) provides growing entrepreneurs with financing between EUR 5 000 and EUR 50 000 in various African and Central American countries.



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This is one of the least covered ranges of funding needs in the “missing middle”, which refers to funding requests that are too large for microfinance institutions and too small to attract the attention of commercial banks and impact investors. As long as the entrepreneurs have an outstanding loan, they also have access to support from partnering incubators. The costs for this support are partly covered by the loan repayments.

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

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

of loans as the entrepreneurs are granted more flexibility.

The incubators Alterna in Guatemala and La Fabrique in Burkina Faso are good examples of the kind of incubators supported by YES-FI as they focus on financing young entrepreneurs and companies with a positive social and environmental impact.

Both incubators implemented the programme with greater autonomy in 2023, making good use of YES-FI funding to reach out to a growing number of entrepreneurs. Alterna created a dedicated ad-hoc financing structure called Devela to fund more entrepreneurs and which benefited from a FIT loan in late 2023 (cf page 26).

A mid-term evaluation of the programme in 2023 highlighted the importance of systematically providing financed companies with digital or face-to-face accounting solutions. In

addition, the incubators must be further strengthened both operationally (for example, by improving their capacity to collect and analyse impact data) and institutionally. These findings will be taken into consideration in Rwanda where the programme is currently being rolled out.

The YES-FI programme is sponsored by Generali Investments Luxembourg.

### **Boosting green MSMEs in Africa**

ADA started exploring ways of supporting green MSMEs (micro, small and medium-sized enterprises) in 2023. Three test-projects were launched to lay the groundwork for a new green jobs programme for young people, particularly in the agricultural, construction and renewable energy sectors, with a view to combating climate change, encouraging green entrepreneurship and creating jobs for young people.



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*ADA provides different types of young entrepreneurs with tailored financing mechanisms to address funding gaps and with business skills to increase their social, environmental and economic impact.*

## Key figures young entrepreneurs 2023

**503** additional young entrepreneurs benefited from financial services

**22** entrepreneurs benefited from revenue-based loans which are jointly managed by incubators and financial institutions

**184** young people obtained a classic loan tailored to their needs

**190** young people obtained a savings product

**364** young people benefited from capacity-building services and tools

**260** young people benefited from entrepreneurial support from an incubator or an MFI

**69** young people benefited from a digital accounting service provided by young accountants

**39** young entrepreneurs in the food sector were also supported in implementing good operational practices

## Contribution to the SDGs



### TARGET 8.10:

Strengthen the capacity of domestic financial institutions

### TARGET 2.3:

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

### TARGET 4.4:

Strengthen necessary skills for employment and entrepreneurship

### TARGET 9.3:

Access of small-scale enterprises to financial services and their integration into value chains

# Tailored financial products for smallholder farmers and small-scale forest owners

ADA strives to improve the livelihoods of smallholder farmers and small-scale forest owners through increased productivity as well as facilitated access to markets and appropriate financial services.

To this end, ADA connects value chain actors and provides technical assistance to promote good agricultural and forestry practices.





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

ADA's support for small-scale producers is threefold. Firstly, ADA puts in place technical assistance projects that support farmers to increase productivity and sustainability. Secondly, ADA strives to develop agricultural and forestry financing services with microfinance institutions (MFIs) and impact investors, mainly to facilitate farmers' and forest owners' access to financing. Thirdly, ADA strengthens the links between different value chain actors to facilitate market access for farmers, forest owners and processors.

Most projects aim to introduce sustainable production practices to strengthen the resilience of farmers to the adverse effects of climate change, reduce greenhouse gas emissions, counteract land degradation and overexploitation, and preserve biodiversity in managed forests.

### Strengthening value chains

While crop yields are expected to decline in the coming years due to deteriorating climatic conditions and land degradation, the agricultural sector is also a major contributor to climate change due to unsustainable land, forest and livestock management. Despite the crucial importance of the agricultural and forestry sectors for the livelihood of smallholders, food security and environmental protection, their development is stifled from being underserved by financial institutions and due to a lack of structured value chains.

To address these structural deficiencies, ADA is striving to connect different actors in agricultural and forestry value chains, from producers and transformers to service providers and wholesale buyers. This value chain approach combines innovative technical capacity building (including for climate-smart practices) with access to markets, tailored financing and digitalised transaction tools.

In this context, ADA set up several innovative pilot projects in 2022 to connect suppliers and buyers and to complement financial services with digital and capacity-building solutions.

A total of 21 pilot projects have since been put in place with a variety of partner organisations that include SMEs, cooperatives, incubators, MFIs, insurance brokers and technology providers.

### A new focus on forestry value chains

In 2022, ADA started to explore possibilities of providing tailored financing and training to forestry value chain actors. Small forest owners or tenants are a new group of beneficiaries for ADA with specific needs; they face longer production cycles and have longer-term financing requirements than farmers.

ADA has put in place several pilot projects in Guatemala, Costa Rica and Rwanda to better understand these needs with a view to developing support programmes for forest owners and micro, small and medium-sized wood-processing enterprises.

For example, ADA is running a pilot project with the business incubator Tikonel to strengthen the forestry value chain in the western highlands of Guatemala. The pilot project helped more than 60 forest owners to manage their forests according to sustainable good practices to later supply wood transforming companies at a fair price. In addition, several wood transforming

SMEs were provided with entrepreneurial training.

In Rwanda, ADA is supporting the MFI Inkunga in developing tailored short and medium-term loans for farmers who wish to plant trees for timber and biomass production as a way of diversifying their sources of income. In addition, loans were made available for wholesalers, retailers and carpenters to finance bulk purchases and stocks of timber products such as poles and sawn timber.



**SSNUP: a smallholder farmer support programme coordinated by ADA**

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

Launched in 2020, the programme targets agricultural value chains in which impact investors (AgDevCo, Alterfin, Grameen Crédit Agricole Foundation, Incofin, Oikocredit, responsAbility, SIDI and Symbiotics as well as Bamboo Capital Partners who joined in 2023) and their technical assistance facilities are already active.

As the targeted beneficiaries are part of the portfolio of impact investors or among their prospects, project financing is streamlined and investments made by the partner impact investors can be de-risked. While SSNUP is supported by the governments of Luxembourg, Switzerland and Liechtenstein, ADA coordinates the programme and ensures knowledge sharing and the dissemination of best practices.

In 2023, the number of funded projects and supported organisations increased considerably (34 projects approved for 119 organisations compared with 26 projects for 35 organisations in 2022).

**F2.0: an online platform for facilitating input financing and crop management**

ADA designed an online platform to facilitate the management of loans by MFIs to remote smallholder farmers

and their cooperatives to finance the purchase of inputs and the management of stocks in an efficient and profitable manner.

While MFIs benefit from streamlined loan management and reduced risk, farmers can open a bank account and access financing to receive timely inputs. Cooperatives on the other hand can make a profit by selling the harvested produce over time by managing their stocks in response to market demand.

In 2023, the focus was on improving risk management and the quality of the loan portfolio, resulting in a significant increase in outstanding loans (from 1.1 in 2022 to 4.3 million in 2023) and in beneficiaries (from around 3,400 to 7,400). Over the coming years, ADA aims to transform F2.0 into an independent, self-sufficient entity that serves farmer organisations and smallholder farmers.



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*ADA supports smallholder farmers and small-scale forest owners by connecting them with other actors in the agricultural and forestry value chains, by providing financial education and facilitating their access to tailored and sustainable finance, as well as by encouraging the adoption of best agricultural practices.*



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**9,836** new **beneficiaries of financial services**

**8,195** **beneficiaries of loans** for agricultural production, the purchase of agricultural inputs, forestry management or wood storage

**1,641** **beneficiaries of index-based agricultural insurance**

**35,151** **beneficiaries of capacity building**

**17,910** **producers supported** in implementing good practices

**16,854** **producers provided with financial training**

**384** producers or **value chain actors** in the agricultural or forestry sector **received entrepreneurial support**

**22,288** **beneficiaries of market access solutions**

**21,603** **producers or processors connected to other value chain actors** (suppliers or buyers) via a digital platform

**587** **producers certified** (fair trade, organic, etc.)

**98** **beneficiaries improved their marketing strategy** (improved products, targeting new markets)

### Contribution to the SDGs



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



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



**TARGET 2.4:**  
Adopting productive, sustainable and resilient farming practices

**TARGET 15.1:**  
Sustainable use of terrestrial and freshwater ecosystems

**TARGET 15.2:**  
Sustainable forest management

**TARGET 15.3:**  
Combating desertification and restoring degraded land

# Improving access to energy and water for sustainable development

ADA promotes and secures access to renewable energy for small and medium-sized enterprises by connecting them to mini solar grids in rural areas.

At the same time, ADA is improving the living conditions of vulnerable households in villages by providing them with access to essential basic services such as water and energy.

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At a time when access to basic services is crucial for social and economic inclusion, many communities are still deprived of access to energy, drinking water and sanitation, particularly women in rural areas in developing countries. In these countries, ADA identifies suppliers of innovative solutions for improving access to these services and works with local microfinance institutions to develop loans that enable the most vulnerable to acquire these solutions.

### Water, sanitation and hygiene

In Cambodia, private operators supplying drinking water to rural areas are facing financial challenges and the need to formalise their activity. In 2023, ADA collaborated with the local service centre iSEA (Innovative Services, Engineering and Advisory) to support these private operators in managing their activities to ensure the viability of infrastructure. ADA also developed loan solutions tailored to their financial needs in partnership with the microfinance institution Chamroeun. Through this project, ADA aims to improve the quality of and access to drinking water for rural communities on a sustainable basis.

ADA also finalised a test project with the NGO Water for People in Guatemala to install sanitation facilities in primary schools and raise community awareness of good hygiene practices to convince families to also install these facilities. Financing solutions are provided by partnering microfinance institutions. An assessment was carried out at the end of the year to learn from this experience.

These two test projects should enable ADA to define broader priorities and to formulate an ambitious programme from 2025 onwards.

### Renewable energy

Two test projects initiated in 2022 were completed in late 2023, including in Bangladesh with the NGO Friendship, which promoted the use of solar-powered agricultural irrigation pumps.

Eight new test projects were launched over the course of the year, including a solar pumping project in Burkina Faso, two projects in Benin combining access to energy, digital finance and rural entrepreneurship, and a green urban transport project in Senegal. Four further test projects were implemented in Burkina Faso and Senegal with solar mini-grid operators to secure access to renewable energy by promoting its productive use (commercial use of energy to meet business needs) by micro, small and medium-sized enterprises (MSMEs) located in rural areas with no access to the national grid.

ADA also strengthened its relationships with key representatives of the renewable energy sector, such as GERES, an NGO specialising in the energy transition, and the Alliance for Rural Electrification.



### EVER programme: Énergie VERte pour le développement Rural (Green Energy for Rural Development)

These significant advances in access to renewable energy have enabled ADA to formulate the EVER programme, the aim of which is to ensure access to energy by supporting solar mini-grid operators and promoting the productive use of energy by very small enterprises and households. A pilot project in Senegal with the solar mini-grid operator COSEER (Consortium sahélien d'énergies renouvelables) aims to demonstrate that the use of solar energy can promote rural development and support the growth of solar mini-power grids.





*ADA supports rural entrepreneurs in securing access to green energy generated by mini-grids and improves living conditions in households by promoting access to water.*



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## Key figures 2023 access to basic services

Results of activities to develop financial services and awareness and support programmes:

**973** **beneficiaries** (individuals or households) of capacity-building services related to access to basic services (**awareness-raising or entrepreneurial support**).

**761** **households or individuals with access to basic services**, including:

- **336 households with access to water and sanitation** thanks to credit
- **353 households or individuals with access to energy-efficient equipment** or renewable energy equipment through credit or via equipment suppliers who have had access to credit
- **72 households or entrepreneurs have access to solar energy** via a mini-grid

## Contribution to the SDGs



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

**TARGET 11.1:**  
Access to adequate, safe and affordable housing

# Strengthening the inclusive finance sector

ADA strengthens the inclusive finance sector and supports national financial inclusion strategies in the priority countries of the Luxembourg Cooperation.

In these countries, ADA supports institutions such as ministries, public funds and central banks to promote transparency, accountability and client protection.

## Strengthening the inclusive finance sector

ADA contributes to strengthening the inclusive finance sector by getting involved in various bilateral cooperation programmes between Luxembourg and the country concerned, which offer ADA an institutional framework for providing support. In 2023, ADA helped formulate projects to support the sector and develop inclusive finance services contributing to Luxembourg Cooperation programmes in nine countries, usually in collaboration with LuxDev, the Luxembourg Development Agency.

- In **Rwanda**, for example, ADA drafted one of the four components of the project to support the Kigali International Finance Center (KIFC), which will be implemented by LuxDev. This

component aims to support SMEs by strengthening their capabilities and developing appropriate and innovative financial services, in particular by drawing on the Young Entrepreneurs Sustainable Financing Initiative (YES-FI) (see page 14). ADA also helped formulate a project funded by the Luxembourg Cooperation and the European Union aimed at strengthening aquaculture and horticultural value chains. ADA created mechanisms to facilitate access to finance for actors in these value chains to help them develop their activities.

- In **Benin**, ADA drafted the Inclusive and Innovative Finance programme with LuxDev, which provides support for the Ministry of Social Affairs and Microfinance, two public funds, the regulator and MFIs. Together, they will digitalise agricultural value chains

and encourage smallholder farmers to adopt practices that help them build up resilience to climate change.

- In **Senegal**, ADA contributed to a LuxDev project for the socio-professional integration of young people, which provided funding for 859 young people in 2023.
- In **Laos**, ADA and the microfinance association LMFA (Lao Microfinance Association) supported a LuxDev programme to create and consolidate village banks, local microfinance structures that offer rural populations access to credit without collateral. The aim is to make these banks viable by integrating them into MFIs or consolidating them under a parent bank that is approved and supervised by the Central Bank of Laos.



## Support for national financial inclusion strategies

ADA supports national institutions in implementing their national financial inclusion strategy, in particular by improving supervision of the sector, setting up refinancing mechanisms for MFIs and providing financial education for the public:

- In **Tunisia**, ADA continued to support financial education activities for the public. A series of educational films were produced for broadcast on a private television channel. ADA also helped MFIs to design and implement an insurance product, which is due to be marketed on a pilot basis in 2024.
- In **Cabo Verde**, ADA focused on refinancing MFIs, protecting clients and digitalising transactions. ADA notably helped the central bank to improve its reporting tools for supervising MFIs and has enabled most MFIs to digitalise their operations, in particular to submit their reports to the supervisory authorities or to generate the information requested by the credit risk center.

## In 2023, the security situation in the Sahel region deteriorated, impacting ADA's operations in three countries:

- In **Niger**, the military coup in July led Luxembourg to suspend its cooperation with the country, interrupting the implementation of a project to support the development of inclusive finance.
- In **Mali**, the capital Bamako was classified a red zone, forcing ADA to suspend its monitoring of the project to support financing mechanisms for the agricultural sector supported by LuxDev.
- In **Burkina Faso**, ADA helped draft a young people and green jobs project to support the development of financial and non-financial products that encourage green entrepreneurship and generate jobs for young people, particularly in the sustainable agriculture and construction sectors, as well as in renewable energies. Its planned launch in 2024 was put off following the deterioration of security conditions and the decision by Luxembourg's Ministry of Foreign and European Affairs to suspend its cooperation with Burkina Faso in view of the country's political situation.



*ADA promotes the creation of favourable conditions for financial inclusion by working with all actors in the inclusive finance sector at macro, meso and micro levels.*



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## Key figures 2023 sectoral support

**3** countries (Cabo Verde, Tunisia, Niger) in which ADA supported national institutions in the implementation of national financial inclusion strategies, in particular for:

- setting up refinancing mechanisms for MFIs
- improving the supervision of the microfinance sector
- providing financial education to the public.

**2,222** women received financial education in Tunisia

## Contribution to the SDG



**TARGET 17.9:**  
Support for national plans in developing countries

# ADA as an investment advisor for LMDF and FIT



In 2009, ADA launched a private investment fund, the Luxembourg Micro-finance and Development Fund (LMDF), through which investments (in debt) have since been made. LMDF is a sub-fund of the Investment for Development Fund (IforD).

As the mandated investment advisor to LMDF, ADA prospects, analyses and selects microfinance institutions with profiles sought by the fund. ADA only selects MFIs that meet the strict LMDF sustainable and impact financial

criteria and that add specific value to the market in which they operate. ADA performs due diligence visits, presents investment files to the ad hoc committee and follows up on the investments in view of fulfilling the financial and social mission of the fund.

ADA also supports the definition of the fund's investment strategy. In 2023, preparations were launched to transform IforD into a regulated fund with BIL Manage Invest as the management company.

LMDF's outstanding portfolio increased significantly from 42 million in late 2022 to 46 million euros in late 2023. In certain cases, ADA complements these LMDF investments with training and technical assistance for the MFI counterparties to optimise their financial and social performance. This dissemination of good practices not only benefits the supported MFIs but also helps to strengthen the entire inclusive finance sector in the countries concerned.



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## Launch of FIT, a new impact funding tool

Together with the Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs, ADA launched an impact financing tool in 2023 that extends the financial support for MFIs to other entities such as SMEs and business support organisations with a societal impact in developing countries. By the end of the year, FIT had supported entities in Senegal, Rwanda and Guatemala (see page 12).

The Financing Innovation Tool (FIT) was registered as the first Societal Impact Company (SIS) for financial services. FIT shares are 100% impact shares, meaning that all profits are re-invested in the company.

*ADA acts as an investment advisor for the Luxembourg Microfinance and Development Fund (LMDF) and the Financing Innovation Tool (FIT).*

*ADA prospects, selects and carries out the financial, social and environmental analysis of innovative and impactful institutions.*

### Key figures 2023 investment advice

**17 M EUR** disbursed to **19 MFIs** during the year via LMDF

**22 MFIs** in LMDF's portfolio **received technical support from ADA**

**47 MFIs** with **EUR 46.4m** outstanding in the LMDF portfolio at the end of 2023

**62,674** **beneficiaries of loans** for economic activities disbursed **by supported MFIs**

**949,500** **EUR** disbursed by FIT to **3 financial institutions** supporting impact entrepreneurship, women and access to education



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### Contribution to the SDGs



**TARGETS 10.B AND 17.3**  
Direct foreign investment

# Continuous improvement through knowledge management

ADA accumulates and produces knowledge and shares its project experience and lessons learnt, both internally and through publications and presentations at dedicated events.

The Knowledge Management team carries out evaluations and identifies best practices to continuously improve the impact and effectiveness of ADA's activities.



To learn from a broad range of experiences, the Knowledge Management team follows up selected projects that represent ADA's key areas of focus.

To identify the lessons learnt from a project, ADA's Knowledge Management team collects data directly in the field from the various stakeholders involved, including from partner organisations and final beneficiaries.

This direct interaction with all those involved in a project is essential for putting the project results into context, gaining a holistic overview of all perspectives, and thus ensuring the continuous improvement of ADA's interventions.

In 2023, the team distilled lessons learnt from the following projects:

- The development of agricultural finance products with FUCEC (the umbrella organisation for savings and credit cooperatives in Togo) to meet the needs of the various participants in agricultural value chains, thanks to win-win tripartite contracts between producers, aggregators (buyers or processors) and micro-finance institutions.
- 15 years of support for the Cambodia Microfinance Association (CMA), which contributed to the establish-

ment of a national client protection framework to reduce the risk of over-indebtedness.

- Digital quick wins with 17 members of the network of Central American and Caribbean Microfinance Institutions REDCAMIF which helped to improve the quality of services and of the institutions' portfolios.

Regarding methodology, the Knowledge Management team collaborated with LIST (Luxembourg Institute of Science and Technology) to develop a tool for measuring impact in terms of reducing greenhouse gas emissions. Based on input from two of ADA's projects to enable access to solar energy or energy-efficient equipment in Senegal and Bangladesh, the tool can be re-used for other projects.

### Knowledge sharing

The newly generated knowledge is shared through publications or dedicated events and training courses, including:

- Professional training in inclusive finance organised by ADA to promote the development of knowledge and skills in the inclusive finance sector.
- Academic and professional training at the University of Luxembourg's

(uni.lu) Faculty of Law, where ADA sponsors a Chair in Financial Law (Inclusive Finance). The holder of the Chair, Dr Dirk Zetzsche, also carries out research and hosts an inclusive and sustainable finance research conference every year.

- Annual training sessions on agricultural and rural finance (FAR) by ADA in collaboration with the United Nations Food and Agriculture Organisation (FAO) to strengthen the skills of participating financial institutions and enable them to develop tailored products for the agricultural sector.



*Through its knowledge management activities, ADA strives to continuously improve its interventions and shares lessons learned with development and inclusive finance stakeholders.*

## Key figures 2023 knowledge management

**2** training programmes implemented

**5** other knowledge-sharing events co-organised (conferences, online events or workshops)

**4** knowledge sharing documents and lessons learned published with 120 downloads each on average

Knowledge shared with:

- **159 trained organisations**
- **Around 1,000 participants at the SAM conference**



# The inclusive finance sector meets in Togo for the African Microfinance Week

With over 1,000 participants meeting in Lomé from 16 to 20 October 2023, African Microfinance Week (SAM) is undoubtedly the key inclusive finance event in Africa.

The theme of this year's event, "Towards inclusive and sustainable finance", highlighted the importance of inclusive finance for sustainable development and adaptation to climate change.



Organised jointly by the Luxembourgish Ministry of Foreign and European Affairs, Defence, Cooperation and Foreign Trade, the Microfinance African Institutions Network (MAIN) and ADA, SAM offers a unique platform for learning, networking and partnering between experts, financial institutions, investors, entrepreneurs, NGOs, regulators and governments.

### Towards inclusive and sustainable finance conference

Over two days, 90 international speakers discussed the role of inclusive finance in reducing the risks associated with climate change and in the transition to a green and resilient economy in Africa.

#### Key points:

- Inclusive finance is crucial to helping vulnerable people adapt to the effects of climate change, including through insurance, savings and emergency funds
- Inclusive finance can support the transition to a green economy by financing economic activities related to renewable energy, sustainable agriculture and climate resilient infrastructure
- We need to adopt a holistic approach that focuses on the financial (credit, savings, insurance) and non-financial (training, education, equipment, market access, etc.) needs of cus-

tomers to help them build resilience and make the ecological transition

- Partnerships and collaboration between different types of financial inclusion actors such as regulators, investors, financial institutions, fintechs and civil society organisations are essential to amplify the scope and impact of sustainable inclusive finance
- Participants were urged to engage actively in the fight against the effects of climate change and to raise awareness of environmental issues amongst younger generations.



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Environmental activist Ineza Umuhzoza (to the right in the upper photo) made an appeal for participants to engage actively in the fight against the effects of climate change



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### Training sessions, workshops and field visits

26 workshops and training sessions were organised on key themes for the sector, such as digital and agricultural finance, social and environmental impact measurement, inclusive finance and renewable energies,

innovative financing mechanisms and regulation. For the first time, the fintech acceleration programme CATAPULT Inclusion Africa by the LHoFT Foundation was held in French during SAM.

Three field visits to local microfinance institutions and project beneficiaries were also organised, including a visit

to the MFI Assilassimé in the presence of the Luxembourgish Minister for Development Cooperation and Humanitarian Affairs Franz Fayot, and to a tree nursery in Kpalimé run by the NGO Graine de vie, which has set up a project to offset SAM's carbon footprint by planting trees along the banks of the Mono river (see page 36).



### Investor Fair

Originally conceived as a way for microfinance institutions to make contact with investment funds interested in inclusive finance, the Investor Fair has broadened its target audience.

This year, it also opened its doors to promising SMEs and start-ups looking for funding opportunities. In all, 22 impact investors and 130 beneficiaries took part in the fair, resulting in more than 750 meetings.





## Innovators' Village

The Innovators' Village enabled around 30 organisations to present their innovative and sustainable solutions for improving inclusive finance practices. These solutions include financial services, digital financial transactions and insurance, market access platforms and internal management for organisations, for example via information and management systems.

Four prizes were awarded by the Village's partners to the best innovators in their category:

- ARE (Alliance for Rural Electrification) for the best sustainable innovation
- FAO (Food and Agriculture Organization of the United Nations), for the best innovation in agricultural finance
- LHoFT (Luxembourg House of Financial

Technology) for the best Fintech in its 'Catapult: Inclusion Africa' acceleration programme

- MSC (MicroSave Consulting), for the digital creativity award.



For the first time, the Catapult: Inclusion Africa acceleration programme by LHoFT, which supports fintech start-ups in Africa in growing their business and in achieving their inclusion goals, was held during SAM

## The Luxembourgish financial inclusion ecosystem at SAM

ADA brought together key Luxembourgish financial inclusion actors at SAM, including LuxDev, the Social Performance Task Force (SPTF), the European Investment Bank (EIB), the law firm Arendt and Medernach, the University

of Luxembourg, e-MFP, Microinsurance Network (MiN), the Luxembourg Micro-finance and Development Fund (LMDF) and the Inclusive Finance Network Luxembourg (InFiNe.lu). It was also the first time that the 'Catapult: Inclusion Africa' acceleration programme of the Luxembourg House of Financial Technology (LHoFT) was held during SAM.



*SAM brings together a highly diverse group of participants: most of them reiterate the need for a customer-centric approach to the development of inclusive financial products and services.*



### Key figures SAM 2023

**5**

day event

**2**

day conference

**90**

speakers

**5**

plenary sessions

**13**

parallel sessions

**5**

workshops

**26**

training courses and workshops

**3**

field visits

**22**

investors

**+130**

beneficiaries

**782**

meetings between investors and beneficiaries

**30**

exhibitors at the Innovators' Village

## Thank you to our sponsors and partners

### SAM Gold Sponsors



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### SAM Bronze Sponsors



### Media partners



### Sponsors of the Innovators' Village



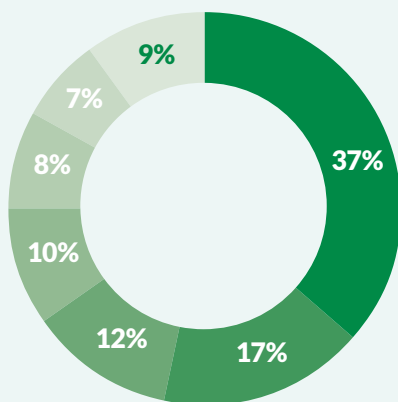
### Partners of the Innovators' Village



### Highly diverse participants

**1,024** participants from 54 countries, including 36 African countries

#### Participant profiles:

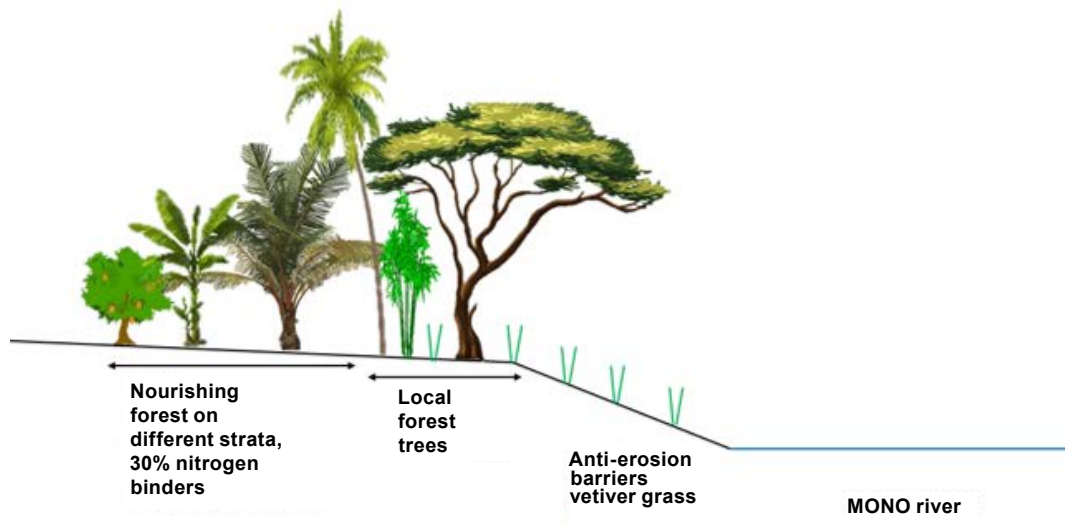


- Financial institutions
- NGOs – training – research
- Investors
- Private companies
- Tech companies
- Public sector entities
- Other

### Participants' feedback



# Our commitment to offsetting our carbon emissions



Agroforestry reforestation project on the banks of the Mono river in Togo



Forests play a key role in storing carbon and in stabilising the climate. The stored carbon is released through deforestation, generating almost 20% of global anthropogenic CO2 emissions. This makes deforestation the third largest source of emissions after coal and oil.

Conversely, reforestation helps to reduce the amount of CO2 in the atmosphere as newly planted trees act as carbon sinks. ADA therefore offsets emissions caused by business travel and the office building by investing in reforestation projects.

### Offsetting ADA's carbon footprint

Since 2021, ADA has partnered with Fondation Hëllef fir d'Natur from natur&ëmwelt, which aims to preserve biodiversity in Luxembourg. Thanks to the partnership, 2,000 trees have been planted annually in the Bischbur nature reserve in the north of Luxembourg with the aim of reforesting spruce

forests ravaged by bark beetles with different tree species adapted to the local climate. In 2023, 700 of these trees were planted directly by ADA employees for the first time.

Patrick Losch, Chairman of the Boards of Directors of ADA and Fondation Hëllef fir d'Natur: "By planting the right mixture of locally adapted species on land formerly occupied by now perishing spruce (conifer) monocultures, we ensure the return of biodiversity and the rehabilitation of the original deciduous forest ecosystem."

### Offsetting the carbon footprint of the SAM event

At the 2023 edition of African Micro-finance Week (AMW) in Lomé, Togo, the issue of sustainability was at the heart of the discussions. To offset the event's carbon footprint, we strengthened our collaboration with the NGO Graine de vie, which is known for its reforestation initiatives, particularly in

Togo, which are perfectly in line with the sustainable development objectives promoted during SAM (see page 30).

Graine de vie Togo belongs to the Graine de vie network, which is also present in Luxembourg. ADA signed a partnership agreement with Graine de vie Luxembourg in 2023 for a joint 5-year tree-planting project in Togo. The project aims to reforest a stretch of 50 km along the Mono river (on both the Togolese and Beninese side) with 20,000 trees in collaboration with the local population.



COLLABORATION

# Our institutional partners in 2023



## Board of Directors 2023

**Chairman:** Patrick Losch

**Vice-Chairs:** Nicole Dochen, Gilles Franck and Philippe Onimus

**Directors:** Karin Faber, Geneviève Hengen, Rémy Jacob, Abraham Schim van der Loeff, Luc Vandeweerd, Robert Wagener and Claude Witry





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