



**ADA  
MICROFINANCE  
EXPERTISE**

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## ADA, YOUR PARTNER IN MICROFINANCE

ADA (Appui au développement autonome), a not-for-profit organization, has for over 15 years been a leading player in the field of microfinance in Luxembourg and abroad. A partner of choice for the assistance of the autonomous development of populations excluded from traditional financial services.

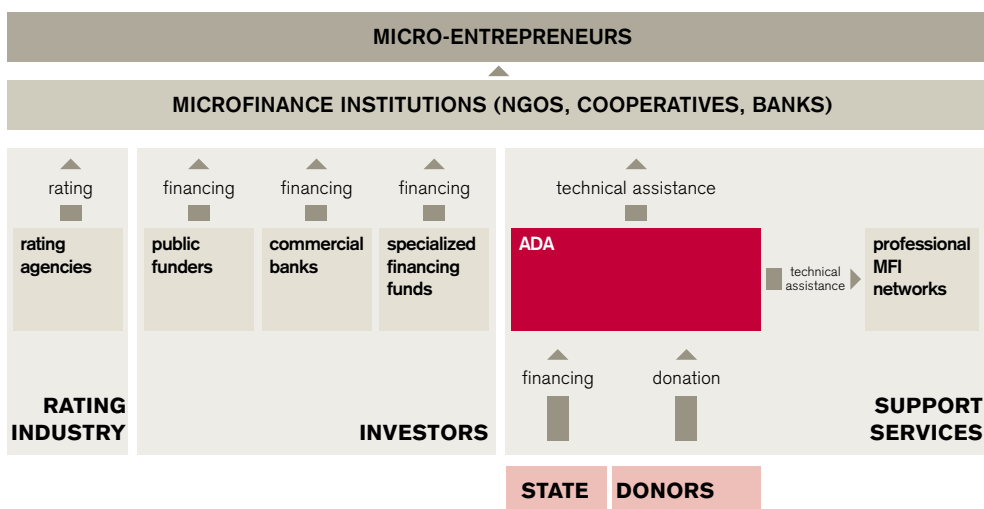
As a **pioneer and expert** in microfinance, ADA initiates and develops new financial products, helps research, and builds partnerships to best assist microfinance institutions (MFIs) in their process of professionalisation. There are 10,000 MFI, operating throughout the world, serving more than 130 million people whose needs the formal banking sector leaves unmet. ADA's **capacity building** services benefit close to 400 microfinance institutions, located in developing countries where the demands are huge and an estimated 1 billion people still today do not have access to "basic" financial services such as bank accounts, saving products, credits, insurances, money transfers, etc.

ADA, as **initiator of innovative concepts**, identifies, tests and develops microfinance products likely to expand the range of inclusive financial services to low-income populations.

As a partner of choice for **knowledge transfer**, ADA shares its expertise with other European microfinance actors via the **information and documentation center** and the House of Microfinance. By organising events and staging awareness campaigns it promotes socially responsible finance for all.

All ADA's initiatives aim to foster transparency and coherency in the microfinance sector, and they converge on a single common target: to boost the fight against poverty.

### MICROFINANCE ACTORS



## RESEARCH AND DEVELOPMENT

ADA gathers and identifies needs in the microfinance sector, and with its extensive network both in the North and in the South, tests, develops and implements products to meet these needs. ADA shares its experiences with practitioners in the microfinance sector by means of publications and organising virtual debates but also through university teaching and research collaborations. These services all tend towards the same objective: to professionalise MFIs with the view to help their autonomy.

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### WHEN INNOVATION WORKS OUT - MICROINSURANCE

In West Africa, 400,000 individual borrowers use the microinsurance product RPC (Régime Prévoyance Crédit). This life insurance product was tested in 2005 and has been undergoing development by the Confédération des institutions financières (CIF) within its six microfinance institutions members for several years with the support of ADA. To sustain the successful micro-insurance practices within these networks and to comply with regulations relating to insurance activity in West Africa, the CIF plans to create in 2010 a regional subsidiary insurance company, "CIF VIE SA", which will have branches in the five countries covered by the Confederation (Mali, Burkina Faso, Sénégal, Bénin, Togo).

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### IDENTIFICATION

ADA establishes needs in the sector, and uses a wide network of microfinance partners to develop innovative products for practitioners. The identification phase addresses the key concern of practitioners as to how to offer appropriate financial products, such as bank accounts, saving, insurance, credits, but also money transfer, micro-energy, micro-leasing and other products, to populations whose needs are unmet by the formal banking sector.

### EXPERIMENTATION

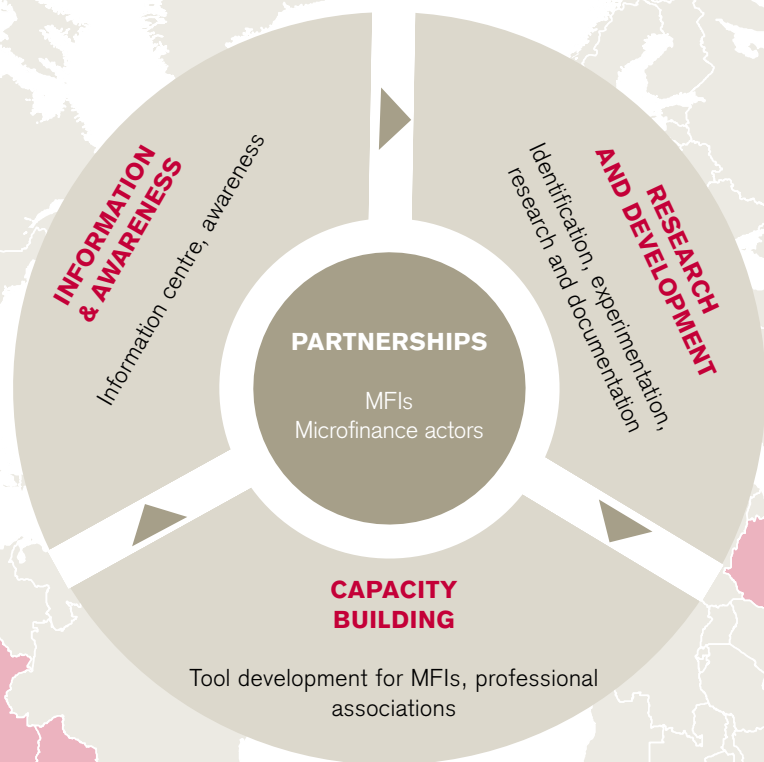
The experimentation phase, done in tight collaboration with partners, allows a product to be tested and refined before it is rolled-out on a large scale. This approach to innovation has resulted in new microfinance products such as migrant's savings, credits to help young people start their working lives, micro-insurance, and also new services such as money transfers via mobile phones.

### RESEARCH AND DOCUMENTATION

To test and prove that these products satisfy the needs of the microfinance sector, ADA documents its experiments and carries out research in partnership with universities.

The information collected is made available in publications that provide content to feed discussion in virtual debates, teaching, and research. In collaboration with partner universities ADA's microfinance knowledge-base is also shared with research students.

**ADA'S ACTIVITIES**





## CAPACITY BUILDING OF MFIs

ADA believes in autonomy and thus develops tools to help microfinance institutions (MFIs) manage their activities and professionalise their services. Training workshops, the “Helpdesk” service, but also the development of new tools in partnership, these are all services made available to MFIs and aiming to strengthen the microfinance sector.

### TOOL DEVELOPMENT & TRAINING

ADA develops tools and training to help the microfinance institutions strengthen their management capabilities. The use of the tools is to measure financial performance, to improve risk management, develop human resources management, etc.

The training workshops provide an opportunity for an exchange of experiences by groups of participating MFIs, each providing their own financial data and benchmarking their own situation against that of their fellow participants MFIs.

Among the tools offered to MFIs is the online platform Microfact ([www.microfact.org](http://www.microfact.org)) which provides valuable instruments to measure financial performance and the performance of micro-insurance products. The website also lists the agenda of regional workshops organized by ADA and its partners on the use of Microfact tools.

Another service, the “Helpdesk”, is available for any MFI that wants information, possibly on one of ADA’s services, but as well on any question it has relating to its activity.

For further information on these and the other tools offered by ADA and its partners, please contact the Helpdesk by sending an e-mail to: [adainfo@microfinance.lu](mailto:adainfo@microfinance.lu).

### PROFESSIONAL MFI ASSOCIATIONS & NETWORKS

ADA is a strong believer in autonomy and works to channel towards microfinance institutions all the tools and training necessary to increase the professionalism of their activities. The collaboration with professional associations and networks of MFIs is directly linked to this goal, allowing regional workshops to be organised where participants can share their respective experiences and can identify collective interests. The goals are to equip them to defend and promote the interests of the microfinance sector within their own area of activity, be it national or regional.

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#### MICRO-ENTREPRENEUR TURNED BUSINESSMAN

Ablassé Kabré, motorcycle dealer in Ouagadougou, Burkina Faso

Entrepreneur already at the age of 15, Ablassé was doing door-to-door sales of ice-creams in order to scrape a living. Some years later, selling used bikes, he started putting money aside. With time he opened an account with a microfinance institution and got a credit to buy motorcycles and set up his own business.

Today Ablassé owns two motorcycle dealerships in Ouagadougou where he employs 16 people. He is proud to invest the equivalent of € 3,000 per year into the schooling of his eight children.

As he says, “I can offer my children things my father could never afford for his own.”

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## INFORMATION & AWARENESS

**ADA gives importance to information and awareness activities. The purpose is not only to send awareness-raising messages but also to help clarify different aspects of microfinance, to launch partnerships and to find new funding sources, in order to help more micro-entrepreneurs. Thanks to concrete actions the entire sector gains visibility.**

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ADA believes in and promotes transparency at the level of its partners and in its own activities. This brings credibility and coherency that are fundamental to developing the microfinance sector.

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### INFORMATION CENTRE

ADA has for years worked toward an exchange of information within the microfinance sector with such activities as its library, information desk and websites. The goal is to increase access to information on microfinance both for professionals as well as to the wider public audience.

The websites [www.microfinance.lu](http://www.microfinance.lu) and [www.lamicrofinance.org](http://www.lamicrofinance.org) ([www.microfinancegateway.org](http://www.microfinancegateway.org)) managed by ADA give direct access to the most relevant sources of information on the sector. Targeted information is available on specialized websites relating to subjects such as microinsurance ([www.microinsurancenet.org](http://www.microinsurancenet.org)), MFI transparency ([www.amt-forum.org](http://www.amt-forum.org)), or the rating industry ([www.ratinginitiative.org](http://www.ratinginitiative.org)).

The virtual information center answers research questions and information needs from the microfinance sector and acts as a relay network between professionals wishing to take up contact. Professional presentations on microfinance can be organised on demand.

ADA stores selected information in a library holding around 4000 works on microfinance. ADA's library is well-suited for academic or other research work related to microfinance.

### AWARENESS

ADA advocates transparency and ethical behaviour in microfinance, and upholds these values in its communication work both inside and outside the sector. Part of ADA's ambition is very much to increase knowledge of microfinance, and to explain it to as broad an audience as possible, not just to increase awareness, but also in order to attract new partners and new funds to allow new projects to be developed.

With these objectives in mind ADA uses means such as the regular "Midis de la Microfinance" mid-day events, which each time bring together close to a hundred professionals from various sectors but with a shared interest in microfinance. Other awareness raising actions towards these objectives include internal conferences at private companies ("Mon entreprise et la microfinance") as well the close and effective work carried out with the media.



## PUBLIC-PRIVATE PARTNERSHIPS

ADA aims to encourage public/private partnerships, it spurs interest and initiates contacts between organizations within and outside the microfinance sector. Putting their capabilities together the partners create new and stronger projects. As a promotor of new ideas, and a pioneer in its own field, ADA is open to creating new partnerships advancing the quality and interests of the microfinance sector.

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The House of Microfinance was initiated by ADA to gather the European Microfinance Platform, the Microinsurance Network and ADA under the same roof. The proximity reinforces synergies to the benefit of the whole sector.

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Examples of multi-partner projects, the African Microfinance Transparency, the Rating Initiative, the Microinsurance Network and the Luxembourg Microfinance and Development Fund (LMDF Fund) were all initiated by ADA before maturing to independent existences. ADA is continuously on the lookout for new financial partners to help bring these and other partnerships further, and ADA contributes to their ongoing journey to success by means of its experience, its expertise and its own financial assistance.

### AFRICAN MICROFINANCE TRANSPARENCY FORUM (AMT)

AMT acts as a discussion platform where MFIs and rating agencies can come together to discuss the process of microfinance ratings. The purpose of AMT is to promote transparency by African microfinance institutions and to help strengthen their capacities in order to better fight poverty. AMT encourages member MFIs to regularly have external evaluations of their financial performance, and to make available transparent and standardised financial information.

[www.amt-forum.org](http://www.amt-forum.org)

Financial partners: Luxembourg Development Cooperation, ADA

### RATING INITIATIVE

The Rating Initiative was launched by ADA in collaboration with numerous of public and private partners. The Rating Initiative is one of the primary sources for rating reports worldwide. It makes available rating agency profiles from around the world, and distributes information related to the microfinance rating industry. The Rating Initiative collaborates with ResponsAbility, the AMT Forum (see above) and the Social Performance Task Force in all aspects related to ratings, including social ratings.

[www.ratinginitiative.org](http://www.ratinginitiative.org)

Financial partners: ADA, Government of Luxembourg, the Swiss Development Cooperation, the Microfinance Initiative Liechtenstein, the Oesterreichische Entwicklungsbank (OeEB), ICCO, the Principality of Monaco, Oxfam Novib, Blue Orchard.

### **MICROINSURANCE NETWORK**

As a platform for micro-insurance practitioners, the mission of the Microinsurance Network is to promote good practice concerning micro-insurance products for low-income persons, and to allow information sharing and stakeholder co-ordination. The Microinsurance Network disseminates lessons learnt from stakeholders' experiences in providing microinsurance against risks faced by microfinance users.

[www.microinsurancenetwork.org](http://www.microinsurancenetwork.org)

Financial partners: ADA, ILO (with the Luxembourg Development Cooperation)

### **IFBL TRAININGS**

In partnership with the Luxembourg Banking Associations Training Institute (IFBL), ADA offers specialized microfinance training courses for the Luxembourg banking sector. These courses are available to investment fund managers, private and personal banking consultants, bank managers, bank employers, auditors, etc. The training time-table is available on the IFBL website.

[www.ifbl.lu](http://www.ifbl.lu)

### **FINANCIAL TECHNOLOGY TRANSFER AGENCY (ATTF)**

The ATTF calls for ADA's microfinance expertise in the framework of specific seminars, notably risk management. ATTF Luxembourg was created in 1999 to meet requests for Luxembourg's technical assistance in financial matters. It also promotes Luxembourg's financial centre to interested partner countries.

[www.attf.lu](http://www.attf.lu)

### **LUX-DEVELOPMENT**

LuxDevelopment, is an agency established to implement Luxembourg's development cooperation policies through social, economic or environmental projects aiming to eradicate poverty in its target countries. ADA and Lux-Development collaborate in consultancy work provided to inclusive finance projects.

[www.lux-development.lu](http://www.lux-development.lu)

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### **LUXEMBOURG MICROFINANCE AND DEVELOPMENT FUND (LMDF)**

The LMDF was launched in 2010 with investments of € 5.4 million provided by the Luxembourg government, ADA and several commercial banks.

The inspiration for the public-private partnership was found in the investment program Luxmint, which has been successfully managed by ADA for the last 10 years, seeking both social and financial returns. With LMDF financing, MFIs have increased capacity to grant micro credits, can create more new microfinance products for their customers, and can invest in the quality of their services.

LMDF's objective is to raise € 25 million worth of investment by 2015.

[www.lmdf.lu](http://www.lmdf.lu)

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## ADA'S COMMITMENT THROUGH MEMBERSHIPS

**To reinforce and advance its actions, ADA supports multi-agent partnerships, as a member or founding member.**

### EUROPEAN MICROFINANCE PLATFORM (E-MFP)

The European Microfinance Platform (e-MFP) is a growing network of over 120 organisations and individuals (banks, financial institutions, government agencies, NGOs, consultancy firms, researchers and universities) active in the area of microfinance. E-MFP was founded in 2006 to promote cooperation amongst European microfinance bodies working in developing countries, by facilitating communication and the exchange of information. [www.e-mfp.eu](http://www.e-mfp.eu)

### ETIKA

Etika (Initiativ fir Alternativ Finanzéierung) is a non-profit association whose mission it is to promote ethical investments, particularly through alternative vehicles, such as microfinance funds. Etika promotes savings products for a public interested in supporting social and responsible projects. [www.etika.lu](http://www.etika.lu)

### LUXFLAG

The Luxembourg Fund Labelling Agency (LuxFLAG) is an independent, non profit association created in Luxembourg in 2006 by seven partners, including ADA. The Agency aims to promote the raising of capital for microfinance by awarding a recognisable label to eligible Microfinance Investment Vehicles (MIV). [www.luxflag.org](http://www.luxflag.org)

### THE "CERCLE" OF DEVELOPMENT NGOS

ADA is a member of the "Cercle" of development NGOs in Luxembourg. The purpose of the "Cercle" is to represent its 75 members before public authorities, to identify and support synergies between these NGOs and to disseminate information to the public and the legislative bodies concerning the development efforts and issues advanced by the NGOs. [www.cercle.lu](http://www.cercle.lu)

### IMS

IMS (Institut pour le Mouvement sociétal) is a non-profit association which was founded by several private companies involved in social responsible politics in Luxembourg. IMS disseminates information among member organizations - including ADA - and facilitates exchange of experiences and good practices in the field of social responsibility. [www.imslux.lu](http://www.imslux.lu)

### LUXEMBOURG ROUND TABLE ON MICROFINANCE

Initiated by the Department for Development Cooperation within the Ministry of Foreign Affairs in collaboration with a number of specialized NGOs of which ADA, the Luxembourg Round Table on Microfinance (LRTM) aims to catalyze regular interactions between the main players in the field of microfinance and inclusive finance in Luxembourg. [www.lrtm.lu](http://www.lrtm.lu)

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Thanks to financial services which are adapted to their needs, clients of microfinance can create their own business and have a regular income.

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ADA - Appui au Développement Autonome

Under the High Patronage of Her Royal  
Highness the Grand Duchess

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LISTENER  
CREATIVITY  
QUALITY  
INTEGRITY



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EXPERTISE

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## **CREDITS, SAVINGS AND INSURANCE: TOWARDS AUTONOMY WITH MICROFINANCE**

Microfinance can be defined as financial services for low-income clients, provided by microfinance institutions (MFIs), to help finance their income-producing activities, save money, stabilize consumption, and protect against life's risks.

The MFIs generally use methods tried, tested and developed over the last 30 years to deliver very small loans to borrowers who frequently have no collateral.

Microfinance does not only provides micro credits to low-income earning individuals but makes various financial services available, such as insurances, savings products, housing credits, money transfers, etc.

By and large, microfinance is part of a movement that envisions a world in which low-income households have permanent access to a range of high quality financial services. Microfinance is not charity. It is about giving to vulnerable and economically excluded people a boost needed to regain dignity and autonomy.

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