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Ministère des Affaires étrangères
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Direction de la coopération
au développement et
de l'action humanitaire

Evaluation of the Inclusive Finance Network Luxembourg asbl (InFiNe.lu)

Final Report

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The observations, appreciations and recommendations expressed in this document represent the opinions of the consultant and do not necessarily reflect those of the Ministry of Foreign and European Affairs.

MFR

ABBREVIATIONS AND ACRONYMS

Acronym	Description
ADA	<i>Appui au Développement Autonome</i>
EMA	European Microfinance Award
InFiNe.lu	Inclusive Finance Network Luxembourg
LMDF	Luxembourg Microfinance and Development Fund
LRTM	Luxembourg Microfinance Round Table
MAEE	Ministry of Foreign and European Affairs (<i>Ministère des Affaires étrangères et européennes</i>)
NGO	Non-Governmental Organization
OECD/DAC	Organization for Economic Co-operation and Development/Development Assistance Committee
SDG	Sustainable Development Goals
SPTF	Social Performance Task Force
ToR	Terms of Reference

EXECUTIVE SUMMARY

Network Overview

InFiNe.lu has been established as a not for profit association (asbl) in 2014 on the former Luxembourg Roundtable on Microfinance (LRTM), an informal initiative launched in 2004. LRTM was created to facilitate the dialogue on microfinance between various public institutions and civil society organizations.

Since the early 1990s, Luxembourg's development cooperation has actively supported the development of microfinance and inclusive finance by contributing to its conceptualization, as well as supporting the research and development of new tools and exchanges with bilateral and multilateral, public and private partners, or members of civil society, while at the same time financially supporting various actors in this field. Given the importance that Luxembourg attaches to microfinance and inclusive financial markets as an instrument for fighting poverty within the wider framework of its development policy, the government of the Grand Duchy of Luxembourg has mandated InFiNe.lu to contribute to promoting and strengthening a centre of excellence in the field of inclusive finance and the creation and management of knowledge and know-how by stimulating and coordinating exchanges between network members. In addition, InFiNe.lu was delegated by the Ministry of Foreign and European Affairs (MAEE) to co-organize, together with the European Microfinance Platform (e-MFP), the European Microfinance Award which is awarded at regular intervals in Luxembourg.

Indeed, InFiNe.lu's objective is to establish exchanges on initiatives, good practices and projects in inclusive finance through the creation of synergies between members, and to target in this way the capacity building and the knowledge of these members. Moreover, InFiNe.lu aims to reinforce the sense of belonging to the network, as well as the links between the association and its members, and aims to increase the number of Luxembourg-based inclusive finance specialist members.

Evaluation Purpose and Approach

The evaluation seeks to assess the work of the Inclusive Finance Network (InFiNe.lu) asbl from 2014 to 2019, and provide recommendations for future objectives and activities, as well as adequate governance to implement the expected results of the network. The main aim of the evaluation is to enable InFiNe.lu to prepare its vision and strategy in an informed manner, and by adopting a results-based approach to maximize the added value that the network can bring to its members. The network has been evaluated through a multidimensional approach including a mix of quantitative and qualitative methods and according to the five OECD/DAC evaluation criteria of relevance, effectiveness, efficiency, impact and sustainability. The evaluation team has developed specific data collection and analysis tools and the findings are based on the analysis of relevant documents as well as on the elaboration of the feedback collected through one-to-one interviews carried out (onsite and offsite) with relevant stakeholders (including members and non-members) as well workshops conducted with the InFiNe.lu Secretariat. 26 members (out of a total of 33) and 3 prospective members were interviewed. Two workshops have also been organized with the consulting company in charge of the assessment of the e-MFP, in order to discuss synergies and ensure alignment between the two evaluations, specifically with respect to the co-organization of the European Microfinance Award.

Relevance

The activities of the network are built around 4 pillars, which well translate the priorities defined by the Convention between the MAEE and InFiNe.lu and exhaustively cover the areas of intervention of the network to achieve its objectives. The annual plans and the annual reports are well conceived and quite detailed, leaving however some room for improvement in the definition of precise and measurable targets, for a better monitoring of the achievement of the goals.

After the first 5 years of activities of the network, the mission and objectives are overall still valid in relation to the needs and priorities of the current members, especially with regards to the strengthening of synergies among the stakeholders involved in the inclusive finance in Luxembourg by promoting the networking among members and the sharing of information and knowledge. On the other hand, it would be recommended to carry out a strategic review involving all the members of the network on the role of InFiNe.lu and its future vision, aimed to analyze the visions of the different stakeholders and if need be revise and adapt the strategy, in order to ensure that it is still relevant considering the evolutions of the network itself as well as the changing external environment

The activities implemented by InFiNe.lu are overall compatible with the general purpose of the network and the members express a good level of satisfaction for the activities carried out, which is also demonstrated by the willingness shown by all the interviewed members (except one) to renew their membership in the next years. Nevertheless, the network shall develop an effective way to collect the feedback and suggestions from the members on a regular basis and monitor their level of implication in the proposed activities, including an analysis of their satisfaction level, in order to ensure an adequate alignment between the objectives of the network and the needs of its members.

The content of the activities proposed and the variety of the topics addressed over the years reflect the efforts carried out by the network to follow the evolutions of the sector and provide the members with updated knowledge and information. The Secretariat, supported by the Board, has shown to be fairly proactive in keeping up-to-date in regards to the latest developments of the financial inclusion industry worldwide.

InFiNe.lu relies on a simple straightforward structure which adequately fits the number of activities carried out and the tasks to be implemented for the running of the network. The annual plan mentions a set of measurable indicators, which are however only partly included in the annual report, thus hampering the capacity of the network to properly monitor the achievement of the expected results. Moreover, the network has not yet developed a specific theory of change including the definition of expected outcomes and desired impact.

Effectiveness

The multiple networking opportunities offered by InFiNe.lu as well as the presentations certainly creates a fertile ground for the development of collaborations and joint initiatives among the members. Yet, some members point out that the network might reinforce this task, by strengthening the sharing of information about the current members activities and being more proactive in developing synergies among the members which may end up with concrete collaborations.

The achievement of the strengthening of Luxembourg as a Centre of excellence in inclusive finance is difficult to evaluate, as it is not directly related to measurable results. However, considering the increasing number of members (from 21 to 33) bringing diversified areas of expertise as well as different points of view and different concrete experiences within the field of inclusive finance, we can imply that it positively contributed to the strengthening of a center of excellence in this field.

The informal activities are overall well appreciated and contribute to strengthening the relationships among the members and the sense of belonging.

The secretariat has shown to be very proactive in developing relationships with new potential members, as shown by the number of meetings organized each year, whose effectiveness is demonstrated by the increasing number of members over the years, which also seem to attest the interest from the Luxembourgish inclusive finance stakeholders in the network.

Many initiatives are undertaken by InFiNe.lu to reinforce the knowledge and know-how on inclusive finance among its members. The topics covered are very diversified and adapted to satisfy the needs of a wide range of stakeholders, with interest in different sectors and different degrees of implication in the inclusive finance sector. The variety of the themes proposed contribute to open development opportunities in other areas of expertise in the inclusive finance field.

The scholarship program is appreciated by the members receiving the grants, as the courses proposed are considered as very valuable both in terms of topics covered and quality of the faculty, and it well responds to the aim of providing new knowledges and tools to the members. Moreover, the diversity of InFiNe.lu members positively contribute to enrich the range of knowledge and skills brought by the network in the inclusive finance industry, combining the experiences and approaches from the public, the private sector and the civil society, as well as the practices from the field. Yet, the network might further leverage on this diversity via the creation of working groups on specific topics reflecting the different experiences of the different groups of members.

The network has been very active in participating to the main national and international events of the industry, with the aim of representing and at the same time promoting the network and its members. While, after 5 years of existence, InFiNe.lu has gained popularity in Luxembourg and built a good reputation at national level, at international level it still needs to strengthen the visibility of its members and of the inclusive finance ecosystem in Luxembourg, and the Luxembourg inclusive finance experience is often associated with other stakeholders having more international popularity such as ADA, LuxFlag and e-MFP.

The monthly newsletter, the website and the social networks constitute effective means to achieve the objective of disseminating knowledge and good practices and the Secretariat has been very active in using these tools to share knowledge, information, news and events, publication and relevant articles.

Efficiency

The structure of the team is overall efficient and fitting the current workload and scope of the activities and the addition of a new staff member in 2017, has allowed for a better allocation of tasks. Moreover, with one human resource fully dedicated (for most of her time) to the organization of the EMA, it has been possible to internalize some tasks both in the organization of the award as well as for the other activities, therefore decreasing some related expenses. The overall level of efficiency of the implementation of the plan is good, considering the variety and the number of activities carried out, the effectiveness in the achievement of the foreseen objectives as well as the structure of the network in terms of human resources and the allocation of tasks.

The collaboration between InFiNe.lu and the e-MFP on the organization of the EMA has been pretty efficient; the tasks are well distributed, with the Platform in charge of the contents and InFiNe.lu taking care of the logistics of the event and preparation activities of the ceremony as well as the follow up actions. The communication and coordination between the organizations have been smooth.

Impact

The assessment of the impact of InFiNe.lu is part of the present evaluation as specifically requested by the ToR, while it is not included in the regular monitoring and reporting of the activities of the network.

This being said, InFiNe.lu has not defined a theory of change including the determination of the expected outcome and impact and therefore the network is not collecting measurable indicators and relevant data to monitor its capacity to produce the intended impact, which limits the analysis of this section.

The main impact of InFiNe.lu as identified by the majority of members relates to its capacity to facilitate the contacts between the main inclusive finance stakeholders in Luxembourg and exchange of ideas and knowledge. As for the creation of synergies, some members report few examples of projects where they established a partnership, but they declare that these collaborations were not directly catalyzed by their participation to the network and that they would have most likely occurred also in the absence of InFiNe.lu.

Indirectly, we can suppose that the new knowledge acquired by the members and the best practices which InFiNe.lu contributes to disseminate, have been used by those members with a specific mission oriented towards the reduction of poverty to strengthen their activities aimed to fulfil their specific goals to improve clients' lives in developing countries though financial inclusion, although this hypothesis cannot be demonstrated by quantifiable indicators.

While effect on the positioning of Luxembourg as a centre of excellence of financial inclusion is difficult to assess due to the lack of measurable indicators and given the young age of the network, the increase of InFiNe.lu members over the years, the joint organization of the EMA as well as the number of people attending scholarship programs outside of Luxembourg contribute to some extent to the positioning of Luxembourg as a Centre of excellence.

Sustainability

InFiNe.lu, as per its nature, is highly dependent on the subsidies of the MAEE, which represent 97% of its total revenues. Although there has been a revision of the membership fee system, the running of the network will still be strictly linked to the contribution of the MAEE, as it would not be possible to further increase the financial contribution of the members, as the smaller-sized members might not be willing to further confirm their membership.

On the other hand, InFiNe.lu might explore new funding possibilities by proposing additional services such as the participation to researches and studies on inclusive finance by leveraging on what members have been doing, in collaboration with research centers or universities.

InFiNe.lu has not defined an exit strategy yet.

Recommendations

<p>Relevance</p>	<ol style="list-style-type: none"> 1. InFiNe.lu shall develop an effective way to collect the feedback and suggestions from the members on a regular basis (i.e., annually or at least by-annually) including their satisfaction level, in order to ensure an adequate alignment between the objectives of the network and the needs of its members. This could be done via a simple online questionnaire to be submitted to the members, ideally before the elaboration of the annual plan. Given that the small size of the network facilitates informal feedback collection, it would be important to keep regular record of the suggestions received via informal channels and consolidate the information to support the decision making. 2. After 5 years' experience, it would be recommended to carry out a strategic reflection, informed by the theory of change (see recommendation n.13) involving all the members of the network on the role of InFiNe.lu and its future vision, aimed to analyse the visions of the different stakeholders and, if need be, revise and adapt the strategy. Furthermore, the network should specifically define its positioning within the broader sustainable finance and impact finance sectors, by determining its scope of action (i.e., circumscribed to the inclusive finance sector or embracing some aspects of the wider sustainable finance arena). 3. In order to better track the achievement of the objectives, the list of quantitative indicators per typology of activity (definition of clusters) to be included in the annual plans and in the annual reports should be integrated by specific indicators on: members' satisfaction level, number of participants to the events, number of applications received for the scholarships. 4. InFiNe.lu should monitor the level of implication/participation of the members to the activities proposed, investigate the specific reasons in case of lower participation and accordingly take actions. The network could inspire itself from the e-MFP monitoring system and adapting it to the specificities of InFiNe.
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Effectiveness	<ol style="list-style-type: none"> 5. With regards to the creation of synergies, the network should consider the possibility/feasibility of a more proactive role, going beyond the facilitation of networking opportunities, with the regular elaboration (e.g. once per year) of a mapping of the main projects/initiatives carried out by the members where a potential for collaboration with other members is envisaged. 6. Given the positive experience of the elaboration of the first publication on the future of microfinance, it is suggested to conduct similar exercises on a regular basis (e.g., every 2 years) based on the feasibility and specific availability of the members, in order to better leverage on the competences on inclusive finance within the network, demonstrating to the public the remarkable expertise of the Luxembourg stakeholders as well as stimulate extensive reflection on a specific topic. 7. Similarly, InFiNe.lu might consider the possibility to create working groups, based on the expertise of the members, to carry out researches and studies on specific selected topics, also in collaboration with research institutes, if relevant, and universities. 8. In order to strengthen the international communication and promote the recognition of Luxembourg as a Centre of excellence for financial inclusion, during the participation to international conferences InFiNe.lu should promote the work done by the members (e.g. Publications and research, through working groups) on specific contents. At the same time, the network as well as the single members should enhance/adapt their external communication (particularly during the international events), by showing evidence of the existence of an inclusive finance ecosystem in Luxembourg and the interconnections among the members, such as the results of concrete partnerships and synergies (e.g. projects where members work together) and initiatives promoted by InFiNe and realized via the collaboration among member (e.g. the 2018 publication). 9. Consider the opportunity to use webinars as a means to reach out to the grand public 10. InFiNe.lu should consider extending the use of such channels to other social networks such as Twitter and Instagram, in order to be able to reach out a larger and more diversified public.
Efficiency	<ol style="list-style-type: none"> 11. With regards to the scholarships offered, due to the high volatility of the number of applicants over the years, the network should investigate the reasons for the low demand concerning specific course and, if need be, revise the training offer, based on the members' feedback. The network could envisage the possibility to co-finance trainings on financial inclusion proposed by the members. 12. The process for the selection of the theme for the Award might be shorter if the Board of e-MFP and the Board of InFiNe.lu instead of meeting separately joined together in one single meeting to determine the topic.
Impact	<ol style="list-style-type: none"> 13. In order to be able to adequately track its impact, the network should start by designing a simple theory of change, including the expected outcomes and desired impact, complemented by the elaboration of relevant measurable indicators, including the timeframe of achievement (short term and long term). Such indicators shall be included in the regular reporting.
Sustainability	<ol style="list-style-type: none"> 14. InFiNe.lu might explore new funding possibilities by proposing additional services such as the participation to researches and studies on inclusive finance by

	leveraging on what is being done by the members, in collaboration with research centres or universities.
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