



MICROFINANCE CENTRE

Annual report

2012





The Microfinance Centre:
Changing the way
the industry does
business



Promoting
client and
community
value through
“microfinance plus”



Making
institutions
“smart” about
their social
responsibility



Meeting
challenges with
social innovation

MESSAGE FROM THE MFC MANAGEMENT TEAM

Dear friends,

In 2012, the global microfinance sector began to emerge from a crisis of its own making. As the year unfolded, MFC's foremost concern was to learn from this trial, and to catalyze a radical change in the industry's values and priorities. What emerged was a new intellectual agenda, which we unveiled during the MFC annual conference in Tbilisi, Georgia¹. We believe firmly that in order to harness the power of businesses (including microfinance) to contribute to solving global social problems, we must revolutionize the way in which we conceive of "business". Our message: a profit-maximizing approach stands to benefit shareholders and harm clients. Our research on over-indebtedness² in Bosnia, Azerbaijan, Kosovo and Kyrgyzstan highlights that MFIs reaping short-term market take a growth-at-any-cost approach that inevitably creates client-level stress which resonates at the community level. Especially in competitive markets, crumbling trust (and the resulting loss of social capital) can even compound increased client poverty and vulnerability.

The turning point is this: the microfinance industry must urgently decide its role within the global development agenda. Do we want to keep pursuing short-term financial gains? Or, can we define a new microfinance agenda, and start innovating around meaningful and lasting solutions to social issues? As for the MFC, we advocate for the latter, urging practitioners to recognize that clients and communities are as (if not more) important as shareholder value.

In the year ahead, MFC will act as the voice for these critical issues. Strategically, we will focus on three related strands:

1. Supporting the sector to develop broader client and community value through a "microfinance plus" approach
2. Ensuring responsible microfinance practices through: implementing an ambitious client protection agenda (in collaboration with the SMART Campaign) and the Social Performance Task Force's USSPM program (in collaboration with the FORD Foundation)
3. Launching a new social innovations laboratory within MFC to test new approaches to social issues.

In practical terms, this means developing a network member code of conduct, exploring opportunities to support social entrepreneurs, engaging MFIs to support clients' businesses to become energy-efficient, working with regulators and associations on client protection, and testing an innovative debt relief program for very poor.

The new strategic plan will position us to effectively protect clients' rights, and enhance the financial and business capabilities of a large number of micro-enterprises and low-income households. Importantly, it will also encourage microfinance institutions to reframe their business models to reflect a new, broader, concept of sustainability that includes social and even environmental concerns. If the crisis has taught us one thing, it's that this is the only acceptable model of growth. To achieve this ambitious strategy, MFC will continue our collaboration with key industry players including the Social Performance Task Force, the SMART Campaign, the Alliance for Financial Inclusion, the UN Capital Development Fund, the European Commission, national central banks and most importantly with our members.

In publishing this annual report, we hope to give you a sense of the important progress we have already made towards these aims.

Best regards,

MFC Management

Grzegorz Galusek and Katarzyna Pawlak

¹ link to the "why are we keeping silent" paper on MFC web site

² Conducted with EFSE support

Our vision and mission

The MFC's mission is to contribute to poverty reduction and human potential development by promoting a socially-oriented and sustainable microfinance sector that provides adequate financial and non-financial services to a large number of poor families and micro-entrepreneurs.

Our vision is to end poverty and develop human potential.

Our aims and objectives

Until the end of 2015, MFC will work to achieve the following objectives:

- Contribute to setting up adequate policies and regulations promoting responsible finance and client-oriented financial inclusion in at least 7 countries of the ECA region
- Establish transparency on social and financial performance dimensions of MFIs and investors for a better allocation of resources. We aim at having 80% of the MFC members reporting on their double bottom line performance
- Contribute to setting up a sound management system to manage both social and financial performance at MFIs, as measured by at least 20% of MFC members receiving a seal of excellence or award.
- Build processes and tools for financial education for low-income people as demonstrated by local capacity built to deliver financial education in 5 countries of the ECA region
- Contribute to the development and deployment of social performance standards in the ECA region
- Promote client-oriented non-credit microfinance products through carrying out at least 2 action-research projects on non-credit products with members
- Strengthen a large and active membership based network through increasing members' involvement in the MFC programs and initiatives.

To achieve its mission and strategic objectives, the MFC prioritizes client-oriented financial inclusion, promoting balance performance of MFIs, creating informed and capable financial consumers, and building institutions.

Our work

Client-oriented financial inclusion

For MFC, financial inclusion is not an end in and of itself — indeed, prioritizing access above all else can lead to client over-indebtedness. In this way, a clear understanding of the risks and realities of financial inclusion is a means to ensure quality and responsible services for clients. In this vein, MFC has carried out extensive research to better understand the constraints to access to quality finance in different countries, with the aim of stimulating policy dialogue about client-oriented financial inclusion. For MFC, a key priority was research on over-indebtedness caused by the Bosnian crisis. The work focused on understanding clients' borrowing behaviors, with special focus on multiple and excessive borrowing, exploring "secure levels of debt", and understanding which characteristics of clients and situations carry a greater risk of over-indebtedness.

Promoting balanced performance of MFIs

Recognizing a strong commercial focus within the ECA region, the MFC has continued to stand as the voice of balanced microfinance through its work in promoting the social performance management agenda. At a global level, MFC contributed to the development of the Universal Standards for Social Performance Management (USSPM) through active participation in the Social Performance Task Force (SPTF) Steering Committee, and through consultation with regional players. MFC has also contributed to the development of minimum standards for client protection through active participation in the Steering Committee of the Smart Campaign. At a membership level, MFC continued to promote and support transparent reporting to the MIX on social performance, and supported MFIs to assess and improve their social performance and/or customer protection practice.

ABOUT MFC

Creating informed and capable financial consumers

Responsibility at the MFI level needs to be balanced with education at the client level. To ensure low-income clients and micro-entrepreneurs are empowered and capable partners with MFIs, MFC continued to build the capacity of local individuals, organizations and governments to embed financial education within their everyday work. Thanks to a comprehensive program that integrates social campaigns, trainings, counseling tools — low-income clients and micro-entrepreneurs are equipped with the knowledge and skills they need for effective budgeting, smart borrowing, saving and planning, and prudent selection and use of financial products.

Building institutions

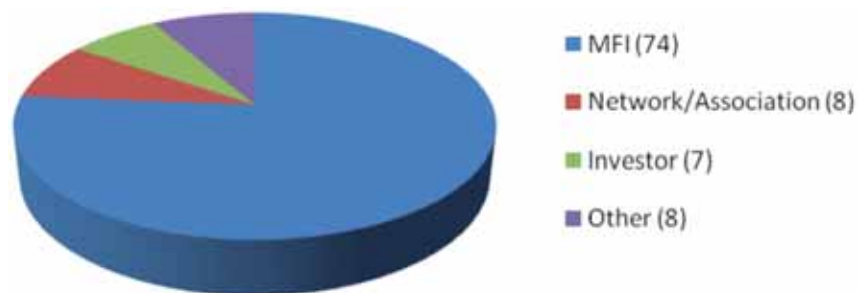
The MFC is committed to helping its members achieve their missions sustainably and effectively. In this way, the MFC continued to work with MFIs and support organizations to build their capacity to deliver quality access to finance and better serve clients' needs. The menu of services provided included training, consulting, exchange visits and conferences.

In 2012, our team of 20 staff and consultants completed 35 projects delivering innovation and/or building capacity of local organizations in order to foster microfinance sector development to more effectively serve low-income and underserved population.

Our members

Our 97 members are committed to advancing the mission of MFC throughout the European and Central Asian region. They represent a diverse range of institutional types along the microfinance value chain: from non-bank and bank service microfinance providers, support organizations (including national and international networks), investors and donors. Together, they work in 31 countries and deliver financial services (mainly credit) to over 5 million micro-entrepreneurs, small and medium enterprises or/and low-income households.

Graph one: Membership by institutional type (N=97)



SOCIAL PERFORMANCE MANAGEMENT

Introduction

Social performance management (SPM) has quickly become a key priority in the industry-wide effort to refocus microfinance on its clients. MFC has been involved in the SPM agenda from the start, mapping the SPM landscape and developing key tools (such as the Quality Audit Tool) to support MFIs to implement a double bottom-line approach. 2012 also witnessed the launch of the new Universal Standards for Social Performance Management (USSPM) to codify an internationally-accepted definition of “good practice SPM”. MFC was a key part of the standards development process, engaging members throughout the consultation process. We have also revised our SPM tools to align them with the new USSPM.

Our experience demonstrates in order to effectively reach scale in SPM, we must engage with national networks. To achieve this, our Social Performance Fund builds the capacity of networks to educate their members, promote customer protection and transparency, and support members to improve SPM practice. In its first year, the Fund worked with networks with limited or no SPM experience, building their capacity from the ground up. With the USSPM in place, the second round of the SP Fund will focus both on raising awareness and USSPM implementation. Importantly, our SPM work in future will include a strong focus on documenting examples of good practice and innovative managerial solutions to SPM — tools and templates which MFIs across the globe can adapt and apply to their own SPM work.

Program highlights

Social Performance Start-up Fund for Networks

The Social Performance Fund for Networks is an innovative mechanism designed to respond to two key needs within the SPM agenda: scale and sustainable local SPM support capacity. On aggregate, its first 24-month project (the Start-up Fund) met or exceeded the majority of its targets around outreach to microfinance institutions (MFIs) and results in terms of building the SPM capacity of networks and MFIs (see Table one).

Table one: Project targets versus results, SP Start-up Fund

Indicator	Target	Result
Increase # of networks engaged in SPM and build local capacity to support SPM (objectives 1&3)		
# of inexperienced networks supported in SPM	16	20
# of local network staff, board members and local consultants trained	33	50
# of network SPM country-projects supported	11	13
Number of partnerships established by networks around SPM	11	13
Building MFI capacity in SPM through networks (objective 2)		
# MFIs supported in aligning systems/processes to social objectives	110	308
# participants participating in local capacity building events	220	389
# MFIs reporting on SP to MIX	110	286
# MFIs with improved SPM practice	25	87

Source: monitoring data, SP Start-up Fund

The SP Start-up Fund supported 13 networks with limited or no SPM experience from Asia, Africa and Eastern Europe. Grantees received training and course materials to raise awareness and build staff and partner SPM capacity, as well as support in developing long-term strategies for SPM support. Grantees also worked with partners to complete the social performance reporting process, with support from the MIX. Experience and lessons emerging from the Start-up phase are captured in an 11-part case study series.³The Start-up Fund was supported by the Ford Foundation.

Quality Audit Tool: verifying compliance with the USSPM

This year, the MFC updated its Quality Audit Tool (QAT) to bring it in line with the USSPM. In response to practitioner demand, we also piloted and launched a second version for small MFIs. The Quality Audit Tool, launched in 2006, remains the key tool for MFI managers to understand the status and effectiveness of their institution’s social performance management processes. It acknowledges the MFI’s efforts in addressing its social aspirations and helps to prioritize areas that need to be improved in order to more effectively deliver on their mission, through identifying strength and gaps in organization social performance management processes. To date, 43 MFIs worldwide have applied the QAT as a first important step towards improving SPM.

³ Read the series here: www.mfc.org.pl/en/content/sp-start-fund

Scaling up the new USSPM

During the first half of 2012, the MFC played a major role in the development and launch of the new Universal Standards for Social Performance Management (USSPM). As a member of the Social Performance Task Force Steering Committee, as well as regional leader the Networks SPM Working Group, we initiated a consultation process with our members that served not only to collect vital practitioner feedback on the draft standards, but also to raise awareness around the SPM agenda. Importantly, four member networks — AMFA (Azerbaijan), AMFI (Kyrgyzstan), AMFOT (Tajikistan), and UCORA (Armenia) — facilitated discussions within their own membership. As a result, feedback from 42 MFIs from the ECA fed into the final version of the USSPM, which were launched in June 2012.

Following this, MFC cooperated with SEEP to organize a regional network meeting in Warsaw (July 2012). Ten SP working group networks attended, as well as representatives from networks from Belarus and Georgia. Over 2 days, participants planned their USSPM promotion activities, exchanged experience around developing code of conducts, client protection initiatives, and their successes/challenges around working with regulators.

FINANCIAL EDUCATION

Introduction

In the years preceding the 2007 financial crisis, an estimated 150 million new clients entered the financial services market every year. Most of these were in developing countries where financial literacy is still nascent, particularly in economies that recently abandoned their central planning approach. At the same time, the increasing complexity of the financial services market leads to poor or under-use of services available. The onset of the global financial crisis only highlighted the importance of financial literacy for the stability of the financial sector.

Since 2004, our financial education program has been improving the financial capability of low-income households across Europe and Central Asia by empowering them to effectively manage their household budget and use financial services. Our focus is on working with those MFIs and NGOs that deliver financial education to clients.

Our work with partners is built around a core series of financial education modules, which effectively build capacity across a range of key skill sets. These include the *Plan your future*, *Debt management*, and *Remittances* toolkits, which equip our partners to deliver counseling to low-income clients. We also design and deliver media campaigns to reinforce and spread positive messages around financial education — including radio and television work, print media, and public competitions.

Understanding that building financial education is a long-term investment (and that a positive enabling environment is key), we also work with government agencies to develop national-level strategies, build partnerships and identify focal points of financial education delivery. For example, this year we collaborated with the Ministry of Specialized Secondary and High Educational in Uzbekistan to launch a compulsory high school financial literacy curriculum.

In the coming year, we aim to grow both in terms of depth and breadth: leveraging our established relationships to offer more support and reaching out to new partners, and launching projects in new countries across Central Europe and Central Asia (including Romania, Ukraine, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan). We will also promote social innovations such as asset building and other experimental programs that encourage clients to save and pay off their debt.

Program highlights

Expanding our financial education work in Uzbekistan

This year, MFC continued raising awareness and building financial capacity in Uzbekistan through social campaigns and training in our core modules. Most notably, we developed a national compulsory financial education curriculum for 16 year-olds in cooperation with the Ministry of Education. In 2013, we will pilot the new *"Principles of Financial Education"* textbook in three regions (Tashkent, Bukhara and Termez) with nearly 1,500 students. As a follow-up, we will develop the course materials and evaluation to be used in the classroom for this 36-hour course. The project is funded by the European Union.

Success in numbers: 90% of clients improve their financial behavior

In 2012, the MFC worked with local stakeholders across Europe to develop a financial education program for low-income MFI clients and NGO beneficiaries. Over the course of the project, over 1,600 clients were trained from four institutions: Mikrofond (Bulgaria), Union of Citizens Advice Bureaux (Poland), Vitas (Romania) and the All-Ukrainian Credit Unions Association. The project evaluation across a sample of clients showed that 90% of training participants and 80% of counseling recipients had already applied their new knowledge to make better financial decisions, and changed their attitude towards financial management. This program was financed by the Citi Foundation.

Capacity building of local institutions through counseling in Central Asia

In 2012, MFC continued its financial education awareness-raising and training among Central Asian MFIs. In Kyrgyzstan, MFC cooperated with BaiTushum & Partners to deliver client counseling using the *Plan Your Future* module. In Tajikistan, MFC educated IMON’s counselors in how to use the *SAFICO* module. The overall objective was to improve low-income people’s awareness about household budget management — including smart borrowing, loan repayment planning, calculating repayment capacity, making regular saving and the smart use of financial products. In total, 85 local counselors reached more than 1,000 low-income people across Central Asia.

Financial education campaign



In Uzbekistan, MFC launched a social campaign on financial education in order to enhance public awareness of financial services and household budget management. The campaign message used simple posters and leaflets to deliver simple and practical messages on effective use of money, and how to start saving by making smart savings choices. The campaign reached 1,000 households of Tashkent and Andijan. This activity was a part of the Uzbekistan Financial Education project, funded by the European Union. In Azerbaijan, we worked with AMFA to develop a series of financial education booklets (including *Preventing over-indebtedness*, and *Savings and Budgeting*) which were distributed 40,000 AMFA members and partners. This project was funded by the EFSE.

MFC develops Debt Free program

In 2012, MFC collaborated with representatives of the Cooperative Bank, City Council, Labour Office, local authorities and social care centers in Płońsk to reduce poverty through a sustainable process of asset-building through debt reduction and savings. As part of this, MFC developed an experimental initiative to help low-income people combat over-indebtedness through increased savings. The program includes financial education counseling, as well as social and financial incentives.

MFC joins the Indigo network

The Indigo network is a group of European innovators who are committed to bringing about social change through creating opportunities for people to build financial assets, specifically savings. The group aims to highlight the importance of individual and community savings (financial asset-building) to reduce financial and social exclusion among low-income people. MFC’s Financial Education Program promotes asset building as a key to maintaining financial sustainability.

CAPACITY BUILDING

Introduction

As the microfinance industry emerges from crisis, financial service providers must radically re-think the way they do business, in order to ensure a more balanced, responsible and adapted approach to meeting clients' needs. However, the most significant challenge currently facing providers is a lack of capacity to scale up and diversify quality products for low-income clients, as revealed by a recent CGAP study on capacity building demand and supply.⁴ At the same time, capacity building service providers highlight their own challenges around keeping pace with the fast-evolving financial inclusion landscape. In this context, the mismatch between the supply and demand of capacity building services is of critical concern.

MFC's capacity building services keep pace with rapidly-changing demand: our program evolves through constant dialogue with our clients, which helps us understand their needs and design valuable solutions and innovative products in response. Our organizational feedback mechanisms also ensure that key insights into industry trends gained through our global presence (at conferences and on international committees), translate into a stronger and more relevant capacity building approach.

Through raising awareness, building technical and management skills and promoting international good practice, our capacity building program supports financial service providers to sustainability and transparency for a double-bottom line sector. From customized in-house training programs, training of trainers, and establishing regional training centers, MFC builds capacity on over 30 topics for a variety of practitioners in the ECA region. Since 1998, we have delivered over 500 workshops, trainings and seminars, and trained more than 5,000 microfinance specialists.

Our training courses cover a range of topics, including: risk management, social performance, financial management and accounting, management and governance, marketing, credit management, and financial education.

In future, our capacity building program will innovate towards three important new horizons:

- **Strengthening the "microfinance plus" approach:** MFC will promote a balanced and holistic approach, building MFI capacity to offer non-financial and non-credit products (including insurance and savings) that respond to a diverse range of clients' needs.
- **Expanding our regional focus:** We will leverage the capacity we've developed in Europe in order to expand and provide capacity building services in other regions (such as Africa).
- **Joining the digital revolution:** We will expand our core competencies to include key technological innovations used by MFIs (such as mobile banking and e-money solutions), promote best practice and support informed uptake and use.

Program highlights

Jasmine Project

In 2012, MFC supported 29 MFIs and banks in Eastern and Western Europe as part of the innovative JASMINE Project. The project aims to assist microfinance providers to improve the quality of their operations, expand and become self-sustainable. MFC's support focused on strengthening institutional capacity through training tailored to each institution's needs, and a linked assessment or rating. Through its Jasmine work, MFC delivered almost 180 training and consulting sessions, over 340 training days. Popular topics included credit and risk management, reflecting current post-crisis challenges. Strategic planning also proved a popular topic, as MFIs seek to redefine their market position and future growth targets. The Jasmine Technical Assistance Initiative is financed by the European Commission and managed by the European Investment Fund (EIF).

Training Courses

This year, MFC offered 3 stand-alone training courses:

- Business Planning and Financial Modeling for MFIs (in Russian), March 2012, Dushanbe, Tajikistan (18 participants)
- Microfinance Risk Management and Corporate Governance (in English and Russian), May 2012, Tbilisi, Georgia (delivered jointly by IFC and MFC, 38 participants)
- Delinquency Management and Setting Sustainable Interest Rates (in Russian), December 2012, Bishkek, Kyrgyzstan (18 participants)

Capacity Building Program for Emerging Tajik MFIs

This year, the MFC delivered an innovative program to develop market-led sustainable microfinance institutions in Tajikistan. The program increased MFIs capacity to serve large numbers of low-income clients, and targeted 3 MFIs in Tajikistan: Madina va Hamkoron (Madina), Behnamo and Chiluchor Chashma. Participants took part in a series of events and trainings, including Risk Management and Governance, the MFC Annual Conference, and tailored one-on-one trainings, covering risk management, strategic planning, and financial planning. This program was supported by Oxfam-Novib.

"MFC has responded to our needs and individual circumstances by providing a tailored set of intensive sessions that have allowed us to improve and refine how we operate... It has allowed us to develop our thinking on how we engage with partners, what support they need, how to make sure that we have a well-rounded offering that maximizes the impact of the money we have... This means our processes are now much more streamlined and efficient ..." – Wales Council for Voluntary Action (WCVA), UK

"Innovative way of teaching — not academic but interactive..." – Banca di Credito Cooperativo Mediocrati, Italy

⁴ Read the report here: www.cgap.org/blog/sustainable-capacity-building-services-market-long-way-go

RESEARCH

Introduction

Our research program is designed to support effective decision-making on the part of financial institutions, policy-makers, investors, donors who shape financial sector, by providing evidence-based recommendations on the microfinance sector and its clients. We use applied research to generate insights around specific questions – working in collaboration with our partners to plan, collect and analyze data in order to create actionable outputs. In recent years, MFC has prioritized research on two key themes: over-indebtedness and access to finance.

Over-indebtedness looms large as a critical issue in the regional microfinance sector. Despite recent progress in tackling repayment problems, anecdotal evidence suggests that borrowers continue taking on too much debt, especially in saturated markets where competition for clients among providers is high. Indeed, over-indebtedness among microfinance borrowers is considered to be the most pressing risk facing the industry, according to the Microfinance Banana Skins 2012 report. Unlike other performance indicators (i.e. portfolio quality), providers and supporters do not systematically monitor client over-indebtedness due to the difficulty and cost involved. Within this context, our research provides critical “snapshots” of the status of the sector, equipping key players with an understanding of the phenomenon and its associated risks. Our research encompasses both objective and subjective indebtedness indices, and serves as the basis for the development of remedial and preventive strategies at an organizational, sector and policy levels.

In parallel, our research contributes key insights to the access to finance agenda in the ECA region. Despite well-developed financial services infrastructure (in terms of number of bank outlets) the use of financial services remains stubbornly low. Understanding the reasons for service under-use will allow the sector to develop appropriate pro-access policies. To this end, our work in 2012 focused on Belarus, and drew out key lessons for the sector as a whole. For example, the “Measuring Access to Finance” project saw the development of a conceptual framework for measuring access to finance as a guiding tool for the policy development process. As part of this, we launched the “Access Scorecard methodology”, a multidimensional measure of financial inclusion. The resulting composite score – the Index of Financial Inclusion (IFI) – measures national-level financial inclusion, disaggregated to reflect geographic differences. Importantly, it can also be used to monitor the progress of policy initiatives over time.

We work with like-minded research partners: microfinance supporters who value information as a basis for planning and monitoring interventions. MFC provides research to organizations with a broader mandate to increase access and quality/efficiency of financial markets for the excluded. We design research methodologies, develop quantitative and qualitative research tools, analyze data, and interpret the findings to articulate policy and practice recommendations. We manage and implement quality data collection through cooperation with certified local research agencies.

In future, our program will expand its horizons to consider not only access to finance, but quality of finance. We see this as an integral part of the overall MFC strategic agenda around promoting responsible finance, stimulating innovations and developing new models for improved client outreach and impact.

Program highlights

In 2012, we conducted two large-scale studies on client over-indebtedness. Both were driven by European Fund for Southeast Europe (EFSE), whose mission is to improve access to finance for less-privileged populations. As a responsible lender, the EFSE promotes responsible finance through various initiatives, including research in the Fund’s target region. These studies⁵ included:

- **Study on the risk of over-indebtedness of microcredit clients in Azerbaijan** This study was designed to provide an understanding of the level of indebtedness, and underlying borrowing patterns, of microcredit clients, in order to identify key demand- and supply-side factors that drive or prevent over-indebtedness. Based on this, the study provided policy-level recommendations on how to address and prevent client over-indebtedness.
- **Study on the risk of over-indebtedness of micro- and small enterprise (MSE) clients in Kosovo:** This study aimed to provide an insight into the level of indebtedness and underlying borrowing patterns of MSE clients, as well as to provide recommendations on how to address and prevent over-indebtedness.

Measuring Access to Finance: Developing Evidence-Based Access Policies in Belarus

As part of this project, we developed an Access to Finance Scorecard (AFS) to capture the diverse aspects of access and usage into a comprehensive tool to measure inclusion. The framework equips national-level stakeholders with data to inform policy-making and financial service regulation. This project was initiated and managed by the National Bank of Belarus in cooperation with key government agencies, and funded by the Alliance for Financial Inclusion (AFI).

⁵ Read the final reports here: www.mfc.org.pl/en/publications/research-results

Fundacja Microfinance Centre			
Consolidated Statement of Comprehensive Income for the year ended 31 December			
(All amounts are stated in PLN rounded to the nearest zloty)			
		12 months ended 31 December 2012 (pre-audited) 1 USD = 3,0996 PLN 1 EUR = 4,0882 PLN	12 months ended 31 December 2011 1 USD = 3,4174 PLN 1 EUR = 4,4168 PLN
INCOME			
	- Membership fees	167 859	162 074
	- Program revenue	7 782 736	6 644 587
	- Other operating income	18 372	13 618
	TOTAL INCOME	7 968 967	6 820 279
EXPENSES			
	- Program expenses	5 301 207	4 731 245
	- Administrative expenses	1 291 441	1 363 413
	- Other operating expenses	37	900
	TOTAL EXPENSES	6 592 685	6 095 558
	Result on operating activity	1 376 282	724 721
	Net financial profit	(466 260)	1 254 562
	Profit before tax	910 022	1 979 283
	Tax	312 343	177 896
	NET RESULT AFTER TAX	597 679	1 801 387

Fundacja Microfinance Centre			
Consolidated Statement of Financial Position as at 31 December 2012			
(All amounts are stated in PLN rounded to the nearest zloty)			
		2012 1 USD = 3,0996 PLN 1 EUR = 4,0882 PLN	2011 1 USD = 3,4174 PLN 1 EUR = 4,4168 PLN
ASSETS			
	- Long Term Assets	27 188	23 622
	- Current Assets		
	- Cash and cash equivalents	9 700 704	9 964 868
	- Accounts receivable	307 521	613 014
	- Deferred income receivable from donors	62 972	117 445
	Total current assets	10 071 197	10 695 327
	TOTAL ASSETS	10 098 385	10 718 949
EQUITY and LIABILITIES			
	- Own Funds	8 142 448	7 544 769
	- Non current deferred grants	0	397 728
	- Accounts Payable and Accruals	1 738 275	477 269
	- Deferred income related to dedicated funds	217 662	2 299 183
	TOTAL EQUITY and LIABILITIES	10 098 385	10 718 949

New members

This year, we welcomed 7 new members to our ranks. These include:

Vision Fund Albania

Mission: To improve child welfare by giving parents new opportunities and strengthening their communities. VisionFund Albania does this by offering affordable loans and professional services to the economically active poor, micro-entrepreneurs and small businesses.

Cooperative MACAPF Doverie (Bulgaria)

Mission: To serve mainly small and medium agriculture procedures and entrepreneurs in rural areas, which determine the strategic priority of Doverie.

CJSC MCC OXUS Kyrgyzstan

Mission: To fight poverty through the provision of microfinance services to the working poor. OXUS aims at empowering disadvantaged people, integrating a commercial approach into a broad human development framework.

Luxembourg Fund Labelling Agency

Mission: To promote the raising of capital for responsible investing sectors by awarding a recognizable label to eligible Microfinance investment vehicles.

Credit Mongol NBF (Mongolia)

Mission: To contribute to the economic development of Mongolia through providing diversified financial services to the micro and SME clients and to become the best performing institution in micro and SME financing.

Mongolian Non-Banking Financial Institution's Association

Mission: To represent, protect and cooperate on legal environment and common interests of member NBFIs in presence of government and law enforcement organizations. To be an angel of change to strengthen microfinance development and promote coordinated approach to enhance scale, outreach, quality, diversity, professionalism and sustainability of inclusive finance service in sustainable manner. To promptly distribute information related to the activities of international and national banking and financial sector, therefore establish an adequate database, advocate member organization's activities and social performance, provide professional trainings, identify and implement international standards. To cooperate with international and local non-government organizations, microfinance institutions with common goals.

Alter Modus LLC (Montenegro)

Mission: To help marginalized parts of the society to increase their economic independence, self-esteem and active participation in society

Our members



Albania

- Albanian Savings and Credit Union
- BESA Fund
- First Albanian Finance Development Company FAF-DC
- VisionFund Albania



Armenia

- AREGAK Universal Credit Organization CJSC
- Armenian ECLOF Foundation
- FINCA Armenia
- KAMURJ Universal Credit Organization
- Nor Horizon Universal Credit Organization LLC
- GoodCredit UCO CJSC
- Farm Credit Armenia UCO CC



Austria

- good.bee Holding GmbH (Erste Group Bank)



Azerbaijan

- AqrolInvest Credit Union
- Azerbaijan Credit Unions Association (AKIA)
- Azerbaijan Micro-finance Association (AMFA)
- Azeri Star Microfinance LLC
- KredAgroNon Banking Credit Organization
- Vision Fund AzerCredit LLC



Belgium

- CoopEst S.A.
- International Association of Investors in the Social Economy (INAISE)
- European Microfinance Network (EMN)



Bosnia & Herzegovina

- Micro Credit Company MIKROFIN
- Micro Credit Organization LIDER
- Microcredit Foundation EKI
- Microcredit Foundation LOK
- Microcredit Foundation PRIZMA
- Microcredit Foundation SUNRISE
- Microcredit Organization MI-BOSPO Tuzla
- PARTNER Microcredit Foundation



Bulgaria

- Mikrofond AD
- Nachala Cooperative
- Cooperative MACAPF Doverie



Croatia

- DEMOS Savings and Loan Cooperative



France

- Association pour le Droit à l'Initiative Economique (ADIE)



Georgia

- JSC Bank Constanta
- JSC MFO "Crystal"
- LLC Microfinance Organization CREDO
- Microfinance Organization Alliance Group Ltd.
- JSC MicroFinance "FinAgro"



Germany

- Finance in Motion GmbH



Hungary

- Budapest Enterprise Agency (BEA)



Ireland

- Irish League of Credit Unions International Development Foundation (ILCU Foundation)



Kazakhstan

- Association of Microfinance Organizations of Kazakhstan (AMFOK)
- Kazakhstan Microlending Organization "Bereke"
- LLP MCO "Arnur Credit"
- MCO „KazMicroFinance“ LLC (KMF)
- MCO Asian Credit Fund LLC



Kosovo

- Agency for Finance in Kosovo
- KEP Trust
- KosInvest, World Vision Kosovo MFI
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- Association of Microfinance Institutions of Kosovo (AMIK)

**Kyrgyzstan**

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- Frontiers LLC- Micro Lending Company
- Kompanion Financial Group MCC LLC
- MCC "MolBulak Finance" LLC
- Microcredit Company „Bai-Tushum and Partners“ LLC
- CJSC MCC OXUS Kyrgyzstan

**Luxembourg**

- European Microfinance Platform (e-MFP)
- Luxembourg Fund Labelling Agency (LuxFLAG)

**Macedonia**

- Foundation HORIZONTI
- Savings House MOZNOSTI

**Moldova**

- JV MFO Microinvest LLC
- JV MO MOLDCREDIT LLC

**Mongolia**

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- XacBank
- Credit Mongol NBFi
- Mongolian NBFi's Association

**Montenegro**

- MFI "MONTE CREDIT" DOO
- MFI Alter Modus LLC

**Netherlands**

- Oikocredit EDCS U.A

**Poland**

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**Romania**

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- ZAO FINCA

**Serbia**

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**Tajikistan**

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- CJSC MCDO „Bovari va Hamkori“
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- Micro Loan Fund „Jovid“
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- OJSCB Hamkorbank

BOARD OF DIRECTORS AND STAFF

Board of Directors

We bid “farewell” to MFC Founder Maria Nowak, who last year stepped down from her role as Board Director. For the past 15 years, she provided us with invaluable leadership and support. In particular, we are grateful for her guidance as we strengthened our institutional focus on the European market, an issue that has been close to her heart for some time. We also extend our warm wishes to Emmanuel de Lutzel, who also transitioned off the MFC Board. This year, we welcomed Francis Carpenter, Aieti Kukava and Dominique de Crayencour to the MFC board.

Jhale Hajiyeva (MFC Chair)
Executive Director, AMFA, Azerbaijan

Francis Carpenter (Board Director)
Founder and Managing Partner, AyersRock.Lux, Luxembourg

Dominique de Crayencour (Board Director)
Honorary Director General of the European Investment Bank, Belgium

Cristian Jurma (MFC Treasurer)
General Manager, SC VITAS Institute Financiară Nebancară S.A., Romania

Aieti Kukava (Board Director)
Chief Executive Officer, Alliance Group Holding, Georgia

Lucija Popovska (Board Director)
Habitat for Humanity International, Program Director

Staff

Management

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Katarzyna Pawlak: Deputy Director

Social Performance Management

Ewa Bańkowska: Program Manager
Kinga Dąbrowska: Senior Project Coordinator
Liliya Peskova: Project Coordinator

Financial Education

Monika Miłowska: Program Manager
Joanna Surwiłło: Project Coordinator

Capacity Building

Aldona Rutkowska: Program Manager
Yuliya Chumachenko: Program Assistant

Research

Justyna Pytkowska: Program Manager

Communications

Katherine Knotts: Strategic Communications Advisor

Administration and Finance

Ewa Romanowska: Finance & Administrative Manager
Julia Wasilewska: Finance & Accounting Specialist

MFC Trainers and Consultants

Agata Szostek: Capacity Building, Social Performance Management
Aram Ghukasyan: Capacity Building
Tigran Dokholyan: Capacity Building
David Alimbarashvili: Capacity Building, Financial Education
Elena Amerova: Financial Education
Margarita Lalayan: Financial Education, Capacity Building, Social Performance Management
Piotr Korynski: Policy, Research
Volodymyr Tounitsky: Capacity Building, Social Performance Management, Financial Education

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Мы бы хотели выразить благодарность следующим организациям за предоставление фотографий своих клиентов:

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