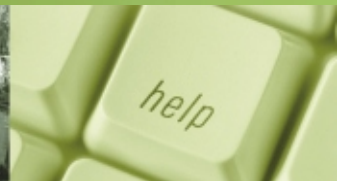


MFC

Annual Report 2006



MICROFINANCE CENTRE
for Central and Eastern Europe and the New Independent States



All documents, publications
and more information available
online at www.mfc.org.pl

The MFC sponsors and strategic partners:



Table of contents:

Message from the MFC Management.....	4
The MFC History.....	6
Innovation:.....	7
Advancing Social Performance Management.....	7
The MFC Financial Education Program.....	8
Knowledge Management:.....	9
Mapping.....	9
Market Studies.....	10
MFC Publications 2006.....	11
Annual MFC Conference.....	12
Policy Forum.....	12
From Exclusion to Inclusion through Microfinance.....	13
Capacity Building:.....	14
MFC Training and Consulting.....	14
List of Members.....	16
Financial Information & Balance Sheet.....	18
Board and Staff.....	19

Message from the MFC Management

10 years of the MFC is a great moment to reflect on the expansion of microfinance within the region and to look at the role of the MFC now and going forward.

The MFC was born as a grassroots initiative to bring together different microfinance actors, with the goal of furthering a strong, sustainable and socially oriented microfinance sector. During the last 10 years the number, size, orientation, structure and influence of microfinance institutions (MFIs) has grown significantly. The annual sector stocktaking exercise by the MFC found more than 6,000 MFIs working with 4 million active clients.

Since its birth, the MFC has grown too. Currently the MFC has 110 members from 27 countries. Since 1997 the MFC has evolved from a small network active in providing demand driven services to its members to the major regional facilitator catalyzing the process of building the financial infrastructure for low income people. Microfinance has been firmly established as a significant economic and social player within the region. Growth and strength have allowed the MFC to enjoy a number of notable achievements:

- The MFC has been the world leader in the development of innovative tools to assist practitioners in pursuing their social mission;
- Our capacity building program reached over 3,700 practitioners and almost all MFIs with 240 training courses and consulting assignments;
- The cutting edge financial education program builds financial skills of low income people all over the region.

The MFC's market development mandate has enabled microfinance related policy to be influenced in many countries of the Region.

The financial situation of the MFC is stable with funds available for the current and mid term programs.

Significant market gap still there

Financial exclusion of low income households in ECA is still very significant, and the percentage of households that do not use any formal financial sector services is well over 80% in many ECA countries. According to studies conducted by the MFC only 1% of low income households have a bank account in Georgia, 16% in Azerbaijan, 17% in Ukraine, 22% in Romania and 67% in Poland.

The demand for microfinance services is also quite dramatic. The microcredit demand study that the MFC conducted last year in Poland for the European Investment Fund, showed that there were 2 million potential clients (14% were existing while 86% were potential microenterprises) that would benefit from microloans in Poland alone. Only a tiny fraction of the existing microenterprise market is currently served by financial institutions (including MFIs). The situation is similar in other countries of the region. The study showed that the 2 causes of this situation are a lack of adequate products for low income people as well as low financial literacy of potential clients and their mistrust towards formal financial institutions.

The MFC as partner for bridging the gap

In 2006 we reviewed our strategy as it became clear that to be able to respond more effectively to the current market situation the MFC had to take on a more proactive approach that would catalyze sector development and ultimately result in bridging the current market gap. What are the most critical pieces of this new strategy?

Firstly, in its facilitator role, the MFC will look more closely at market opportunities in specific ECA countries and will facilitate, in partnership with regional and local stakeholders, the development of strategies responding to the existing gap. We believe that partnerships with MFIs, private sector actors, policy makers and support institutions will ensure greater efficiencies and will result in significantly increasing the outreach to the low-income people. Bringing new private sector players to the MFC will be key in pursuing this strategy.

Secondly, the upscaled MFC capacity building program will provide assistance in the areas that are most relevant and critical to MFIs growth: strategic planning, strengthening management systems, transformation, product diversification, risk management and cost accounting. The MFC's focus will be to help MFIs better serve the low income market. This, among other things, will enable MFIs better positioning vis-à-vis downscaling mainstream financial institutions.

Thirdly, with the goal of increasing client capacity to use financial services, the MFC will disseminate its innovative client financial education program to most countries in the ECA region.

We will also add new regional action research programs (such as microinsurance project in cooperation with Microinsurance Centre) that will promote new tools and business alliances for MFI growth. We all know now, that we will not reach any scale in the absence of meaningful business partnerships.

Lastly, the MFC will assist local, country level associations (initially in Central Asia) in developing their capacity to provide demand driven services for their members and support local MF sector development for increased outreach to low-income people. This is part of the MFC's efforts to develop a more enabling support infrastructure for microfinance.

The MFC's 10th anniversary is also a great opportunity to express gratitude to the board members that have served the MFC, for their guidance and leadership and also to the MFC funders for their investments in the MFC staff and programs. Particularly we would like to thank the USAID, CGAP, ICCO and OSI for their ongoing support to the MFC. Let us also thank the CS Mott Foundation for their initial support which allowed the MFC to grow into what it is today.

Over the last year we, Katarzyna and I, had the opportunity of talking with policy makers, microentrepreneurs, microfinance practitioners, commercial bankers and other providers of financial services from most of the ECA countries. These talks convinced us that while we still face a huge challenge to reduce poverty in ECA, we also face unprecedented opportunity to make a difference!

Grzegorz Galusek



Katarzyna Pawlak



The MFC History 10 years of bridging the market gap

In the early 1990s the prospect of encouraging self employment or microenterprise as a solution to the economic situation, was barely considered by most governments in Central and Eastern Europe and the New Independent States.

Indeed, it was employees themselves who realized that if their prospects for employment were to be increased, they needed to become more proactive in enterprise initiatives and take the matter into their own hands. The increasing demand for credit - demonstrated by a few pilot microcredit projects - convinced governments of the potential of microfinance. Since then, with the financial and technical support of international aid and some commercial funding, microfinance has developed throughout the region.

In 1996 three practitioners - Rosalind Copisarow, Ken Vander Weele and Maria Nowak - created the Microfinance Centre for Central and Eastern Europe and the New Independent States (MFC). The MFC was launched as a non profit organization in 1997. The aim of the MFC and the founders was to address the lack of basic information as well as training and technical assistance in the region's microfinance programs.

In terms of scale of operations and sustainability, the microfinance industry in Eastern Europe is well ahead of the rest of Europe and the MFC has become the leading membership based resource centre in the region. Since the mid 1990s the MFC has, thanks to its networks of microfinance institutions, helped to reach more than one million low income clients.

Such development shows that *entrepreneurship never dies*, proved amongst others by Albanian peasants, Bosnian refugee women, Polish laborers and Armenian farmers. Microcredit brings together capital and trust and the MFC facilitates the development of the sector through providing technical assistance, training action research and innovation and policy projects.

In order to transfer microfinance experience from east to west, and vice versa, a sister centre in western Europe, European Microfinance Network (EMN), was launched in May 2003.

The MFC today

The MFC is currently managed by Grzegorz Galusek and Katarzyna Pawlak. The centre plays an important role in improving the capacity of the region's microfinance institutions - via training and consulting services, the dissemination of best practices, the development of mutual learning and exchange networks and work to create supportive legal environments for microfinance.

In 2007 the MFC Network has 110 member institutions, from a starting membership of 27 in 1998. The MFC capacity building programs have trained over 3,700 microfinance specialists. The MFC innovative research projects develop new solutions to reach low income people and the policy program fosters improvement in the legal and regulatory frameworks for microfinance. Currently, the MFC has 28 professionals on its staff based in different countries of the region.

Innovation

Advancing Social Performance Management

The project aims to develop and promote SPM systems and strategies and provide support for microfinance practitioners. Thanks to this, practitioners are supported in managing their double bottom line.

Social Performance Management (SPM):

is a managerial approach that helps an institution look through the social lens that is applied to all organisational systems to ensure alignment with its mission. It is the institutionalization process of translating mission into practice, which includes: setting clear social objectives; monitoring social performance and using this information to improve practice.

To achieve this goal the MFC provides:

- SPM training, equipping participants with basic knowledge of SPM that has been developed together with the *Imp-Act* Consortium.
- A series of publications for MFIs managers "From Mission to Action. Management Series for Microfinance Institutions", which include:
 - Strategic Management Toolkit, which was developed based on the Balanced Scorecard Methodology and tested with eight MFIs worldwide (Armenia, Bosnia and Herzegovina, Kosovo, Guatemala, Peru);
 - Quality Audit Tool for Managing Social Performance - which is a self assessment that helps to identify strengths and weaknesses in performance management systems and processes - tested in Serbia and Montenegro and the Philippines.
- Technical assistance to MFIs in institutionalizing management of social performance.
- Experience sharing within the SPM Working Group which meets twice a year.

The key project achievements:

- Establishment of the SPM Working Group consisting of 13 MFIs and 2 national networks that are developing SPM systems and disseminating their knowledge;
- Bringing together national networks to a roundtable discussion at the MFC annual conference in 2006 to discuss ways of promoting social performance assessment and management in the region;
- Promoting SPM, including the delivery of a number of workshops on social performance management, assessment and social rating;
- Poverty assessment tools tested in the field in Bosnia and Herzegovina and Kazakhstan;
- Participation in Task Force meetings in Rome (April 2006) and Halifax (November 2006) that resulted in the development of a common definition of social performance, declaration of principles and draft social performance reporting framework;
- The *Imp-Act* Consortium was created together with 6 other organizations, Freedom from Hunger, IDEAS (US), IDS (UK), MCPI, CARD (Philippines) and EDA Rural (India), to mainstream social performance management in microfinance.

The duration of the project is 2006-2008 and is sponsored by: FORD Foundation, ICCO, International Fund for Agricultural Development (IFAD), Open Society Institute (OSI.)

The MFC Financial Education Program

Financial Education for Low Income Households in Eastern Europe and Central Asia



In 2006 the MFC has developed further its Financial Education Program, which aims to raise awareness and build the skills of local development organizations and financial service providers to increase financial literacy levels of low income households and other vulnerable groups in the countries of Eastern Europe and Central Asia. 2006 highlights are:

- **Publishing *Plan Your Future* - a toolkit to enhance financial literacy levels of low income households in transition settings of Eastern Europe and Central Asia**

A financial education curriculum - *Plan Your Future* aims to change people's negative attitudes toward long term financial planning and saving, as well as to broaden the menu of savings options. The adaptation guidance makes it easy to apply the curriculum in different transition contexts. It is now available in English, Russian, Bosnian/Serbian/Croatian and Polish thanks to the support of the Citigroup Foundation and UNDP *Srebrenica Regional Recovery Program*. The MFO/FFH curriculum is also available in Russian.



- **Enhancing financial literacy levels in Poland**

As a result of close cooperation during the pilot project the MFC and its partners (from both the non governmental and banking sectors) established a Consortium. The Consortium under the direction of the MFC, seeks to increase the financial literacy of 5 million low income households in Poland by 2015.

- **Strategic partnership with Microfinance Opportunities**

The MFC has signed a strategic partnership for financial education with Microfinance Opportunities - a leader in client focused solutions for microfinance.



- **Launching financial education activities in Russia and Bosnia and Herzegovina**

The MFC is currently implementing financial education activities in Russia and Bosnia and Herzegovina. We seek to build the capacities of pioneering local organizations, working very closely with them to develop and implement country wide strategies for enhancing financial education. These activities are funded by the Citigroup Foundation and the UNDP *Srebrenica Regional Recovery Program*.

With support from IFAD a new financial education project focusing on insurance services will be launched in the Caucasus in 2007.

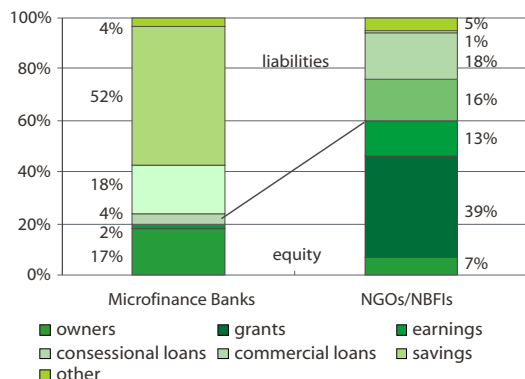
Knowledge Management

Mapping

2005 Microfinance Sector Outlook in Eastern Europe and Central Asia

At the end of 2005 the microfinance industry in Eastern Europe and Central Asia reached USD 8 billion in loan portfolio and 4.1 million active borrowers, which is a doubling of that observed only 2 years earlier.

Funding Sources of Microfinance Banks and NGOs/NBFIs



The majority of institutions continued the trend of further deepening their outreach. This was, in particular, observed in countries of higher per capita income and with the highest financial sector development.

There, with increasing competition, commercial banks have been forced to enter the microenterprise segment which in turn has forced NGOs/NBFIs to search for new clients among lower end microentrepreneurs.

Despite the improvement in leverage, most NGOs/NBFIs are still predominantly equity funded although with the growth of the industry the shift towards the use of more borrowed funds continues. MFIs that use external sources of funds usually borrow from international microfinance investors in foreign currency and only a few access local currency sources.

Financial performance of ECA MFIs remains good with all microfinance banks and almost all NGOs/NBFIs being operationally self-sufficient. Positive adjusted return on assets was on average higher among NGOs/NBFIs compared to those of the banks which operated on a lower profit margin. Positive profitability was observed mostly in low inflation countries, which indicates that few microfinance banks or NGOs/NBFIs in high inflation countries account for the loss of the value of equity due to the increase in price levels. Those that did so were able to generate high revenues from serving small loans to female entrepreneurs in urban areas and were more productive.

In general the economic environment of the country of operations had a great impact on the MFI performance. Operating costs were higher in countries with a lower level of financial sector development which was often coupled with high financial costs due to inflation and interest rates to which the cost of capital and borrowings were adjusted. At the same time yields of these MFIs are also higher which is possible because there is high demand and lower price sensitivity among microenterprises who have very limited access to mainstream finance.

Market Studies

In 2006 the MFC has conducted four comprehensive market studies:

- **Market for Microinsurance, Low Income Households Needs and Market Development Projections** in Ukraine, Romania and Azerbaijan funded by KfW and Microinsurance Centre;
- **Microenterprises, Low Income Households' Aspirations for Self-Employment and Microcredit Market in Poland** funded by European Investment Fund.

Each of them consisted of qualitative research and a survey of a national representative sample. The studies aim to clarify needs for microfinance, current usage, financial behavior and attitudes of low income households and provide market segmentation and market development projections for various microfinance products.

Looking to the future

In 2007 market studies will be more integrated with the supply studies (the MFC mapping study), which will enable microfinance market development analysis to be conducted. Thus, microfinance stakeholders will have access to comprehensive information in order to guide their interventions and investments in specific countries of Eastern Europe and Central Asia.

Highlights from 2006 market studies

Azerbaijan

- Despite the decline in poverty, 75% of the Azerbaijani population are vulnerable to poverty. This also concerns the 'working poor'.
- Poverty and vulnerability are higher in urban areas than rural, unlike other countries in the ECA region.
- The MFC study identified a viable market of 61% of low-income households (0.8 million) which could benefit from micro-insurance services.

Poland

- 2 million low income households need microcredit to finance their current micro-enterprise or self-employment aspirations.
- Only 3% are currently served. Lack of capital is an important challenge for 40%.
- The cooperative banks have a 98% share of the microcredit market (value of loans). However, offers for "start-ups" are almost non-existent.

- **There are 65 million low income households and entrepreneurs in ECA**
 - **Less than 5% has access to financial services**
- MFC is working towards bridging this gap

MFC Publications 2006

ECA Microfinance Mapping

This is an annual publication that tracks the developments of the microfinance industry in five sub-regions of Eastern Europe and Central Asia.

- **2004 Microfinance Sector Development in Eastern Europe and Central Asia (ECA).**
- **2005 State of the Microfinance Industry in Eastern Europe and Central Asia.**

Directory of Donors and Investors Active in Europe and Central Asia (ECA)

This publication contains information about 21 investors and donors active in Europe and Central Asia.

Policy Monitor (No 8 and 9)

This is the only publication dedicated to policy and regulatory issues around the CEE/NIS region. It is issued twice a year in English and Russian and distributed to a global readership.

The MFC Newsletter (No 1, 2, 3, 4/2006)

This is a quarterly publication available in English, Russian and Bosnian/Serbian/Croatian discussing the current MFC activities and happenings in the CEE/NIS region. It focuses particularly on the MFC member organizations.

MFC Spotlight Notes

These are unique publications documenting the MFC research studies results. They are published in English and Russian.

- **Towards a Sustainable Future: Financial Education for Low Income People in Poland, MFC Spotlight Note # 15, Michal Matul, Katarzyna Pawlak**
- **Microfinance for Protecting the Vulnerable in Rural Uzbekistan: Market Research Insights for Practitioners Based on a Case Study by MFP Barakot, Spotlight Note # 16, Michal Matul, Dorota Szubert**

In 2006 the MFC translated eight CGAP publications that were printed and disseminated among Russian speaking microfinance stakeholders in the region and are available online both at www.mfc.org.pl and www.cgap.org.

- Foreign Exchange Rate Risk in Microfinance: What Is It and How Can It be Managed?, CGAP Focus Note # 31, CGAP, January 2006.
- Using Technology to Build Inclusive Financial Systems, Focus Note # 32, CGAP, January 2006.
- Competition and Microcredit Interest Rates, Focus Note # 33, CGAP, February 2006.
- Better Aid?, Portfolio # 4, CGAP, July 2006.
- Graduating the Poorest into Microfinance: Linking Safety Nets and Financial Services, Focus Note # 34, CGAP, February 2006.
- Aid Effectiveness in Microfinance: Evaluating Microcredit Projects of the World Bank and the United Nations Development Program, Focus Note # 35, CGAP, April 2006.
- Protecting Microfinance Borrowers, Portfolio # 3, CGAP, September 2005.
- Building Inclusive Financial Systems for the Poor - Donor Guidelines on Good Practice in Microfinance, CGAP, December 2004.

Annual MFC Conference

**Joint MFC - EMN Conference "Microfinance with a Mission: Learning Together",
7-9 June, 2006, Budapest, Hungary.**

- The conference was attended by 535 participants from 46 countries all over the world.
- The event brought together over 60 speakers. It included plenary sessions, 30 cutting edge workshops and a dinner cruise on the Danube River.
- The opening ceremony was held in the historical building of the Hungarian Parliament and was presided by Hungarian officials, as well as leading microfinance experts.
- The conference Investors' Fair attracted 23 investment funds, commercial banks and donors. The directory of these institutions was prepared as a separate MFC publication *Directory of Donors and Investors Active in Europe and Central Asia (ECA)*.
- Before the official conference opening some one-day training courses were offered, including a training session on securing debt financing and equity by MFIs facilitated, and WAM (Women Advancing Microfinance) training on Negotiating Skills.



Policy Forum

The Krakow III Policy Forum on Law and Regulation Governing Microfinance was a unique gathering of highlevel policy makers held in Warsaw, Poland, April 6-8 2006. The event was organized by the MFC in partnership with CGAP and co-sponsored by USAID and ICCO.

The Policy Forum highlights:

- 34 policymakers and top ranking public officials from 9 NIS countries - Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Uzbekistan, as well as a small number of donor representatives and experts involved in microfinance and financial sector policy work.
- 17 speakers and commentators from 8 countries.
- Each country delegation presented their plans and ideas for policy changes or reforms that were inspired by the Policy Forum attendees.
- During the Policy Forum the discussions were mainly on the subjects of regulation and supervision, organized around different issues of significant importance for the development of the microfinance sector in the region and globally.

"All the sessions were useful. Such Forums should be organized more often in the countries of the region with the aim of the development of the microfinance organizations and legal and normative bases of microfinance organizations"

3rd Policy Forum, representative from Tajikistan

From Exclusion to Inclusion through Microfinance

This EU funded project was developed to combine expertise existing in different EU countries in including socially and financially vulnerable groups through microfinance. The different phases of development in the microfinance sector encouraged this issue to be addressed through knowledge transfer between countries and networks. The MFC is the project leader and one of three networks involved, together with European Microfinance Network (EMN) and Community Development Finance Association (cdfa).

The objectives are to raise awareness of microfinance amongst policy makers, learn from microfinance practitioners from different EU countries, identify key constraints and opportunities in reaching out to socially and financially excluded people and to develop a model for an east-west platform for information and knowledge exchange.

The methodology was based on four working groups comprised of members of each network. These groups were originally formed in 2005. In 2006 the groups worked individually and met twice (in Budapest and Sofia) for consultation and sharing the result of their work. Each working group's research culminated in a report:

- Report 1: ***Social and financial exclusion map*** looked into how financial exclusion ties into social exclusion in the East and in the West.
- Report 2: ***Key constraints, challenges and policy recommendations*** explored what policy measures work in the East and West respectively by developing a specific tool, the eScorecard, to measure such policies.
- Report 3: ***Benchmarks and performance measurement***, worked on the definition of indicators for the measurement of microfinance programmes.
- Report 4: ***Innovative approaches and products in combating financial exclusion*** focused on such aspects as innovations, product development as well as business development services and technical assistance.

Reports available through the MFC web page: www.mfc.org.pl



Capacity Building

MFC Training and Consulting

The MFC offers the following products:

Open-enrolment courses - which are announced by the MFC and allow people from different regions/organizations to meet one another and share their experiences and knowledge.

In-house courses - which can be ordered individually by MFIs or in cooperation with other organizations or associations.

Consulting - ordered individually to improve the organizational activities and are tailored to the individual needs/requirements of the organizations.

All of our training modules are specifically designed for microfinance practitioners in the region and are based on the world's best practices of the microfinance industry. They deal with the most important issues that MFIs face in their operational and strategic management.

Courses are offered in English and Russian, with some also available in Bosnian/Serbian/Croatian. The MFC trainers and consultants are themselves practitioners in microfinance and have a wealth of experience and technical know-how to share. Consultants are able to work in English, Russian, Bosnian/Serbian/Croatian, Ukrainian and Polish.

In 2006 the MFC delivered 39 assignments and trained 521 participants from 287 organizations.

"Very good and comprehensible course"

"I really appreciated the way the information was presented and the interactive methods used between trainers and participants"

Operational Risk Management for MFIs. Internal Control and Audit, Almaty, Kazakhstan, September 2006 (in Russian)

"The method of leading the course was very fruitful"

Financial analysis for MFIs, Bishkek, Kyrgyzstan, September 2006 (in Russian)

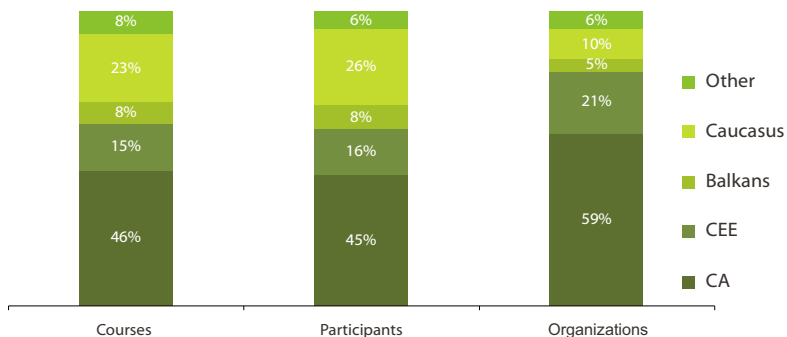


Effective Human Resource Management in MFIs, Krakow, Poland, February 2006 (English Language)



Training Course for MFIs' Loan Officers. Clients' Business and Loan Analysis, Almaty, Kazakhstan, February 2006 (Russian Language)

The MFC Training and Consulting Unit Statistics, 2006 Break down of training and consulting per region



Average evaluation of the MFC courses in 2006:

Evaluation of Overall Courses:	4,75
Evaluation of Course Content:	4,63
Evaluation of Course Methods:	4,71
Evaluation of the MFC Trainers/Consultants	4,80

The scale: from 1 (least satisfied) to 5 (most satisfied)



Effective Human Resource Management in MFIs, Krakow, Poland, February 2006 (English Language)

"I really enjoyed meeting other MFI employees and organizations"
"Now I have a more organized and comprehensive material on HR Management"
 Effective Human Resource Management in MFIs, Krakow, Poland, February 2006 (in English)

"The course was great, I enjoyed it!"
"I really enjoyed the discussions, presentations and the written materials"
 Delinquency Management and Setting Sustainable Interest Rates in MFIs, Krakow, Poland, April 2006 (in English)

List of Members

Affiliated MFC member organizations

(110 members as of 20 April 2007)

Albania

1. Albanian Saving and Credit Union
2. BESA Fund
3. Mountain Areas Finance Fund (MAFF)
4. Partneri Shqiptar ne Mikrokredi (PSHM)

Armenia

5. "Armenian Ecumenical Church Loan Fund" Foundation
6. "Nor Horizon" Universal Credit Organization LLC
7. AREGAK Universal Credit Organization CJSC
8. FINCA Armenia
9. Microenterprise Development Fund KAMURJ
10. SEF International Universal Credit Organisation Ltd.

Azerbaijan

11. ACDI/VOCA Azerbaijan
12. Azerbaijan Credit Unions Association (AKIA)
13. Azerbaijan Micro-finance Association (AMFA)
14. CredAgro Non Banking Credit Institution
15. Social Fund for the Development of Internally Displaced Persons (SFDI)
16. World Vision AzerCredit

Belgium

17. INAISE International Association of Investors in the Social Economy

Bosnia & Herzegovina

18. Foundation for Sustainable Development - Local Initiatives Project
19. MCO "MIKRA"
20. Micro Credit Organization "LIDER"
21. Microcredit Organisation "LOK micro"
22. Microcredit Organization "EKI" B&H
23. Microcredit Organization "MI-BOSPO"
24. Microcredit Organization "MIKRO ALDI"
25. Microcredit Organization "MIKROFIN"
26. MicroCredit Organization "SUNRISE" (Micro-Sunrise)
27. PARTNER Microcredit Organization
28. PRIZMA Mikro
29. United Nations Development Programm (UNDP)
30. World Vision MEER
31. Zene za zene International / Women for Women International

Bulgaria

32. MIKROFOND EAD
33. Nachala Cooperative
34. UNDP Job Opportunities Through Business Support JOBS Project

Croatia

35. DEMOS Savings and Loan Cooperative
36. MikroPlus Savings and Loan Cooperative
37. NOA Savings and Loan Cooperative

France

38. ADIE - Association pour le Droit à l'Initiative Economique
39. European Microfinance Network (EMN)

Georgia

40. Constanta Foundation
41. Crystal Fund
42. MFI Association "Women and Development"
43. VF Credo Foundation

Hungary

44. Hungarian Foundation for Enterprise Promotion

Kazakhstan

45. Asian Credit Fund
46. Association of Microfinance Organizations of Kazakhstan (AMFOK)
47. Foundation MCO "Kyzylorda-kredit"
48. Kazakhstan Loan Fund
49. Kazakhstan Microlending Organization BEREKE"
50. MCO "Katysu"
51. Micro credit organization "Zaman" LLP

Kosovo

52. Agency for Finance in Kosovo
53. BZMF Beselidhja / Zavet Micro Finance
54. KosInvest
55. Kosovo Enterprise Program (KEP)

Kyrgyzstan

56. ACDI/VOCA Kyrgystan
57. FINCA Microcredit Company (FMCC)

- 58. Frontiers LLC Micro Lending Company
- 59. Kompanion Financial Group Microcredit Limited Liability Company
- 60. Microcredit Company "Bai Tushum and Partners"
- 61. OJSC "Aiyl Bank"
- 62. Union of Legal Entities "Association of Microfinance Institutions"

Macedonia

- 63. Horizonti CRS Microfinance
- 64. Savings House "MOZNOSTI"

Moldova

- 65. Microinvest SRL

Mongolia

- 66. Micro-Finance Development Fund
- 67. XacBank

Montenegro

- 68. AGROINVEST Foundation
- 69. Alter Modus
- 70. Opportunity Bank Montenegro

Netherlands

- 71. Oikocredit

Poland

- 72. Foundation for the Development of Polish Agriculture (FDPA)
- 73. Fundusz Mikro Sp. z o.o.
- 74. Inicjatywa Mikro Sp. z o.o.
- 75. Rural Development Foundation

Romania

- 76. CAPA Finance Societate de Microfinantare S.A.
- 77. Economic Development Center (CDE)
- 78. Express Finance IFN S.A.
- 79. Opportunity Microcredit Romania (OMRO)
- 80. Romanian-American Enterprise Fund
- 81. Societatea de Microfinantare IFN ROMCOM SA (ROMCOM)

Russian Federation

- 82. FORA Fund for Support of Micro Entrepreneurship
- 83. The Russian Women's Microfinance Network
- 84. ZAO FINCA

Serbia

- 85. Micro Development Fund
- 86. MicroFinS NGO

Tajikistan

- 87. Association of Micro-Finance Organizations in Tajikistan (AMFOT)
- 88. FINCA International, Inc. Tajikistan
- 89. International Micro-Loan Fund "IMON"
- 90. Micro Finance Fund "JOVID"
- 91. Micro Loan Fund "Haqiq"
- 92. Micro Loan Organization "GENDER va Tarakiyett" LLC
- 93. Micro Lending Foundation ASTI
- 94. Micro-Lending Organisation "OXUS Micro Finance"
- 95. Microloan Fund "Microinvest"
- 96. Micro-loan Organisation "Furuz" LLC

Ukraine

- 97. "AVODA" Micro-finance and Employment Center
- 98. HOPE - Ukraine

United Kingdom

- 99. The Group for Small Business, European Bank for Reconstruction & Development (EBRD)

USA

- 100. FINCA International - Corporate Headquarters
- 101. Mercy Corps
- 102. Opportunity Transformation Investments, Inc. (OTI)
- 103. ShoreBank International Ltd.
- 104. Women's World Banking

Uzbekistan

- 105. ACDI/VOCA FVRM Uzbekistan
- 106. FINCA Uzbekistan
- 107. Mercy Corps Microfinance Program BARAKOT
- 108. MICROCREDITBANK, Joint Stock Commercial Bank
- 109. NWMT Microfinance Program
- 110. Socio-economic Development Centre "SABR"

Financial Information & Balance Sheet

Fundacja Centrum Organizacji Pożyczkowych (Microfinance Centre for Central and Eastern Europe and the New Independent States) Consolidated Income Statement for the year ended 31 December 2006 (All amounts are stated in PLN rounded to nearest zł)

1 USD = 2,91 PLN	12 months ended 31 December 2006 (pre-audited)	12 months ended 31 December 2005
Income		
- Membership fees	101 915	99 885
- Conference fees	741 394	463 544
- Training fees	832 503	925 538
- Consulting fees	359 533	208 270
- Contributions to programs	3 723 208	1 810 245
- Other (operating) revenue (income)	40 113	30 603
Total Income	5 798 666	3 538 085
Expenses		
- Conference direct costs	565 521	292 553
- Training direct costs	476 232	473 420
- Consulting direct costs	251 626	114 177
- Program expenses	2 592 214	1 163 671
- Administrative expenses	1 248 130	1 280 713
- Other operating expenses	34 466	46 330
Total Expenses	5 168 189	3 370 864
Gross result	630 477	167 220
Net financing cost	(101 332)	106 419
Profit (Loss) before tax	529 145	273 639
Tax	26 956	23 415
Net Result After Tax	502 189	250 224

Fundacja Centrum Organizacji Pożyczkowych (Microfinance Centre for Central and Eastern Europe and the New Independent States) Consolidated Balance Sheet as at 31 December 2006 (All amounts are stated in PLN rounded to nearest zł)

1 USD = 2,91 PLN	2006 (pre-audited)	2005
Assets		
- Long Term Assets	23 054	35 003
- Current Assets		
- Banks and cash	2 561 912	2 830 150
- Accounts receivable	113 876	210 312
- Deferred tax assets	7 946	7 872
Total current assets	2 683 734	3 048 334
Total Assets	2 706 788	3 083 337
Equity and Liabilities		
- Own and General Funds	1 161 544	813 173
- Non current deferred grants	515 452	1 276 866
- Provisions	385 195	253 346
- Accounts Payable	180 732	180 311
- Deferred income related to dedicated funds	463 865	559 641
Total Equity and Liabilities	2 706 788	3 083 337

The main sources of the MFC income include the annual conference, training/consulting programs as well as research and policy projects.

In 2006 the MFC recorded a significant growth in program income and expenses resulting from the implementation of big research projects: Social Performance Management, Social Inclusion through Microfinance and the organization of the 3rd Policy Forum. Good program and fund management resulted in transforming the significant growth of the 2006 activities into better financial result in comparison to 2005.

The biggest asset in the Balance Sheet is cash including retained earnings as well as funds for project implementation. On the liabilities side the Own and General Funds figure represents current and retained earnings, securing funds for activities at the MFC's discretion.

Board and Staff

Caroline Tsilikounas MFC Chair and Technical Assistance Manager, Oikocredit, member representation

Gert van Maanen MFC Treasurer and former Board member ING Bank, former Executive Director Oikocredit, nominated representation

Maria Nowak President of the Association pour le Droit a L'Initiative Economique (ADIE), France, founding member of the MFC

Monique Cohen President of Microfinance Opportunities, member representation

Gagik Vardanyan Executive Director, MDF KAMURJ, Armenia, member representation

Kenan Crnkic Executive Director, Prizma, Bosnia and Herzegovina, member representation

Grzegorz Galusek
MFC Executive Director

Katarzyna Pawlak
Deputy Director and Research Manager

David Alimbarashvili

Part-time Trainer

Kyhl Amosson

Part-time Trainer

Ewa Bańkowska

Project Coordinator

Marta Bogdanic

Consultant

Irina Ignatyeva

Consultant

Maciej Jaroszczyk

Chief Accountant

Biserka Kljaic

Part-time Trainer

Alicja Krzeszewska

Office Coordinator

Margarita Lalayan

Consultant

Ragnhild Liljeros

Project Assistant

Michał Matul

Researcher

Magdalena Paciejewska

Project Assistant

Kinga Pawłowska

Project Assistant

Clare Pearson

Intern

Justyna Pytkowska

Researcher

Marcin Rataj

Project Assistant

Ewa Romanowska

Project Assistant

Aldona Rutkowska

Client Relations Coordinator

Agata Szostek

Consultant

Dorota Szubert

Researcher

Agnieszka Talma

Information Coordinator

Olga Tomilova

Central Asia Microfinance

Center (CAC) Manager

Volodymyr Tounitsky

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