

MFC Bridging the Market Gap



MFC Bridging the Market Gap



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

MFC ANNUAL REPORT
'07

The MFC sponsors and strategic partners:

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



THE ROCKDALE FOUNDATION, INC.

Table of content

I. MESSAGE FROM THE EXECUTIVE DIRECTOR	4
II. MFC STRATEGY	5
III. INNOVATION	5
1. Advancing Social Performance Management	5
2. The MFC Financial Education Program	6
3. Microinsurance Project	7
IV. KNOWLEDGE MANAGEMENT	7
1. Mapping	7
2. Market Studies	8
3. Microfinance Best Practices – CGAP Publications	8
4. MFC Publications	9
V. FACILITATING INVESTMENT	9
1. Investment Fair	9
2. Directory of Funders	9
3. Investment Letter	9
4. Equity/debt Training	9
VI. ANNUAL MFC CONFERENCE	10
VII. FROM EXCLUSION TO INCLUSION THROUGH MICROFINANCE (2005-2007)	10
VIII. MFC INNOVATION AWARD	11
IX. CAPACITY BUILDING	12
1. Supporting Emerging MFIs	12
2. Training for Mature MFIs	12
3. Strategy Development for Associations	13
X. MFC MEMBERSHIP	14
XI. LIST OF MFC MEMBERS	14
XII. FINANCIAL INFORMATION & BALANCE SHEET	17
XIII. BOARD AND STAFF	18

I. MESSAGE FROM THE EXECUTIVE DIRECTOR

Dear Colleagues,

The 2007 MFC sector stock-taking exercise revealed that the percentage of all MFI clients who can be classified as low-income is very low; less than 20%. The study demonstrates that the biggest gap between the poverty incidence in the population and the type of clients served by MFIs is observed in Central Asia, where microfinance is more often than elsewhere in the Region directed to wealthier entrepreneurs, while the biggest share of the poor is served in the Balkans. **Only 12 out of 160 NGO/NBFIs are dedicated to serving almost exclusively low-income clients but only but only 2 of them (Sunrise, Bosnia and Herzegovina and AgrolInvest, Montenegro) reached the scale of over 10,000 active clients.**

This, in some sense, demonstrates the failure of ECA microfinance to reach low-income people on a large scale. It also points to an increasing role of non-financial services (including basic financial education) in building the capacity of the poor to absorb and manage family and micro-enterprise finances, to properly use financial services and to develop their business skills.

Throughout 2007, MFC implemented strategies and programs to address these gaps. The MFC's Financial Education Programme expanded to 7 ECA countries and developed local capacity to offer financial education services on a large scale, while we continued the Social Performance Management (SPM) initiatives to facilitate the development of a more comprehensive approach to poverty issues through microfinance. The regional SPM working group expanded to 16 MFIs and 2 country level networks are now active in implementing SPM tools. While these were notable achievements, **the situation is still alarming when the high-levels of poverty in Central Asia, Caucasus or the Balkans are taken into account.**

While planning for the forthcoming years, we should take into account that the **existing market gap does create an unprecedented opportunity to design microfinance strategies and products that can address the situation.**

This requires combining existing knowledge and experience in microfinance with the technology advances and private sector capital to create new business models that will enable more poor people to be served with adequate products. Above all, it requires wise policies that improve the supply of a variety of financial products by enabling space and a level playing field for different types of institutional models. It also creates incentives for greater involvement of private capital in microfinance. In 2008 MFC, together with its members and other sector stakeholders, will assist its members to take hold of the existing opportunities by focusing to a larger extent on developing the capacity of country level associations as well as facilitating policy dialogue to increase access of 'the poor' to a broad range of financial services.

Grzegorz Galusek
Executive Director



II .MFC STRATEGY

About MFC

MFC is a grassroots network of over 100 member institutions which play an active role in shaping the microfinance industry in the ECA region.

MFC plays a catalyst role in bridging the market gap through supporting the development of various institutional forms, promoting microfinance among policy makers, regulators, the formal banking sector and investors.

MFC initiates activities supporting members in different country contexts: from the fast-developing Caucasian states through to the poorest countries in Central Asia, as well as EU member countries.

The MFC is explicitly choosing the catalyst role in bridging the gap

The MFC will:

- be focused on issues key to the low income market
- give priority and preference in supporting institutions that already serve or consider servicing the low income market

The concept of the catalyst/facilitator

Key elements

Strategic choices

Must haves

- strong stakeholder's network
- strong communication and brand
- knowledge of
 - market
 - key players
 - local policy

Should haves

- strong local presence
- strong global presence
- partnerships with other players (in other regions and globally)

Would haves

- partnership with technology partners
- partnerships with other industries (think tanks)

1. Invest in the Stakeholders network:
 - local Meso level players
 - Policy makers
 - Newcomers
2. Invest in Communication & Branding
3. Improve the knowledge management
4. Speed up the next (current) activities:
 - Micro insurance
 - Market mapping
 - Ca Office
 - Association capacity building

III. INNOVATION

1. Advancing Social Performance Management

The MFC Advancing Social Performance Management Program promotes double bottom line management practices that maximize value both for clients and the institution. The 2007 was the year of further development of good practice in SPM in cooperation with MFC Members and international partners. Key highlights are as follows:

- **"From Mission to Action" Management Series** were developed in cooperation with MFC members and international partners. The series include **two tools** supporting institutionalization of SPM
 - Strategic Management Toolkit based on the Balanced Scorecard Methodology
 - Quality Audit Tool for Managing Social Performance
- The tools overviews and resource Cds were disseminated among MFC Partners globally and regionally in more than 1000 copies. The tools were further implemented by 9 MFC Members.
- Further enlargement of the regional **Working Group on Social Performance Management.**





The regional working group on social performance management increased to 16 organizations and met twice to discuss emerging good practices and standards for SPM.

- Advocacy efforts for **SPM industry standards**

MFC actively participated in the work of Impact Consortium promoting good management practices for SPM and researching the cost and benefits of SPM. Collaboration with other organizations in the International Task Force for Social Performance contributed to the development of common reporting indicators on social performance for poverty focused MFIs.

MFC is grateful to the MFC Members pioneering SPM practices in the region as well as the Ford Foundation, Open Society Institute and ICCO for financial support to the program.

2. The MFC Financial Education Program

The MFC Financial Education Program promotes an important social change - improving financial capabilities of low-income households in the transition countries. In 2007 the MFC Financial Education Program has developed considerably. Ten projects have been implemented for a total value of 240,000 USD in seven countries in ECA. More than 1500 low-income households have benefited directly from financial education through established infrastructure and multiplier effects will further increase outreach in the near future.

Key highlights for 2007 are as follows:

- **Increasing involvement** - in Bosnia, Russia, Poland and Ukraine the program has raised awareness of more than 200 stakeholders from the public, NGOs and the financial sector through national conferences on financial education. In Ukraine a working group of five key stakeholders has developed a national strategy for financial education. More than 90 local NGOs or financial service providers in the four countries as well as Moldova became involved in financial education.
- **Building capacities** - MFC has trained more than 60 trainers (5 trainings of trainers) from local partner organizations on how to deliver financial education workshops to low-income households. Our in-country partners in Russia also trained 100 trainers. The 'Plan Your Future' toolkit is now available in 5 languages including a new translation in 2007 into Ukrainian.
- **Innovations in tools and delivery channels** - 1) The Levi Strauss Foundation awarded MFC a grant to initiate work on a partnership delivery model that will allow high quality financial education to be provided to a large number of vulnerable households in a cost-effective and sustainable Manner. MFC is testing the model in Poland with 30 local partners.
2) ILO/IOM have contracted MFC to build capacities of their partners in the project on leveraging remittances in Moldova. In November 2007 MFC has trained 20 educators, who were then placed in leading banks and savings and credit associations to increase financial capabilities of remittance recipients.
- **Networking** - MFC has been awarded a grant within the life-long learning European Commission GRUNDTVIG program to initiate regional networking on financial education for vulnerable adults (FEVA). Six partners have joined the group: European Microfinance Network (France), Evers and Jung (Germany), Network Credit Norway, Integra Foundation (Slovakia and Romania) and Autonomia Fundatio (Hungary).

We are grateful to the MFC Financial Education program supporters: Microfinance Opportunities, Citigroup Foundation, UNDP, ILO, Polish Aid, Levi Strauss Foundation, IFAD, European Commission



3. Microinsurance Project

2007 saw the start of a three-year IFAD-funded project “Facilitating Widespread Access to Microinsurance Services”. It will develop a framework in the microinsurance sector to facilitate partnerships between microfinance providers and regulated insurers, build the capacity of local partners in microfinance to offer microinsurance services, develop innovative delivery channels and prepare potential consumers to make informed product choices. The Microinsurance Centre (MIC) is the main implementing partner for this project.

IV. KNOWLEDGE MANAGEMENT

1. Mapping

2006: The State of Microfinance in Eastern Europe and Central Asia

This is the most comprehensive report on microfinance sector in Central and Eastern Europe and the New Independent States. It provides up-to-date information on the activities of over 5,000 microfinance institutions. This year there is a special focus on funding structures and foreign exchange rate risk.

	Total gross loan portfolio (billion US\$)	
credit unions	4,97	
microfinance banks	3,45	
downscaling banks	3,17	
NGOs/NBFIs	0,98	
ECA total	12,57	

Highlights

At the end of 2006 ECA's total gross loan portfolio reached US\$12 billion -an annual increase of over 40%. While credit unions were concentrated in CEE, downscaling banks flourished in Russia and Central Asia and the Balkans was dominated by NGOs/NBFIs as well as microfinance banks.

Compared to the previous year all types of institutions had higher growth rates. Downscaling banks again grew fastest - doubling their portfolio during the year, followed closely by microfinance banks. The fastest growing sub-region was Russia/Ukraine where both types of banks and NGOs/NBFIs had the largest increase in the volume of operations.

Credit unions again served the majority of 5 million borrowers and were most active in CEE and Russia/Ukraine. Microfinance banks and NGOs/NBFIs were dominant credit providers in the other three subregions. Both for NGOs/NBFIs and microfinance banks the key to outreach growth was access to funding - client deposits for banks and debt funding for non-banks - as well as improvements in personnel productivity.

A survey among NGOs/NBFIs revealed more details about their target market: almost half of them did not know the poverty status of their clients. From this it can be assumed that institutions which do not run such statistics are not actually serving low-income people and less than 20% of the NGOs/NBFIs clients in the region live below the poverty level. Only 12 out of 159 NGOs/NBFIs are dedicated to serving almost exclusively poor clients located in the Balkans and Central Asia but only two of them reached significant scale of more than 10,000 clients.

2. Market Studies

In 2007 MFC conducted studies of the supply of microcredit in Poland and Hungary for European Investment Fund.

The studies surveyed current microcredit providers including microfinance institutions, loan funds, credit and savings cooperatives, commercial banks, as well as governmental structures.

Highlights:

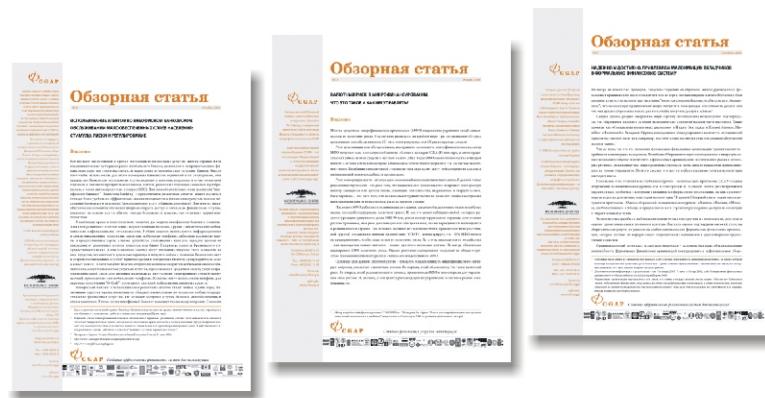
- In Hungary and Poland banks are chief credit providers serving about 20% of microenterprises, however, they tend to serve the largest and oldest segment
- The product offer of non-bank MFIs is tailored to the needs of the unbanked (including the smallest and the youngest enterprises) as the loan terms are more flexible and procedures simplified

3. Microfinance Best Practices

CGAP Publications

In 2007 MFC translated into Russian 3 CGAP Focus Notes on the following topics:

- "Use of Agents in Branchless Banking for the Poor: Rewards, Risks, and Regulation" (FN#38),
- "Safe and Accessible: Bringing Poor Savers into the Formal Financial System" (FN#37),
- "Foreign Exchange Rate Risk in Microfinance: What Is It and How Can It be Managed?" (FN#31)



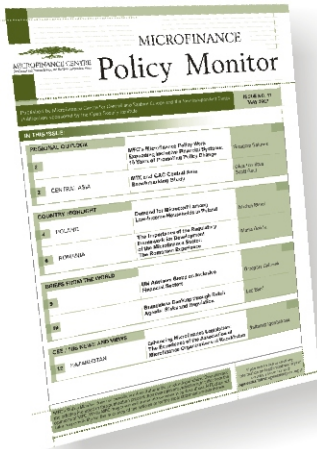
as well as 5 issues of the CGAP Portfolio:

- "Improving Funding Quality" (Portfolio 10/2007)
- "Targeting Poorer Clients" (Portfolio 8/2007)
- "Growing Investment in Microfinance" (Portfolio 6/2007)
- "New Regulatory Challenges" (Portfolio 4/2007)
- "How Will Technology Expand Access to Finance?" (Portfolio 2/2007)

Other publications

"The Practice of Corporate Governance in Shareholder-Owned Microfinance Institutions available in Russian", CMEF, 2005 was translated by MFC into Russian.

4. MFC Publications



Microfinance Policy Monitor (No. 10 and 11)

This publication is released in English and Russian. The articles draw on MFC's wide experience within the region but their scope also includes discussions of issues from across the globe. This year an editorial board headed by a Policy Advisory Consultant to CGAP was formed to review the contributions. This publication is supported by the Open Society Institute.

MFC Newsletter (No. 1,2,3,4/2007)

This quarterly publication published in English, Russian and Bosnian/Serbian /Croatian has seen major changes this year. In order to cover the most appealing topics we have added new sections to this publication in 2007: "Sharing Experience", "Associations' Voice" and "The Interview". Apart from the updates on happenings and new trends in microfinance in the region, the contribution of the MFC members and other microfinance stakeholders in the region about their experience and best practices brings special value of this publication.



V. FACILITATING INVESTMENT

1. Investment Fair

22 microfinance investors attended the annual Investors' Fair organized during the MFC Conference in Sofia.

2. Directory of Funders

This publication contains information, updated annually, about 21 funders active in Eastern Europe and Central Asia.

3. Investment Letter

The publication "2007-08 Funding Needs of Microfinance Institutions in Eastern Europe and Central Asia" which lists information from 70 MFIs was distributed among investors participating in the Investors' Fair.

4. Equity/debt Training

ECA microfinance sector is represented by a handful of first-tier MFIs who are the obvious prospects for investments and a great number of small and medium size MFIs that are struggling to access investments and yet cannot afford commercial capacity building services. At the same time, most of the technical assistance funds from international organizations are currently targeted at the first-tier MFIs.

The MFC has received funding from the Rockdale Foundation to develop the capacity of the second and third tier MFIs in the ECA region to attract and manage debt and equity financing. The MFC in cooperation with the SEEP Investment Readiness Group (IRG) is planning to disseminate the following two courses in 2008: Debt financing and Equity financing.



VI. ANNUAL MFC CONFERENCE

The 10th anniversary MFC conference; “10 Years of Bridging the Market Gap” was held from 31 May to 2 June in Sofia, Bulgaria. 477 participants from 38 countries attended, including 22 investors at the Investors’ Fair as well as a strong group of policy makers.

The conference gave us an opportunity to reflect on microfinance sector development in Eastern Europe and Central Asia, leverage on past successes and come up with actionable plans for the years to come. It provided an opportunity to explore the issues of investor participation in ownership and governance as well as establishing new relations and/or make new partnerships. Some of the 16 workshops and all the plenary sessions were translated into Russian and Bosnian/Serbian/Croatian.



VII. FROM EXCLUSION TO INCLUSION THROUGH MICROFINANCE (2005-2007)

The EU funded project led by the Microfinance Centre (MFC) with its partners: the European Microfinance Network (EMN) and the Community Development Finance Association (cdfa), U.K. was completed in September 2007.

The project aimed to combine the various experiences of the three networks in overcoming social and financial exclusion in the East and West.

The Project Global Summary, Policy Brief as well as four specific reports were published: Report 1: “Social and Financial Exclusion Map” (Report 1), “Key constraints, challenges and policy recommendations (Report 2), “Benchmarks and Performance Measurement (Report 3), “Innovative approaches and products for combating financial exclusion” (Report 4).



VIII. MFC INNOVATION AWARD

In 2007 MFC held the first edition of the Innovation Award (IA) contest.

The Innovation Award aims to promote innovative marketing approaches, products, services, cost-effective delivery mechanisms as well as the use of new technologies.

Among the nineteen institutions who sent award applications, six were nominated for the IA:

- Foundation Horizonti, Macedonia
- Express Finance, Romania
- Integra Foundation, Slovakia
- Aregak Universal Credit Organization, Armenia
- Normicro LLC, Azerbaijan
- SABR, Uzbekistan

This choice was based on why the approach was innovative, the significance of the innovation for the target client, as well as the institution and the potential/ease of replicating the innovation by other institutions within our Region.

The above mentioned nominees presented their products and approaches at the MFC Innovation Award Exhibition at the Sofia conference.

One of the two winners was the innovative approach of using the group methodology for reaching the most excluded, in this case the Roma population, introduced by **Foundation Horizonti** from Macedonia. Horizonti's innovation was in the approaches implemented to provide continuous access to Roma women clients and ensure strong client loyalty.

The second winning innovation was the innovative way of applying ready available technology in order to improve efficiency and productivity in serving the target clients applied by **Express Finance** from Romania. Express Finance began using Yahoo! Messenger with its conference component to conduct the Virtual Regional Credit Committees.



IX. CAPACITY BUILDING

1. Supporting Emerging MFIs

The MFC is involved in the capacity building program for emerging/young MFIs in Central Asia. The MFC and ICCO together with IC/Consult have been working with the six microcredit organizations (MCOs) – partners of the ICCO microfinance program in Kyrgyzstan and Kazakhstan in 2005-2007. During the first phase of the program the focus was mainly on the setup of the MCOs and a mind-shift from an NGO-donor dependent mentality to a business-like approach to providing financial services. ICCO, as the funding agency, has made a decision to continue supporting 3 of the partners and expand the program in its second phase to include other emerging MFIs in Kyrgyzstan, Kazakhstan and Tajikistan.



2. Training for Mature MFIs

The current training courses offered by the MFC are based on the segmentation of the needs and financial resources of the MFIs. The MFC has identified two distinct groups for its capacity building services: emerging/young MFIs and mature MFIs.

The MFC offers the following training courses for mature MFIs:

- Financial Risk Management in MFIs (developed by Citigroup in partnership with Women's World Banking)
- Making Microfinance Work: Managing for Improved Performance (developed by International Labour Organization)
- Managing Successful Product Diversification (developed by International Labour Organization)
- Product Development and Product Costing for MFIs (developed in cooperation with Perfect Point Partners srl)
- Risk Management Framework (developed by Perfect Point Partners Srl)





3. Strategy Development for Associations

MFC recognizes local microfinance associations as extremely important players in the local market development thus supporting opportunities for their capacity building.

In 2007 MFC facilitated the discussion of donors and development agencies present in the Central Asia region, on the issue on how to support 4 local associations more effectively in order to build their capacity. The stakeholders developed a long term action plan of common activities and agreed for their coordination for Central Asia.

As the first step to implement the plan and ensure the activities are market led, MFC supported 4 Central Asian Microfinance Associations in the process of strategy development using the tools from its From Mission to Action Toolkit:

- Association of Microfinance Organizations of Tajikistan
- Association of Microfinance Institutions from Kyrgyzstan
- Association of Microfinance Organizations of Kazakhstan
- newly registered National Association of Microfinance Organizations and Credit Unions from Uzbekistan

The project was sponsored by ICCO and CAMFA.

The newly developed strategies focus on the associations' role in the development of the national MF sector as well as building own organizational capacity.



X. MFC MEMBERSHIP

MFC network brings together selected microfinance players that follow the global standards for the industry and are recommended by other MFC members.

The MFC membership is open to: microfinance institutions (MFIs), networks and associations, development organizations, donors and investors active in the ECA region.

Members range from banks, non-governmental organizations, social and commercial investors, to development institutions and international PVOs. All share an interest in microfinance, as providers of financial services, capital or technical assistance.

Membership benefits apply to such spheres as:

- Governance
- Contacts & Information
- MFC Annual Conference
- Promotion Opportunities
- Action Research
- Policy Work
- Financial Benefits

XI. LIST OF MFC MEMBERS

MFC MEMBERS

(as of 28 April 2008)

Microfinance Associations

Albanian Saving and Credit Union

Association of Micro-Finance Organizations in Tajikistan (AMFOT)

Association of Microfinance Organizations of Kazakhstan (AMFOK)

Azerbaijan Credit Unions Association (AKIA)

Azerbaijan Micro-finance Association (AMFA)

European Microfinance Network (EMN), France

INAISE – International Association of Investors in the Social Economy, Belgium

National Association of Microfinance Organizations and Credit Unions of Uzbekistan (NAMOCU)

Union of Legal Entities “Association of Microfinance Institutions”, Kyrgyzstan

Funders

Developing World Markets, USA

Frontiers LLC – Micro Lending Company, Kyrgyzstan

Micro-Finance Development Fund, Mongolia

Oikocredit, Netherlands

Opportunity Transformation Investments, Inc. (OTI), USA

Romanian-American Enterprise Fund, Romania

Social Fund for the Development of Internally Displaced Persons (SFDI), Azerbaijan

The Group for Small Business, European Bank for Reconstruction & Development (EBRD), UK

Development Agencies

Hungarian Foundation for Enterprise Promotion

United Nations Development Program (UNDP), B&H

International NGOs

ACDI/VOCA Azerbaijan

ACDI/VOCA Kyrgystan

FINCA International - Corporate Headquarters, USA

Habitat for Humanity International Europe and Central Asia Regional Office, Slovakia

Mercy Corps, USA

ShoreBank International Ltd., USA

Women’s World Banking, USA

World Vision MEER MED Team, B&H

Microfinance Banks

FORUS Bank, Russian Federation

Inecobank CJSC, Armenia

JSC “Bank Constanta”, Georgia

MICROCREDITBANK, Joint Stock Commercial Bank, Uzbekistan

OJSC “Bank Eshkhat”, Tajikistan

OJSC “Aiyl Bank”, Kyrgyzstan

Opportunity Bank Montenegro

XacBank, Mongolia

Non-Bank Microfinance Institutions

Albania

BESA Fund
Mountain Areas Finance Fund (MAFF)
Partneri Shqiptar ne Mikrokredi (PSHM)

Armenia

Armenian National ECLOF
"Nor Horizon" Universal Credit Organization LLC
AREGAK Universal Credit Organization CJSC
FINCA Armenia
Microenterprise Development Fund KAMURJ

Azerbaijan

AqrolInvest
Azeri Star Microfinance LLC
CredAgro Non Banking Credit Institution
Vision Fund AzerCredit LLC

Bosnia & Herzegovina

MCO "MIKRA"
Micro Credit Organization "LIDER"
Microcredit Organization "LOK micro"
Microcredit Organization "EKI" B&H
Microcredit Organization "MI-BOSPO"
Microcredit Organization "MIKRO ALDI"
Microcredit Organization "MIKROFIN"
MicroCredit Organization "SUNRISE" (Micro-Sunrise)
PARTNER Microcredit Organization
PRIZMA Mikro
Zene za zene International / Women for Women
International

Bulgaria

MIKROFOND EAD
Nachala Cooperative
UNDP – Job Opportunities Through Business
Support – JOBS Project

Croatia

DEMOS Savings and Loan Cooperative
MikroPlus Savings and Loan Cooperative
NOA Savings and Loan Cooperative

France

ADIE - Association pour le Droit à l'Initiative
Economique

Georgia

Microfinance Organization Alliance Group Ltd.
JSC MFO "Crystal"
MFI Association "Women and Development"
VF Credo Foundation

Kazakhstan

Asian Credit Fund
Foundation MCO "Kyzylorda-kredit"
Kazakhstan Microlending Organization BEREKE"
MCO "KazMicroFinance" LLC (KMF)

Kosovo

Agency for Finance in Kosovo
KosInvest
Kosovo Enterprise Program (KEP)

Kyrgyzstan

FINCA Microcredit Company (FMCC)
Kompanion Financial Group
Microcredit Limited Liability Company
LLC MCC "Mol Bulak Finance"
Microcredit Company "Bai Tushum and Partners"

Macedonia

Foundation Horizonti
Savings House "MOZNOSTI"

Moldova

Microinvest SRL

Montenegro

AGROINVEST Foundation
Alter Modus

Poland

Foundation for the Development of Polish
Agriculture (FDPA)
Fundusz Mikro Sp. z o.o.
Inicjatywa Mikro Sp. z o.o.
Rural Development Foundation

Romania

CAPA Finance Societate de Microfinantare S.A.
Economic Development Center (CDE)
Express Finance IFN S.A.
Opportunity Microcredit Romania (OMRO)
Societatea de Microfinantare IFN ROMCOM SA
(ROMCOM)

Russian Federation

ZAO FINCA

Serbia

Micro Development Fund
MicroFinS – NGO

Tajikistan

International Micro-Loan Fund "IMON"
Micro Finance Fund "JOVID"
Micro Loan Fund "Borshud"
Micro Loan Fund "Haqiq"
Micro Loan Organization "GENDER va Tarakiyett"
LLC
Micro-Lending Organisation "OXUS Micro Finance"
Microloan Fund "Microinvest"
Micro-loan Organisation "Furuz" LLC

Ukraine

"AVODA" Micro-finance and Employment Center
Finance Company "Nadiya Ukrainy" LTD



We would like to express our gratitude to following organizations for providing photos of their clients for this publication:

- AREGAK Universal Credit Organization, **Armenia**
- KazMicroFinance (KMF), **Kazakhstan**
- Micro Finance Bank of Azerbaijan (MFBA)
- Partner Microcredit Organization, **Bosnia & Herzegovina**

XII. 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 2007 (All amounts are stated in PLN rounded to the nearest zł)

1 USD = 2,435 PLN	12 months ended 31 December 2007 (pre-audited)	12 months ended 31 December 2006
INCOME		
- Membership fees	103 925	101 915
- Conference fees	675 229	741 349
- Training fees	342 675	832 503
- Consulting fees	167 116	359 533
- Contributions to Programs	2 917 882	3 723 207
- Other (operating) revenue (Income)	63 726	40 113
TOTAL INCOME	4 270 553	5 798 665
EXPENSES		
- Conference direct costs	481 655	565 521
- Training direct costs	239 569	476 178
- Consulting direct costs	95 892	251 680
- Program expenses	1 963 550	2 592 213
- Administrative expenses	1 510 629	1 248 130
- Other operating expenses	32 299	34 466
TOTAL EXPENSES	4 323 594	5 168 189
Gross result	(53 041)	630 476
Net financing cost	(359 314)	(101 334)
Profit (Loss) before tax	(412 355)	529 142
Tax	(22 000)	26 956
NET RESULT AFTER TAX	(390 355)	502 186

Comments:

The main sources of MFC income include the fees from the annual conference and training as well as grants for various research and policy projects and publications. The 2007 loss resulted from a significant decrease in the USD value. The exchange rate loss is represented by the "Net financing cost" line item.

At the same time owing to the internal restructuring process and decreased demand, MFC offered fewer training courses in 2007 than in previous years.

Fundacja Centrum Organizacji Pożyczkowych (Microfinance Centre for Central and Eastern Europe and the New Independent States) Consolidated Balance Sheet as at 31 December 2007 (All amounts are stated in PLN rounded to the nearest zł)

1 USD = 2,435 PLN	2007 (pre-audited)	2006
ASSETS		
- Long Term Assets	38 700	23 054
- Current Assets		
• Banks and cash	3 288 786	2 561 912
• Accounts receivable	470 951	310 103
• Deferred tax assets	29 946	7 946
• Total current assets	3 789 683	2 879 961
TOTAL ASSETS	3 828 383	2 903 015
EQUITY and LIABILITIES		
- Own and General Funds	966 526	1 357 771
- Non current deferred grants	2 031 237	315 549
- Provisions	326 700	385 195
- Accounts Payable	176 288	180 732
- Deferred income related to dedicated funds	327 692	663 768
TOTAL EQUITY and LIABILITIES	3 828 383	2 903 015

Comments:

The biggest asset in the Balance Sheet is cash including retained earnings as well as funds for projects implementation.

On the Liabilities side 'Own and General Funds' represent current and retained earnings for activities at MFC's discretion.

XIII. BOARD AND STAFF

MFC Board

Gert van Maanen - MFC Chair, nominated representation;
Former Executive Director, Oikocredit, Netherlands

Maria Nowak – Founding Member of the MFC;
President, Association pour le Droit à l'Initiative Economique (ADIE), France

Gagik Vardanyan – MFC Treasurer, member representation;
Executive Director, MDF KAMURJ, Armenia

Monique Cohen - MFC at-large director, nominated representation;
President, Microfinance Opportunities, USA

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

Zhanna Zhakupova – member representation;
Executive Director, Asian Credit Fund, Kazakhstan

Ganhuyag Ch. Hutagt – member representation;
Executive Director, XacBank, Mongolia



MFC Staff

Grzegorz Galusek

MFC Executive Director

Supervision of programs: Membership, Annual Conference, Policy Forum, Policy Program, Training & Consulting Program

Katarzyna Pawlak

Deputy Director

Supervision of programs: Financial Education for Low-income Households, Social Performance Management of Microfinance Institutions, Microinsurance Products for Low-income Market, GenFinance, Investment Letter and Microfinance Market Studies, Capacity Building of Microfinance Associations, Knowledge Management

Justyna Pytkowska

Researcher

Microinsurance Products for Low-income Market, GenFinance, Investment Letter and Microfinance Market Studies

Dorota Szubert

Researcher

Social Performance Management of Microfinance Institutions, Microfinance Market Studies

Michał Matul

Financial Education Program Manager

Financial Education for Low-income Households, Microinsurance Products for Low-income Market

Ewa Bańkowska

Project Coordinator

Social Performance Management of Microfinance Institutions, Capacity Building of Microfinance Associations

Marcin Rataj

Project Coordinator

Financial Education for Low-income Households, Microinsurance Products for Low-income Market

Aldona Rutkowska

Training Coordinator

Training and Consulting Program

Anna Wiśniewska

Policy Programme Coordinator, Conference Coordinator

Annual Conference, Policy Forum

Agnieszka Bialek (Talma)

Information Coordinator

MFC Newsletter, Microfinance Policy Monitor, CGAP Publications in Russian, MFC Knowledge Management, Membership

Alicja Krzeszewska

Office Coordinator

MFC Data Base, Annual Conference, Membership, Office Administration and Secretariat

Ewa Romanowska

Accounting & Finance Specialist

Accounting and Finance

David Alimbarashvili

Trainer

Training and Consulting Program

Alisher Akbaraliev

Trainer

Training and Consulting Program

Aram Ghukasyan

Trainer

Training and Consulting Program

Zhanna Zhakupova

Trainer

Training and Consulting Program

Zviad Mirianashvili

Trainer

Training and Consulting Program

Agata Szostek

Consultant

Training and Consulting Program, Advancing Social Performance Management, GenFinance

Margarita Lalayan

Consultant

Training and Consulting Program, Financial Education Program

Žaklina Marta Bogdanić

Consultant

Advancing Social Performance Management, GenFinance

Volodymyr Tounitsky

Consultant

Training and Consulting Program, Advancing Social Performance Management, Capacity Building of Microfinance Associations





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

ul. Koszykowa 60/62 m.52
00-673 Warsaw, Poland
tel: (48 22) 622 34 65
fax: (48 22) 622 34 85

e-mail: microfinance@mfc.org.pl
website: www.mfc.org.pl

