



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

# Microfinance

IN CENTRAL AND EASTERN EUROPE  
AND THE NEW INDEPENDENT STATES

## 11<sup>th</sup> MFC Regional Conference!!!

Do not miss the special occasion to meet microfinance practitioners, investors, experts, policy makers and other microfinance stakeholders!  
29 to 31 May, 2008 Ulaanbaatar, Mongolia

## Country at a Glance: Azerbaijan

*Justyna Pytkowska, Researcher, MFC*

Microfinance in Azerbaijan started in the early 1990's as part of the humanitarian relief provided by international aid organizations, however, 'best practice' microfinance was introduced in 1998 with the first international NGOs moving into the country to provide financial services in line with international standards.

Nowadays, the microfinance industry in Azerbaijan encompasses four types of institutions – non-bank financial institutions, microfinance bank, downscaling banks and credit unions. According to the Azerbaijan Micro-finance Association (AMFA) statistics, at the end of the second quarter of 2007 the scale of lending activities reached US\$284 million in active loans served to over 213 thousand clients. The majority of clients are served by non-bank financial institutions, among which FINCA Azerbaijan is the largest player. The industry is growing rapidly, at an impressive rate of 87% for loan portfolios and 72% for active borrowers, which are figures well above the ECA average.

During the 10-year history of microfinance in Azerbaijan the biggest achievement has been the building of a network of institutions which are able to provide non-bank financial services on a large scale to customers



whose access to financial system is limited. This has been coupled with mainstreaming of microfinance in terms of public opinion, government opinion, and national bank opinion. This has led to the near adoption of microfinance law and has attracted a number of serious worldwide investors, raters and evaluators which has sped up the sectoral growth. Under the auspices of the Chairman of the National Bank of Azerbaijan (NBA) USAID's SME Support through Financial Sector Development Project (implemented by ACDI/VOCA) facilitated a Working Group on development of draft law on non-bank credit organizations (NBCOs.) This working group

involved NBA legal staff, USAID Financial Sector Development Project staff, AMFA Chairman and its member organizations and representatives of government bodies such as Ministry of Justice and Ministry of Economic Development.

The Working Group spent six months to develop a draft law on NBCOs which was reviewed by the NBA and submitted to Cabinet of Ministers in 2007 for further comments. The

law will be considered by Parliament in the spring 2008 session. The draft law essentially codifies existing practice concerning supervision and operations and could be deemed a 'light' regulatory framework. The submitted draft law has the following important features: no cap on loan size or interest rate, deems that microfinance is inherently a commercial operation but also allows for non-commercial institutions or operations, requires NBCOs to participate in the NBA administered credit registry, sets minimum standards for directors and chief accountants, requires an independent audit function, allows NBCOs to take cash collateral, provided it is held for safekeeping by a bank.

However the challenges remain. Non-bank credit organizations are limited to credit provision, even

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*In September 2007, Grzegorz Galusek, MFC Executive Director and Katarzyna Pawlak, MFC Deputy Director and Research Manager visited the Azerbaijan Micro-finance Association (AMFA), Central Bank of Azerbaijan and several microfinance institutions in Azerbaijan: Credit Implementing Agency, USAID SME Support thorough Financial Sector Development Project implemented by ACDI/VOCA., AqrolInvest Credit Union, WV AzerCredit, FINCA Azerbaijan, Social Fund for the Development of Internally Displaced Persons (SFDI) as well as the Azerbaijan Credit Union Association (AKIA) and the British Petroleum-Enterprise Centre. In addition, a meeting with microfinance clients was organized. We would like to cordially thank Jhale Hajiyeva, AMFA Executive Director for organizing these visits.*

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credit unions are not allowed to collect deposits which limits their financing sources. With the fast growth in microfinance as well as organizations building the capacity of new staff, many MFIs struggle with managing human resources effectively. ■



## 2006 Update on the state of microfinance in Eastern Europe and Central Asia

Justyna Pytkowska, Researcher, MFC

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.

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

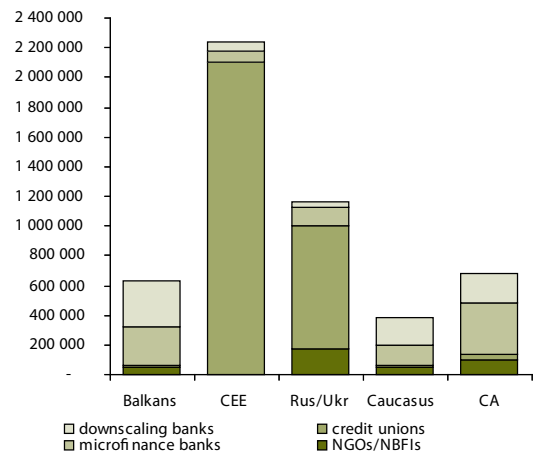
Compared to the previous year all types of institutions had higher growth rates. Downscaling banks again grew fastest – doubling their portfolio during the year, followed closely by microfinance banks. The fastest growing sub-region was Russia/Ukraine where both types of banks and NGOs/NBFIs had the 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 sub-regions. 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. Women constituted 58% of borrowers of NGOs/NBFIs and compared to the previous year, the figure did not change. The largest share of women borrowers: over 70% was observed in Central Asia and the Russia/Ukraine sub-regions, with the lowest share being observed in CEE. MFIs which served more women had deeper outreach, a higher urban presence and served more poor clients (below poverty level). They also have more women among loan officers, managers and on the board. They were more often funded from grants rather than borrowed funds.

Chart 1: Number of active borrowers by institutional type



However, MFIs tend to stress the general importance of rural financing but the industry in general is not moving quickly towards this type of clientele. The presence of rural clients in the total share of clients hardly changed compared to the last year, although the number of rural clients remains high in some sub-regions such as Central Asia, Caucasus and Balkans. An increase in the presence of rural clients was observed only in the Balkans. MFIs that served rural clients had fewer women among clients and as a consequence fewer women among staff, including loan officers. They are often more productive especially when using the village banking methodology. They also had more young clients, showing a very positive approach towards creating better business opportunities for young people from villages. Young people were rarely borrowers but in the Balkans – the most mature sub-region – competition forced MFIs to look for new markets, including more emphasis on young people.

Although when compared to the total microfinance clientele, the overall number of ethnic minority clients served was low (4%), there are examples of MFIs in the Balkans and Central Asia that have over 40% of clients belonging to the minority. ■

*"The State of Microfinance Industry in Eastern Europe and Central Asia 2006" is now available on the MFC web page: [www.mfc.org.pl/publications](http://www.mfc.org.pl/publications). This is the only existing analysis of performance, trends and issues of microfinance in the ECA region.*



## MFC Achievements 2007

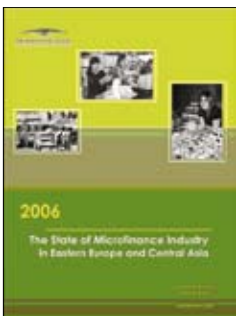
### 10<sup>th</sup> MFC Conference of Microfinance Institutions



The 10<sup>th</sup> anniversary MFC conference, "10 Years of Bridging the Market Gap" was held from 31 May till 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.

### Publications



■ **2006: The State of Microfinance in Eastern Europe and Central Asia** – This is the most comprehensive report on the 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 risk.

■ **Microfinance Policy Monitor** - In 2007 two issues of this publication were 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** - 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.

■ **CGAP publications in Russian** – In 2007 MFC translated into Russian 5 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), "Aid Effective-



ness in Microfinance: Evaluating Micro-credit Projects of the World Bank and the United Nations Development Programme" (FN#35), "Graduating the Poorest into Microfinance: Linking Safety Nets and Financial Services" (FN#34), "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.

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

### From Exclusion to Inclusion through Microfinance: Learning From East to West and West to East (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).

### Microinsurance

A three-year IFAD-funded project "Facilitating Widespread Access to Microinsurance Services" has commenced in Georgia. 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.

### Mainstreaming Gender through Microfinance

The MFC has teamed up with a working group led by international gender specialist Dr Linda Mayoux to advance gender equality



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and women's empowerment in financial services. The project 'Gender Equality in Microfinance in Bosnia and Herzegovina' started in November with five partner MFIs to assess current access and differences in the usage of microfinance services between men and women.

### **MFC Training and Consulting**

During 2007 the Training and Consulting Unit has been reviewing its current training model and analyzing market demand and



supply changes in relation to the capacity building needs of MFIs and other players. The unit has been successfully implementing a new model for development and delivery of training courses for maturing MFIs in collaboration with the strategic partners:

- New training courses added to the curriculum:
  - Risk Management Framework (Perfect Point Partners)
  - Financial Risk Management in MFIs (Citigroup and Women's World Banking)
  - Product Costing (Perfect Point Partners)
- Workshops offered during the MFC annual conference which will be rolled out as full training courses in 2008:
  - Fundamentals of Transformation: Steps in the Transformation Process (ACCION)
  - Equity Financing (SEEP Investment Readiness Group)
  - Successful Product Diversification in MFIs (ILO)

### **Maximizing Social Returns through Purposefully Driven Microfinance**

The cutting edge tools for strengthening management in Microfinance Institutions, developed during the two year action-research project, were finalized and disseminated world wide through the publication of *From Mission to Action Management Series for MFIs*, which include:

- Strategic Management Toolkit based on the BSC methodology
- Quality Audit Tool for Managing Social Performance: a self assessment tool which helps to identify strengths and weaknesses in performance management systems and processes.

The tools are available on a resource CD accompanied with printed overviews. They were promoted among more than 700 practitioners and other stakeholders world wide, during conferences and training events in Central and Eastern Europe, Caucasus, Central Asia, Middle East and North Africa, USA and Canada, Western Europe, Central and Southern America.



The tools have been implemented by: AgrolInvest (Montenegro, Serbia), AREGAK (Armenia), ASHI (the Philippines), Finance for Development (Azerbaijan), Genesis Empresarial (Guatemala), Horizonti (Macedonia), KEP (Kosovo), MDF (Serbia), MDF Kamurj (Armenia), Moznosti (Macedonia), NGO Manuela Ramos (Peru), Partner (Bosnia and Herzegovina), Prizma (Bosnia and Herzegovina), Women for Women International (Bosnia and Herzegovina).

### Advancing Social Performance Management in the Region and beyond:

Since the beginning of 2006, 16 MFIs and 2 MFAs from the region have joined the SPM Working Group in order to experiment together in effective ways to balance social and financial performance, share experience in strengthening management systems to support the mission and create good practices for double bottom line management. In 2007 the SPM WG met twice, to:



- share experience from SPM institutionalization with the use of From Mission to Action tools;
- comment on social performance indicators developed by International Task Force on Social Performance and the MIX;
- discuss the Social Performance importance for practitioners and the concept evolution.

MFC is also part of *Imp-Act* Consortium and International Task Force for Social Performance, pioneering at the global level the Social Performance and Social Performance Management concepts development, promotion and standardization.

As part of the *Imp-Act* Consortium, MFC has been promoting and improving the *Imp-Act* Social Performance Management Training as well as developed a roadmap for SPM implementation.

### Central Asia Microfinance Associations Capacity Building

In 2007 MFC successfully facilitated the collaboration between different stakeholders interested in building the capacity of CA MFAs. As a result, the process of strategy development for CA MFAs and the preparation for the kick off of the Associations Learning Platform, aiming at improving the peer learning opportunities, have been initiated. All the activities also create possibilities for associations outside the region to join the peer learning activities.

### MFC Financial Education Program

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 800 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 already selected. 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 Foundation (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. ■



## Interview

**MFC interviews Lisa Sherk, Director of Investment Analysis and Sandra Mai Hamilton, Senior Investment Analyst, BlueOrchard on Social Performance Management (SPM)**

**MFC: What does the term social performance mean for you? How does it differ from impact assessment?**

**BlueOrchard:** In the context of microfinance, our understanding of “social performance” is the extent to which MFIs deliver on the stated aim of microfinance to provide access to financial services for individuals or communities excluded from the formal financial sector. Impact assessment goes further in actually measuring how much microfinance has contributed to the overall well-being (for example increase in income or sense of empowerment) of a group of people who have used microfinance versus a control group who have not.

**MFC: How important are MFIs’ social performance for you? Why?**

**BlueOrchard:** As a specialized microfinance investment fund, it is essential that our partner microfinance institutions have a clear double bottom line statement in their mission, of both sustainability and social outreach or developmental impact. The implementation of the double bottom line statement is considered and evaluated during the review of supporting documentation produced by the institution or external agencies (for example Rating agencies, regulatory organs, founder or donor agencies). The double bottom line also comes to the fore through detailed discussions with management and staff and most importantly, through visits to and conversations with microentrepreneurs served by a given MFI. We welcome any initiative amongst MFIs to gather information on social performance, allowing them to better provide information about their social mission.

**MFC: How does your institution communicate your social performance to your investors?**

**BlueOrchard:** BlueOrchard monitors such indicators as the percentage of women borrowers, the percentage of borrowers in rural areas, the average loan amount compared to GDP per capita, the percentage of business loans in the portfolio and the percentage of non-collateralized loans in the portfolio. In addition to these quantitative indicators, we also pay attention to the articulation of the social mission and the extent to which board, management and staff carry out the institution’s mission; to the target client group; to the product list; to branch locations and more.

This qualitative information is gathered and to a certain extent “cross-checked” during discussions at all levels of the institution (including final borrowers, loan officers, middle and senior management, board members) as well as during the desk study using such sources of information as the business plan and rating reports. Information is also gathered from the market in general, from other actors and stakeholders in microfinance who are present in the local market.

**MFC: What specific issues/indicators are you interested in while making an investing decision? How seriously do you take them into account?**

**BlueOrchard:** BlueOrchard follows strict investment guidelines when considering potential investments in microfinance institutions. Our analysis covers several areas – industry and economy at large, ownership and governance, financial profile and performance, management, accounting and reporting, portfolio analysis, management of credit and market risks, funding and capitalization and social performance. All areas are of equal importance to us.

**MFC: In the area of social performance, which specific indicators do you take into consideration?**

**BlueOrchard:** As it is difficult to measure social performance with any one indicator, BlueOrchard assesses and monitors it through the use of such proxy indicators as the percentage of women borrowers, the percentage of borrowers in rural areas, the average loan amount compared to GDP per capita, the percentage of business loans in the portfolio, the percentage of non-collateralized loans in the portfolio.

**MFC: What benefits can MFIs providing social performance information expect from social investors?**

**BlueOrchard:** Social investors are often willing to forgo higher available economic return or to take on greater risks (for example local currency risk, subordinated debt positions or first loss positions), than investors who are not concerned about “double bottom line” issues. In this way, social investors not only provide needed funding to microfinance directly but also lay the foundation for other less “social” investors to also participate in funding microfinance. In order for the social investor to play this catalytic role, however, they must be convinced that there is a true social dimension to their investment and need to have access to reliable, transparent information that validates the social value of microfinance.

**MFC: How important is reliability of information for you? How can MFIs provide accurate information for social investors in a cost-effective way? Should MFIs report on information that reflects their missions and contexts or against standardized set of measures?**

**BlueOrchard:** Reliability of information and transparency are the keys to the strong long-term relationships which BlueOrchard aims to build with its microfinance partners. Since social performance can often be quite a subjective assessment, it is important to have some objective, quantitative and standardized set of measures that can be used by all institutions (for example, number of women borrowers, average loan size as % of GDP) and which are relatively easy and cost-effective for MFIs to provide. This should then be complemented by more context-specific, subjective assessments, including client stories or testimonials.

**MFC: How should MFI promote its social performance to gain the investor’s interest?**

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➔ [continued from page 6]

**BlueOrchard:** MFIs should be consistent in highlighting and explaining their double bottom line missions – using existing proxy indicators such as the average loan amount compared to GDP per capita but also highlighting and detailing the social or developmental impact of their mission and performance.

**MFC: What will happen in the future with regard to social performance concept development? Will it become as standardized as financial performance?**

**BlueOrchard:** A more standardized set of indicators to measure social performance would be a welcome addition for microfinance

and the transparency of its impact on economic and social development. It is likely however that quantitative indicators will not be sufficient to give a full picture of social performance and that background information will always be useful in providing further details. ■

MFC leads a working group on SPM that works out relevant indicators as well as contributes to development of industry common reporting standards on social performance.

For more information contact *Ewa Bańkowska*:  
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## SHARING EXPERIENCE



### The Triple Bottom Line:

#### Environmental responsibility in PRIZMA

*Vedad Vajzovic, Marketing Manager and Mirza Cehajic, Information Systems Manager, PRIZMA Mikro, Bosnia and Herzegovina*

Major changes in environmental management are being required as a result of the European integration process but currently the capacity of B&H authorities to move this process forward is extremely limited. Accordingly, the new B&H Government (from February 2007) has proclaimed environment as one of its priority areas and is committed to work on resolving the countries mounting environmental problems. Thanks to its day to day work in the field Prizma has recognized the environmental problems highlighted by the government and has been proactively reacting in order to develop procedures concerning environmental protection for all Enterprise and Agricultural loans.

Prizma is strongly committed to not provide finance to businesses which may impact the environmentally negatively. All clients who apply for business and agricultural loans must, with the assistance of loan officers complete the Environmental Procedure Form. The form contains seven aspects of business impact on environment: (1) impact on air, (2) water, (3) soil, (4) nature, (5) waste, (6) rural environment, and (7) social aspect. If the answer to any of these seven aspects appears to negatively impact the environment, then the business is considered as unacceptable for financing.

To ensure compliance with this policy, some of Prizma's senior staff attended training courses organized by USAID, about good ecological practices. Following attendance at the training courses internal training was developed so that Prizma's loan officers could receive training on how to evaluate business impact on environment and to correctly fill in the Environmental Procedure Form. The environ-

mental procedure form is included in Prizma's operational manual, forms part of the standard internal audit plan and is checked for compliance by the External Auditor. Prizma believes that environmental responsibility is a very important issue and will continue improving its environmental procedures in the future.

## Growth strategies:

### FINCA Azerbaijan

*Ella Beavers, Chief Operations Officer, FINCA Azerbaijan*

FINCA Azerbaijan was established in 1998, as a representative office of FINCA International and was registered with the Ministry of Justice in November, 1999, as a local limited liability company owned by FINCA LLC Inc. FINCA Azerbaijan obtained a limited license for lending activities from the National Bank of Azerbaijan in February, 2000.

Over the past two and a half years, FINCA Azerbaijan has experienced strong growth and development. This has been driven by strong marketplace demand as well as ongoing efforts to refine loan products and meet client needs. FINCA Azerbaijan's Rural Loan Product has experienced strong demand in farming communities across the country and has made a substantial contribution to the institution's growth. Individual lending has also contributed substantially to FINCA Azerbaijan's growth over the past 12 months.

As of 31 October, 2007, FINCA Azerbaijan served more than 69,900 borrowers and had a loan portfolio of over US\$ 38 million. FINCA Azerbaijan's portfolio quality has remained high, with a portfolio at risk above 30 days of 0.36% as of 31 October, 2007. FINCA Azerbaijan's average outstanding loan balance is approximately \$543 and is among the lowest in its peer group.

Since its inception, FINCA Azerbaijan has maintained its focus on its mission of serving the microentrepreneurs of Azerbaijan. FINCA Azerbaijan now has over 580 staff members, in 24 branches and 30 satellite offices located in 54 regions of Azerbaijan.

FINCA Azerbaijan's medium-term goal is to transform into a regulated commercial financial institution. This will provide FINCA Azerbaijan with the opportunity to mobilize savings on the local market and offer its clients a broader range of financial products, such as current accounts, money transfers and remittances. ■



## MFC MEMBERS CORNER

### **Mikrofin and Benefit, Bosnia and Herzegovina, merger and transformation to Micro Credit Company Mikrofin**

Micro credit organizations Mikrofin and Benefit successfully completed their merger process which began at the end of 2006. The new institution has become the largest MFI in Bosnia and Herzegovina in terms of assets, portfolio, number of active loans and outreach.

Additionally and based on the new "Law on micro credit organizations in Bosnia and Herzegovina", the new institution has also successfully completed the transformation process and transformed into the first Micro Credit Company in Bosnia and Herzegovina. Micro Credit Company Mikrofin was licensed by the Republic of Srpska Banking Agency June 27, 2007, and court registration of the newly established Company followed on August 8, 2007.

### **NEW MFC MEMBERS**

**Micro Loan Fund "Borshud", Tajikistan** was established in 2004. Its mission is to contribute to poverty alleviation and the improvement of living conditions in Tajikistan by providing access to small loans and leasing services targeted at agricultural production, storage, processing and marketing agriculture commodities. Borshud's activities are guided by the needs of the market and the interests of the clients.

**Habitat for Humanity International – Europe and Central Asia Regional Office, Slovakia.** The ultimate goal of Habitat for Humanity is to eliminate poverty housing and homelessness from the face of the earth by building adequate and basic housing. Habitat's work, through its poverty alleviation actions, aims to put shelter on the hearts and minds of people in such a powerful way that poverty housing and homelessness become socially, politically and religiously unacceptable in our nations and world.

Habitat achieves its mission in many different ways, one of which is improving access to affordable housing financial services, through which it improves living standards for low-income households.

**Microfinance Organization Alliance Group Ltd., Georgia** was founded in November 2005.

Its main activity is disbursement of micro and small loans both in local and foreign currencies. Originally the company provided micro and small consumer loans and then diversified into offering business loans for current business development as well as for start up businesses.

AGM was the first microfinance organization to offer consumer loans for residents, which was implemented in the market as a "family loan". This is a unique and original product as the borrowers are all family members, who share the loan serving responsibility. In the future AGM plans to diversify its major products by designing more specific sub products to meet the demand of different customer segments. ■

## Associations' Voice



In this issue:

### **Azerbaijan Micro-finance Association (AMFA)**

#### **AMFA receive the Network of the Year 2007 Award**

AMFA has been awarded the Network of the Year 2007 Award in Service Delivery by the SEEP Network. The Award was presented to AMFA during the 9th Global Network Summit in Washington, DC, to which 36 Microfinance networks from all across the globe participated.

#### **AMFA recognized as "SEEP Best Panelist FY 2007"**

AMFA's presentation was evaluated by the participants of the SEEP Annual Conference as one of the best workshop presentations of 2007. As a result of this AMFA will receive free admission to the 2008 SEEP Annual Conference and the Microfinance Network Summit, as well as being given a special badge "SEEP Best Panelist FY 2007".

***AMFA cordially congratulates Jhale Hajiyeva, AMFA's Executive Director and AMFA's team and members on these well-deserved marks of recognition!***

#### **AMFA Summer Internship Programme successfully launched**

In May 2007 AMFA launched its first Internship Programme for Loan Officers. The programme targeted students who had recently finished their Bachelors or Masters level of studies in Finance and Credit, or Economics; and who had limited or no previous work experience.

During the training period, which took place from July-August, Interns gained comprehensive knowledge about the demands of being a Loan Officer, preparing loan applications, and assessing and evaluating potential borrowers. Interns were also able to meet clients in the field. At the end of the one month training period of the 6 Interns who had been placed within the five Institutions, 3 were offered full-time employment.

The Summer Internship programme 2007 aimed to address one of the largest constraints to the development of the micro-finance and banking sectors – the lack of qualified personnel. The lessons learned from the pilot programme will be used in the review and update of the curriculum, ready for Interns who will participate in the next internship programme scheduled for early 2008.

*The internship programme was financially & technically supported by USAID SME Support through the Financial Sector Development Project implemented by ACDI/VOCA; BP and its co-venturers in the Azeri-Chirag-Guneshli, Shakhdeniz, Baku-Tbilisi-Jeyhan and South Caucasus Pipeline projects; and UNDP Azerbaijan.* ■

MFC strategic partners and supporters:



If you would like to share information on the microfinance in C&EE and the NIS or you would like to subscribe for this Newsletter, please contact Agnieszka Talma: [agnieszkatalma@mfc.org.pl](mailto:agnieszkatalma@mfc.org.pl).