



**MICROFINANCE CENTRE**



# ANNUAL REPORT 2017



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The Microfinance Centre (MFC) is a regional microfinance resource center and network. We unite 108 organizations (including 77 MFIs) across 36 countries of Europe, Central Asia and beyond, who together deliver responsible microfinance services to over 1,000,000 low-income clients.

**Our Mission** is to empower people and communities through social finance. We seek to make financial services work for all people and communities, especially the underserved and excluded by building on the achievements of the social finance sector: microfinance, financial cooperative systems and others. We seek to inspire new partnerships with technology providers to improve products, outreach and scale and to charter innovative ways of accessing and using finance.

**Our Vision** is for an industry that is centered around creating benefits for clients and excels at delivering responsible financial services.

## Preface

*Dear colleagues,*

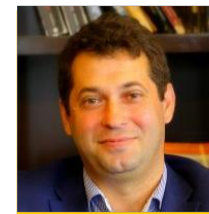
*We are pleased to share with you the MFC Annual Report for 2017!*

*Since its inception, the MFC has worked at the forefront of best practice in financial inclusion. To continue this engagement, last year the MFC Board and staff developed a new strategy that will support our members in navigating through the current era of rapid technological change.*

*The ability to deliver financial services via digital channels is opening up new opportunities to microfinance institutions and their clients. While mainstream financial institutions have significant resources to invest in new technology—microfinance practitioners often lack the funding and expertise needed to do so. The MFC's new **Learn, Link, Lead** strategy will bridge this gap, enabling MFC members to develop new skills and strategies, identify partnership opportunities and, in some cases, gain access to additional resources to help them go digital. And because leveraging new technologies requires institutional change, MFC will support these processes by providing peer learning and coaching opportunities and additional expertise.*

*This year, we also strengthened our links with the European Commission for strategic cooperation in tackling financial exclusion in EU countries and delivered technical support to European microfinance institutions as part of the EU-funded EaSI TA program (in partnership with EMN and the Frankfurt School for Finance and Management). With EBRD support, we also brought together member CEOs and senior management from across Central Asia and Europe to discuss key strategic challenges in leading a microfinance institution in an era of political and economic instability, as well as the latest thinking in key operational areas such as HR and risk management. This year, the MFC and its members also conducted its fourth annual Borrow Wisely Campaign, while through our partnership with the Center for Financial Inclusion and the MetLife Foundation we initiated an innovative financial health program to support individuals in managing their finance.*

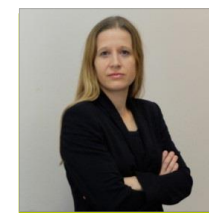
*We would like to thank all of our members and partners for your fruitful cooperation and confidence in MFC. We look forward to our continued discussion and collaboration!*



Cristian  
Jurma  
Chairman of  
the Board of  
Directors



Grzegorz  
Galusek  
Executive  
Director



Katarzyna  
Pawlak  
Deputy  
Director

108 Members in Europe  
and Central Asia

27 Projects executed  
in 2017

108 Members  
involved



#### LINK

MFC develops linkages between diverse social finance providers such as, microfinance institutions, cooperatives, ethical banks and new forms of alternative finance through networking services.

#### LEARN

MFC provides learning opportunities for its Members through facilitating exchange of good practice, access to capacity building programs that promote innovation and the use of new technology.

#### LEAD

MFC leads sector development through strategic research and advocacy to identify and highlight good practice examples of social finance solutions and its impact on socio-economic development.



# LINK 2017

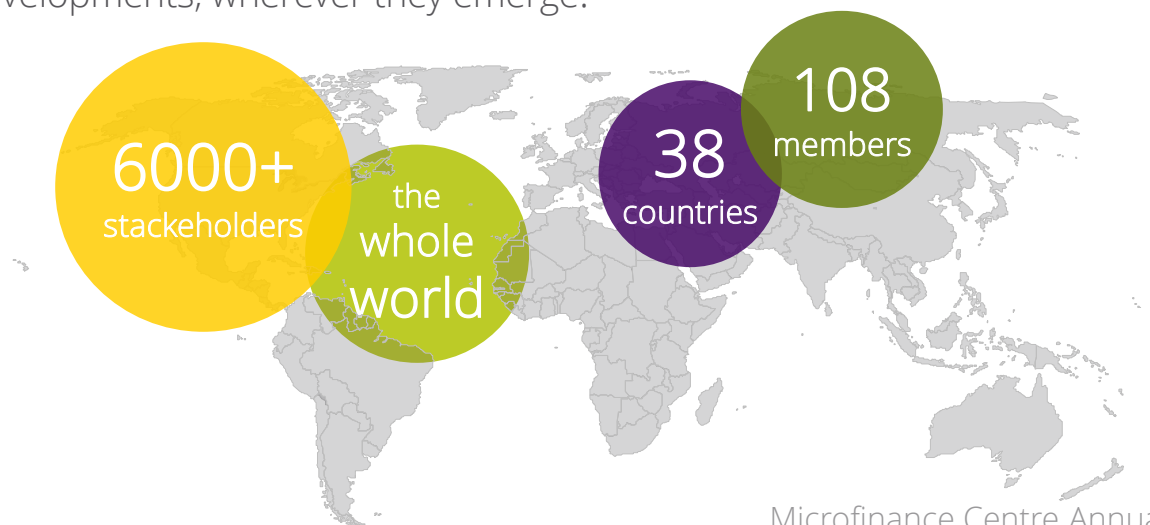
1 000+ People linked

78% Members involved

17 Events organized

Global community of 6000+ people and organizations committed to Financial Inclusion

MFC, along with the 108 members and more than 6000 individual and organizational partners has been working on Financial Inclusion for the last 20 years. As we are committed to Europe and Central Asia region, we cooperated globally to set and mainstream industry standards and ensured to be on top of the sector developments, wherever they emerge.





# LINK 2017

1000+ People linked

78% Members involved

17 Events organized

## International Conference and Forum on Financial Inclusion Trends

MFC organised industry events gathering practitioners, investors, academics, support organizations and policy makers to discuss key industry trends. The discussions carried out were directed towards creating opportunities for funding partnerships, business cooperation, learning and peer exchange.



*20th MFC Annual Conference*  
Sarajevo, Bosnia and Herzegovina  
May 2017



*Alternative Finance Forum*  
Warsaw, Poland  
October 2017







# LINK 2017

1 000+ People linked

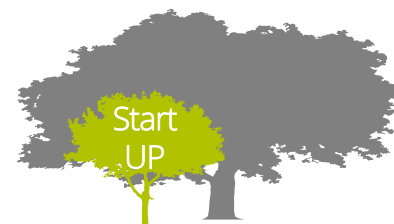
78% Members involved

17 Events organized

## National Conferences, Forums and Meetings on Financial Inclusion Key Topics

MFC organized national events at the request of its members and participated in the industry gatherings to discuss important trends and topics.

- *Start-ups and Microfinance Meetings:*
  - » *Bulgaria, April 2017*
  - » *Albania, February and September 2017*
  - » *Serbia, September 2017*
  - » *Montenegro, September 2017*
  - » *Macedonia, October 2017*
- *Financial Education for All Seminar*
  - » *Poland, December 2017*
- *Session on Financial Health at European Microfinance Week*
  - » *Luxembourg, November 2017*



**EUROPEAN  
MICROFINANCE  
WEEK 2017**



# LINK 2017

1 000+ People linked

78% Members involved

17 Events organized

## Workshops, Sessions and Meetings on Financial Inclusion Key Topics

MFC led the Social Performance Fund project, among others by organizing various events.

- *Awareness raising events*
  - in Tajikistan in cooperation with **AMFOT**, January 2017
  - in Albania in cooperation with **AMA**, March 2017
- *SPM event for networks and MFIs*  
*Bosnia and Herzegovina, May 2017*
- *Session on responsible pricing standards and indicators for microfinance institutions and investors*  
*Bosnia and Herzegovina, May 2017*
- *Session on SPM Standards at European Microfinance Week*  
*Luxemburg, November 2017*
- *SPM workshop on the European Microfinance Network conference*  
*Italy, June 2017*







# LINK 2017

1 000+ People linked

78% Members involved

17 Events organized

## Forum for Leaders in Financial Inclusion

MFC brought together financial inclusion leaders to engage in topics of interest and exchange views on growth and sustainability, share experiences, establish new partnerships and assist each other in finding solutions to common issues. The forum also allowed the leaders to tap into new opportunities in order to stay ahead of the market. The forum had a very informal character and the leaders engaged in deep conversations, reflections and sharing of their experiences. They jointly addressed common problems and explored opportunities in a friendly and peer-supportive environment.

- *Microfinance CEO Summit, Bosnia and Herzegovina, May 2017*
- *Human Resources Managers Peer Learning Workshop "Succession Planning and Workforce Development" Poland, March 2017*
- *CEO Forum for Board Members, Poland, October 2017*





# LEARN 2017

108 Members  
Involved

\$238K Grants  
total

74 Technical Assistance  
Activities

## Management Training and Consulting

Financial Inclusion Institutions are increasingly getting sophisticated and require customized support. Therefore, we offered technical assistance in the area of good governance, MIS, strategy, risk management, the European Code of Good Conduct, social performance management and housing microfinance.

- ***EaSI TA Program*** support for MFIs in EU and the EaSI Countries (Albania, Bulgaria, Croatia, Greece, Poland, Romania, Slovenia, UK) in cooperation with Frankfurt School and EMN, funded by the European Commission
- ***Housing Microfinance Technical Assistance Program*** in Europe and MENA region, funded by Habitat for Humanity International
- ***Social Performance Management Workshop, The Micro, SME & Housing Finance Summer Academy*** of Frankfurt School, July 2017





# LEARN 2017

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## Executive Coaching & mentoring

MFC supported leaders of its members organization in their professional development.

- *CEO Library - selection of most interesting recent leadership publications*
- *CEO Talks - selection of most interesting recent leadership talks*
- *Executive Coaching Sessions for MFC Members*



## Consulting in Financial Education

MFC developed and customized financial education tools and the local educators' skills through training of educators. We also supported pilot and scale up implementation programs for NGOs, financial institutions and central banks.

- *Increasing Access to Finance For Rural Population in Belarus,, in cooperation with Republican Microfinance Centre, funded by USAID*





# LEARN 2017

108 Members  
Involved

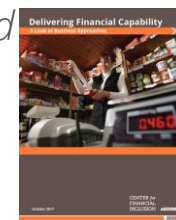
\$238K Grants  
total

74 Technical Assistance  
Activities

## Expert Advice in Responsible Finance and Financial Inclusion

MFC provided research, policy advice and support to international development organizations.

- **8th European Microfinance Award:** *Housing Microfinance, organized by European Microfinance Platform and Inclusive Finance Network Luxemburg, granted by the Luxembourg Ministry of Foreign and European Affairs*
- **Delivering Financial Capability: A Look at Business Approaches:** *funded by Center for Financial Inclusion at Accion*
- **Input to EMN Magazine 'Microfinance and Financial Education: Evidences from Europe'** *in the form of case studies of delivering financial education in Europe*
- **SPM Think Tank:** *integrated practitioners, network representatives, and investors in order to discuss how to integrate into the EU Code of Good Conduct for Microcredit Providers and a more social approach based on international good practice*
- **Over-indebtedness Study Cambodia II** *with the support of MIFA TAF, Oikocredit, KFW, BMZ and BlueOrchard.*





# LEARN 2017

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\$238K Grants  
total

74 Technical Assistance  
Activities

## Peer Exchange

MFC supported MFIs' learning process by peer exchange and technical assistance.

- *EaSI TA Program support for MFIs in EU and the EaSI Countries (Albania, Bulgaria, Croatia, Greece, Poland, Romania, Slovenia, UK) in cooperation with Frankfurt School and EMN that was funded by the European Commission*



Frankfurt School of  
Finance & Management



## Webinars and Working Groups

MFC offered the platform for members and other partners to exchange experience to support ongoing learning in the sector.

- *Digitalization Working Group Webinars:*
  - *Microfinance and digitalization. Survey results*
  - *Implementing the European Code of Good Conduct – practitioners experience*
  - *Delivering Financial Capability: A Look at Business Approaches*
  - *Mikrofinans Norge microfinance precedent*



# LEARN 2017

108 Members  
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\$238K Grants  
total

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Grant support to MFIs and Associations to support Social Performance Management  
MFC distributes \$238 323 indirect grants to MFIs and associations to support their capacity building in Social Performance Management.

- *Social Performance Fund*  
in cooperation with Cerise,  
funded by the Ford Foundation



FORD  
FOUNDATION

CERISE

## Financial Inclusion Research

MFC explored and researched financial inclusion topics of most importance to the sector development following interests of Members and partner institutions

- *Digitalizing Microfinance in Europe*
- *Microfinance and Business Start-ups: Review of the Current Practice in Europe*
- *Over-indebtedness Trends in Europe – Issue No. 2*
- *Delivering Financial Capability: A Look at Business Approaches*
- *Good Practices and Innovation in Housing Microfinance*





# LEAD 2017

14 Research and Policy  
Notes released

7 Strategic Partnerships  
set and maintained

## Advocacy

MFC advocated for financial inclusion through its membership and strategic partnerships.

- *Strategic Partnership with the European Commission*
- *Advocacy Think Tank, in cooperation with EMN*
- *European Code of Good Conduct Steering Committee headed by the European Commission*
- *Social Performance Task Force Board, representative of networks*
- *Membership in European Financial Inclusion Network*
- *Exchange Membership in European Microfinance Network*
- *Polish Partnership for Financial Education*





# LEAD 2017

14 Research and Policy  
Notes released

7 Strategic Partnerships  
set and maintained

## Policy Notes

MFC continued to issue policy notes to advocate for a more inclusive financial sector and support microfinance.

- *Memorandum of Understanding between the EIB Group (EIB, EIF and EIB Institute) and EMN & MFC*
- *EMN/MFC proposal for a revised EU definition of microfinance and microcredit*
- *Note to DG FISMA. Capital markets Union and the development of microcredit for an inclusive entrepreneurship*
- *EMN/MFC note on inclusive entrepreneurship*
- *ESF Market Failures for Microfinance in Europe Findings “short mapping”*
- *Over-indebtedness trends in Europe (issue 1 and 2)*





# LEAD 2017

14 Research and Policy  
Notes released

7 Strategic Partnerships  
set and maintained

## Digitalization

MFC undertook several activities to promote digitalization and explored how it can support financial inclusion.

- *„Digitalizing Microfinance in Europe“ summarizes fintech solutions and digitalization of the customer relations and lending process among MFIs in Europe*
- *Innovation Award promoted technological innovation in the region and highlighted interesting initiatives*





# LEAD 2017

14 Research and Policy  
Notes released

7 Strategic Partnerships  
set and maintained

## Responsible Finance Standards

MFC promoted and advocated for responsible conduct and responsibility standards among our members and a broader financial inclusion sector.

- *4th Borrow Wisely Campaign in cooperation with 27 MFC Members, October 2017*

- Farm Credit, Armenia
- Nor Horizon, Armenia
- Finca, Armenia
- Ucora (Armenia)
- AzerCredit (Azerbaijan)
- NOA Sh.a. (Albania)
- EKIm (Bosnia and Herzegovina)
- Lider (Bosnia and Herzegovina)
- MiBospo (Bosnia and Herzegovina)
- Partner (Bosnia and Herzegovina)
- Mikrofond (Bulgaria)
- SIS Credit (Bulgaria)
- USTOI (Bulgaria)
- Crystal (Georgia)
- Kepa (Greece)
- AFK (Kosovo)
- Asian Credit Fund (Kazakhstan)
- Horizonti (Macedonia)
- Microinvest (Moldova)
- Monte Credit (Montenegro)
- ACAF (Spain)
- Vitas (Romania)
- AgroInvest (Bulgaria)
- Opportunity Bank (Serbia)
- Hope (Ukraine)
- Imon (Tajikistan)





# LEAD 2017

14 Research and Policy  
Notes released

7 Strategic Partnerships  
set and maintained

## Drawing Attention to Added Value of the Microfinance Sector

MFC co-organized the European Microfinance Day in cooperation with the European Microfinance Network, which is the annual initiative raising awareness about the existence and added value of the microfinance sector in its fight against social exclusion and unemployment.

- *The 3rd European Microfinance Day based on the tagline “Fair Finance for All” drew attention to the need to ensure fair access to finance, putting the focus on those who are underserved by the traditional banking sector.*
  - 26 local actions
  - 28 MFC & EMN Members engaged
  - 15 countries





# LEAD 2017

14 Research and Policy  
Notes released

7 Strategic Partnerships  
set and maintained

## Financial Health

MFC kicked off a project to digitalize financial health and developed tools for assessing financial capabilities of micro-entrepreneurs and households.

- *Financial Health Quiz available in 9 languages in partnership with Center for Financial Inclusion at Accion*

CENTER for  
FINANCIAL  
INCLUSION | ACCION

## Micro-entrepreneurship support

MFC continued to advocate for a better recognition of micro-entrepreneurship and explored ways of supporting it further.

- *Research on the role of microfinance and start-ups, Albania, Serbia, Montenegro, Macedonia, in cooperation with Members and national associations, supported by the European Commission*
- *Micro-entrepreneur of the Year Award 2017 supported by Citi Foundation, Poland, June 2017*

Citi Foundation



Mikropredsiębiorca  
Roku





# Financial Statement

Fundacja "Microfinance Centre"

Consolidated Statement of Financial Position as of 31 December

(All amounts are stated in PLN rounded to the nearest zloty)

	2017	2016
	1 USD = 3,4813 PLN 1 EUR = 4,1709 PLN	1 USD = 4,1793 PLN 1 EUR = 4,4240 PLN
ASSETS	- Non-current assets	19 784
	- Current Assets	482
	- Cash and cash equivalents	13 529 217
	- Accounts receivable	1 741 594
	Total current assets	15 270 811
	<b>TOTAL ASSETS</b>	<b>13 024 549</b>
EQUITY and LIABILITIES	- Own Funds	12 069 699
	- Accounts Payable and Accruals	3 317 953
	<b>TOTAL EQUITY and LIABILITIES</b>	<b>13 024 549</b>

# Financial Statement

Fundacja "Microfinance Centre"

Consolidated Statement of Comprehensive Income

for the year ended 31 December

(All amounts are stated in PLN rounded to the nearest zloty)

2017

2016

1 USD = 3,4813 PLN  
1 EUR = 4,1709 PLN

1 USD = 4,1793 PLN  
1 EUR = 4,4240 PLN

Earned  
revenue

- Membership fees	109 725	156 339
- Program revenue	5 073 166	3 998 886
- Other operating income	26 223	25 870
<b>TOTAL REVENUE</b>	<b>5 209 114</b>	<b>4 181 095</b>

Program  
&  
administra  
tive  
expenses

- Program expenses	3 315 951	2 479 482
- Administrative expenses	830 418	759 591
- Other operating expenses	62 404	7 872
<b>TOTAL EXPENSES</b>	<b>4 208 773</b>	<b>3 246 945</b>

TOTAL

Result from operating activities	1 000 341	934 150
Net finance income	(819 083)	541 317
<b>Profit before income tax</b>	<b>181 258</b>	<b>1 475 467</b>
Income tax expense	64 899	214 534
<b>Net result after tax</b>	<b>116 359</b>	<b>1 260 933</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>116 359</b>	<b>1 260 933</b>

# Microfinance Centre Board of Directors

Practitioners working for the wellbeing and improvement of the whole sector



**Cristian Jurma**  
Chairman of  
the Board of  
Directors



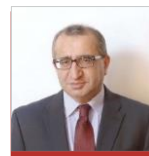
General  
Manager,  
SC Vitas IFN SA,  
Romania



**Alisher  
Akbaraliev**  
Board Director



Executive  
Director,  
Association of  
Microfinance  
Institution,  
Kyrgyz Republic



**Armen  
Gabrielyan**  
Board Director



CEO, Farm  
Credit  
Armenia UCO  
CC, Armenia



**Lucija  
Popovska**  
Board Director



COO Software  
Group,  
Bulgaria



**Izabela Norek**  
Board Director



Manager,  
CoopEst,  
Belgium



**Kalin Radev**  
Board Director



CEO, Software  
Group,  
Bulgaria



**Sanavbar  
Sharipova**  
Board Director



Board Member,  
IMON  
International,  
Tajikistan

# Microfinance Centre Team

We are working hard to make finance empower all

## Microfinance Centre Staff



**Grzegorz Galusek**  
Executive Director



**Katarzyna Pawlak**  
Deputy Director



**Ewa Bańkowska**  
Responsible Finance Expert



**Justyna Pytkowska**  
Research Program Manager



**Liliya Peskova**  
Event Manager



**Kinga Dąbrowska**  
Responsible Finance, Projects Manager



**Ewa Romanowska**  
Accounting & Finance Manager



**Nadia Szypilow**  
Communication Manager

## Microfinance Centre Consultants



**Piotr Koryński**  
MFC's Senior Advisor and Consultant



**Elena Avery**  
MFC's Consultant



**Artur Munteanu**  
MFC's Consultant



**Agata Szostek**  
MFC's Consultant

# MFC Members





**MICROFINANCE CENTRE**

## Microfinance Centre

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00-666 Warsaw, Poland  
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