

2021



MICROFINANCE CENTRE

# MFC Annual Report

FOREWORD .....	3
NEW STRATEGY .....	5
HIGHLIGHTS 2021 .....	6
ACTIVITIES .....	8
MEMBERS MAP .....	17
MFC COUNCIL .....	18
MFC TEAM .....	19
ANNUAL ACCOUNTS .....	20



**Katarzyna Pawlak**

Executive Director  
Microfinance Centre



**Ewa Bańkowska**

Deputy Director  
Microfinance Centre

We're happy to share with you our annual report describing our network's activities and achievements throughout the difficult year of 2021. Despite the fact that the pandemic continued to challenge our efforts to support the microfinance and social finance industry, we once again proved resilient and determined to continue our mission.

### Key Partners

For their support and cooperation, we'd like to thank our member organizations across 36 countries and our program partners: the European Commission, European Investment Bank Group, UNHCR, European Fund for Southeast Europe, Mastercard Centre for Inclusive Growth and Erasmus Plus. Together, we weathered the storm and successfully continued our aim of promoting learning and good practice, conducting research, and conducting policy-level work to facilitate the development of the microenterprise and microfinance sector across Europe and Central Asia.

### New Strategy

We also consulted over 60 stakeholders in developing the MFC new strategy, which features three key components: **Strong Network. Visibility. Partnerships for Technology.**

### Capacity Building for MFIs

Our capacity building program trained almost 2,500 inclusive finance professionals in over 120 learning events including [BootcampLabs](#) virtual workshops; [Digital Literacy Bootcamp Webinars](#) in Russian; [Leaders in Digital Era](#) webinars on soft skills; regional workshops on risk assessment analysis, business continuity planning, digital marketing, EaSI Financing Instruments and more. The EaSI TA program continued to promote the European Code of Good Conduct and trained microfinance institutions to adopt the code.

### Trends and Experience Sharing Conference

We successfully organized our first-ever virtual conference [Social Finance Vibe 2021](#), which welcomed over 600 professionals with an exciting three-day comprehensive learning program featuring over 50 sessions and 100 speakers.

### Advocacy

On the advocacy front, our mobile office in Brussels held almost 150 meetings with key stakeholders including EU institutions and EU-level networks.



**Sanavbar Sharipova**  
MFC Council Chair



**Paul Kalinauckas**  
MFC Council Vice Chair

We continued our national advocacy efforts with our fourth year of support to national working groups in Albania, North Macedonia, Poland, Romania and Serbia—which together supported over 200 professionals.

### New Research Findings

The year was also very productive in terms of conducting cutting-edge research and authoring reports on important topics. Our review of the state of art of green microfinance in the sector culminated in a series of papers for different stakeholder groups entitled [Advancing the Green Economy through Microfinance in Europe](#). We published the 2021 edition of the [MFC Barometer of Trends in Microfinance](#), as well as a [Rural Finance Trends](#) paper and [eight case studies of leaders in digitalization](#).

### #BWC2021

On the sector visibility front, 22 network members from 13 countries took part in the eighth annual [Borrow Wisely Campaign](#). The campaign engaged 20,000 microfinance clients in person and over 3 million clients through digital channels—a new record in campaign outreach.

### Changes in the MFC Board

In 2021 we said farewell to MFC board members Lucija Popovska, Cristian Jurma and Iza Norek, as well as our long-time Executive Director, Grzegorz Galusek. Board elections were held, and a new Management Board was established by the long-term Managers of MFC.

Our achievements and activities in 2021 will prove a solid foundation for further development and the future of MFC.

We hope you'll continue to accompany us on this long-term journey to empower individuals and communities through sustainable social finance.

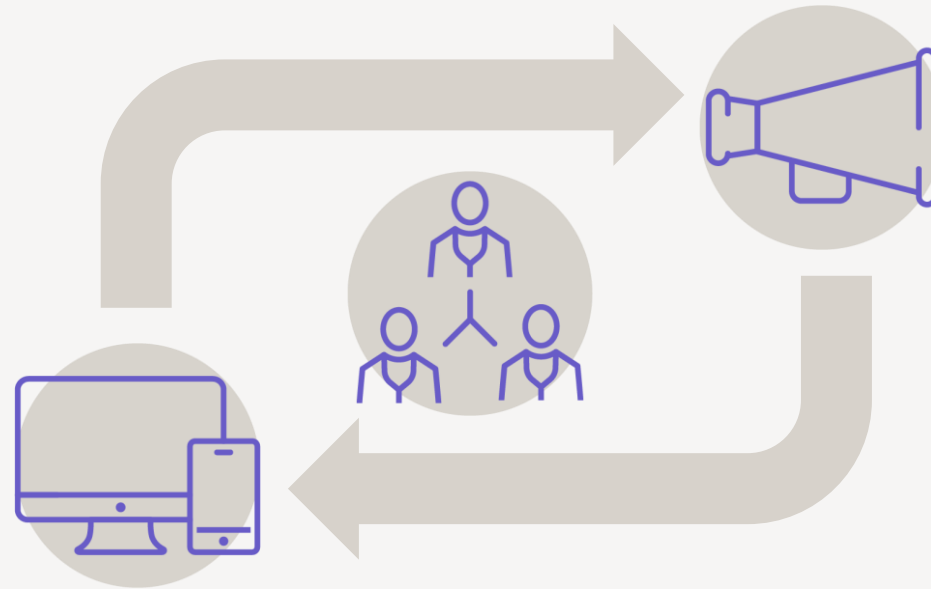
Our door will always be open to anyone who shares our mission and values and wants to connect with us.

Kind regards,

Katarzyna Pawlak, CEO  
Ewa Bańkowska, Deputy Director  
Sanavbar Sharipova, MFC Council Chair  
Paul Kalinauckas, MFC Council Vicechair

## STRONG NETWORK

- Provide opportunities for sharing and promoting experience and knowledge within the network
- Continue promoting members' good practice and sector trends
- Identify opportunities for developing new partnerships
- Strengthen our internal capacity including developing new skills, broadening the capacity and adopting digital solutions and tools.



## Advocacy for sector VISIBILITY

- Develop new narratives to enhance sector visibility and attractiveness among stakeholders
- Support national associations in their advocacy efforts
- Expand the relationship with EU institutions, funders and new sector partners

## Partnerships for TECHNOLOGY

- Facilitate partnerships for digitalization processes for MFIs and their clients
- Encourage digital service providers to offer cost-effective digital solutions to MFIs
- Explore partnerships for new technological opportunities to create synergies among network members

This year we are rolling out MFC's new strategy 2022- 25 that will shape a new pathway for the microfinance sector.

## SUMMARY

3 006 446	individuals reached with #2021BWC messages via virtual channels
11350	followers on Social Media (3963 on LinkedIn, 4959 on Facebook, 2428 on Twitter)
2459	inclusive finance professionals trained through 121 learning activities delivered in English, Russian and local languages
626	#SFV2021 participants
150	meetings with key stakeholders including EU institutions and EU-level networks
113	members of the Microfinance Centre
100 +	#SFV2021 speakers
62	videos on the MFC YouTube channel
60	newsletters
23	#2021BWC partners
4	MFC Management updates to member CEO's

## GENERAL



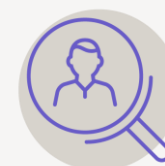
### Organizational - MFC Council and Management Board

- New Council appointed in May - 4 new Board Members elected
- 8 Council meetings held, 3 Council committees established
- 2020 organizational audit successfully executed
- Management Board transition successfully executed with leave of Grzegorz Galusek and nomination of Ewa Bańkowska as new member of Management.



### Communications & Visibility

- 3963 followers on LinkedIn, 4959 Facebook, 2428 Twitter (increase by 845 LinkedIn, 192 Twitter, FB-325)
- Video materials: 62 video recordings edited and published; 2300 views and 142 hours watched in total on the whole MFC YouTube channel from Jan'21
- Website news/social media updates – over 380 communications published
- 4 Global newsletters prepared and disseminated in 4 languages: currently in dissemination by country partners (all together in 10 languages)
- 12 Membership newsletters, 4 MFC Management updates to CEOs
- 48 other news mass mailings
- CRM database: cleaned from duplicates, inactive contacts; detailed research on alternative solutions conducted; continuous follow up with the current provider to improve the service
- 2021 Borrow Wisely Campaign: evaluation prepared, and detailed evaluation interviews conducted, 3 006 446 individuals reached with #2021BWC messages via virtual channels, 23 campaign partners



### Membership

- No of Members: 113
- Membership meeting carried out on 22nd April

## DIGITALIZATION

Want to upskill your MFI in digital finance? Explore new ideas in our series of conversations with digitalization experts about a range of key topics, including digital client onboarding, digital lending and payments and digital products. You can also listen in as we speak to experts about agile work and managing teams that recognize and leverage opportunities in the digital era, as well as how to use digital customer to your advantage. You can catch up on:



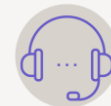
**4** [Digital Literacy Bootcamp webinars in Russian](#) that welcomed **138** participants (Mastercard)



**12** [webinars from the Leaders in Digital Era Series](#), welcoming **186** participants from **87** organizations (Digital Bootcamp)



**8** hands-on session with practice expert in our BootcampLabs, welcoming **117** participants from **66** institutions (Digital Bootcamp)



Dathaton at KMF (Kazakhstan) you can [read the summary paper or watch the webinar \(Mastercard\)](#)

**Partners:**





## CLIENT FOCUS

*2021 #Borrow Wisely Campaign promoting global client protection standards has proven to be a success once again. It was eighth consecutive edition of BWC. The numbers speak for themselves:*



**23** #BWC 2021 campaign partners



**13** countries across Europe and Central Asia



our partners reached **3 006 446** individuals via online channels



on-site events (using full COVID prevention measures) welcoming **18 560** attendees

### Partners:



## GREEN

Entry into the green finance sector brings new opportunities and potential benefits but is not without challenges. It is a new line of business for most microfinance institutions which requires changes in internal operational procedures, financial products, and credit assessment methods. See what the others are doing in this area and how they manage to overcome their challenges.



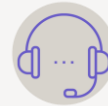
[sector mapping](#) reveals encouraging signs of progress in introducing sustainable green economy products in Bosnia and Herzegovina, France, Georgia and Tajikistan.



watch [our 5 interviews](#) on emerging green microfinance activities within the EU microfinance sector



read our [3 part report](#)



watch [the webinar](#) where we discuss our findings



**Partners:**



**Co-funded by  
the European Union**

## COVID IMPACT

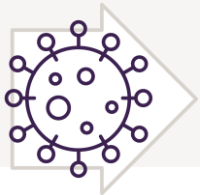
[The Sentinel Project – Financial Access Initiative](#) MFC represented Europe and Central Asia sector in a global research project involving leading institutions (Sentinels) from all regions of the world to monitor the impact of the pandemic on the sector. Bi-monthly interviews with 2 MFIs representing Europe and Central Asia over the course of the year fed into the global panel data of the project. Numerous research team meetings were held to discuss the data and contribute observations to the ongoing research, the findings of which are available on the project's blog.



bi-monthly interviews with **2** MFIs  
representing Europe and Central Asia



read the [project's blog](#)



**Partners:**



## NEW BUSINESS MODELS

*Read how MFIs changed their business models in the wake of the COVID-19 pandemic: results from our research with 16 institutions analyze changes from the point of view of financial sustainability, operational efficiency, resiliency towards external shocks and institutional capacity to provide services. Our findings reveal how MFIs adapted their business models by modifying their purpose, changing operational models, finding new customers, modernizing delivery channels, adjusting risk measures and revising their funding options.*



research with **16** institutions: Alter Modus, ACF, FWW, Vitas Romania, Microlux, Hefboom, MicroStart, Helenos, Crystal, Fundacion Oportunitas, Per Micro, Noviti, FINCA Armenia, FINCA Azerbaijan, ZEF, Mikra



read [our findings](#)



**Partners:**



Center for  
Inclusive Growth

*Saving groups are an effective alternative for providing savings and loans to refugees, migrants and low-income individuals. Together with six partners, we documented current practice through a series of five case studies and produced a step-by-step methodology to launch and run saving groups.*



**6** project partners



read **5** [case studies](#)



watch our [series of 6 short but powerful videos](#) explaining the nature and benefits of saving groups



**1** [step-by-step methodology](#) to launch and run saving groups

**Partners:**

**SAVING  
BUDDIES**

**cash2grow**

**servei  
solidari**

**DE HAAGSE  
HOGESCHOOL**

**lab  
ins** laboratorio  
d'innovazione  
sociale

 **Erasmus+**

**ACAF**  
Comunidades Autofinanciadas



## MFIs CAPACITY BUILDING

In a consortium with the Frankfurt School of Finance and EMN, MFC continues to build the capacity of MFIs in EU and accession countries, supporting the European Commission in the implementation of its [Employment and Social Innovation \(EaSI\) program](#)



**8** regional workshops welcoming  
**337** participants:

- Risk assessment analysis for Polish Loan Funds;
- Business continuity planning for Albanian MFIs;
- Digital marketing for North Macedonian MFIs;
- EaSI financing instruments for Romanian MFIs;
- Stakeholder roundtable on funding microfinance in Albania;
- Loan application appraisal and financial and risk evaluation (Romania);
- Monitoring of loans and loans restructuring for Polish loan funds



**13** webinars for **350** participants



European Code of Good Conduct  
Technical Assistance for **5** MFIs  
Lithuanian Central Credit Union and  
IMOKA Lengvai (Lithuania), Fortuna  
Leasing and Agricover (Romania),  
Nordic Finance (Sweden)



**48** days of tailored trainings for **5**  
MFIs: Agro & Social fund (Albania),  
FULM Saving House (North Macedonia)  
Mikro Kapital and FAER (Romania),  
Fondi Besa (Albania)



**1** online peer-to-peer visit to Seed  
Capital Bizkaia

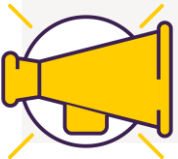
**Partners:**



**Funded by  
the European Union**



## ADVOCACY & VISIBILITY



MFC continued its advocacy and sector visibility strengthening agenda through its eighth year of strategic partnership with DG EMP. We strengthened our relationship with DG NEAR in light of securing Western Balkan microfinance transition from EaSI financial and non-financial support to other EU programs.

We also contributed to DG HOME on the role of microfinance within the migrant integration program that will be launched in 2022 in cooperation with European Investment Bank and Council of Europe Development Bank. The participation of high-level EU officials was welcomed at the Social Finance Vibe conference. The advocacy letters delivered to DG EMP and DG Near sparked internal discussions regarding post-EaSI continuation of support to Western Balkans microfinance.

The joint activities of MFC and EMN on personal credit, [European Microfinance Day](#) (with 6 MFC members participating) and the European Code of Good Practice further promoted the sector and its role in social and economic inclusion. We also began working with UNHCR to explore refugee financial inclusion in Europe, promoting a policy workshop on financial inclusion of refugees in Bulgaria. We continued relations and activities with EU-level networks (EMN, Euclid, EVPA and Eurocrowd) as well as international organizations (Centre for Financial Inclusion, Centre for Inclusive Growth, CGAP and e-MFP) by organizing joint conference sessions.



The MFC team ran or contributed to **9** different working groups on topics including innovation, advocacy, research and green finance



We attended **15** conferences and **126** meetings with different industry stakeholders.



MFC supported the organization of **17** meetings of **5** National Working Groups in Albania, North Macedonia, Serbia, Romania and Poland, reaching **236** professionals in total.

#SFV2021

MFC held its Social Finance Vibe Conference from 14 to 16 September 2021. This was our first-ever fully virtual networking event. Our conference theme was “Pandemic Reboot”—and we tackled key topics around digitalization, green microfinance and overcoming the pandemic crisis. The event was powered by the latest technology and our team of skilled facilitators, and we’re proud to report that our digital village kept 626 participants engaged for three days of virtual sessions, peer networking and exhibitions.



**56** sessions



**826** registrations



**100+** speakers



**626** participants

**Partners:**



**Co-funded by  
the European Union**



# 113 MFC MEMBERS (as of 31.12.2021)

## Albania

AMA  
BESA Fund  
First Albanian FDC  
FED invest  
Agro & Social Fund  
NOA Sh.a.

## Armenia

AREGAK  
ECLOF Armenia  
FINCA Armenia  
KAMURJ  
Nor Horizon  
Farm Credit Armenia  
CARD AgroCredit  
"GLOBAL CREDIT" UCO CJSC  
UCORA

## Austria

ERSTE Group Bank AG

## Azerbaijan

AMFA  
Azeri Star Microfinance  
CredAgro  
Viator Microcredit  
Finca Azerbaijan

## Belgium

CoopEst SA  
INAISE  
European Microfinance Network

## Bosnia & Herzegovina

MIKROFIN  
LIDER  
EKI  
LOK  
PARTNER  
SUNRISE  
MI-BOSPO  
AMFI  
FinCredit Ltd. Banja Luka

## Bulgaria

Mikrofond AD  
Maritza Invest  
SIS Credit  
Software Group  
USTOI JSC  
Farm Creative Solutions  
BDB Microfinancing

## Croatia

Oradian

## Estonia

Impactiive

## France

ADIE

## Georgia

Crystal  
CREDO Bank  
MSC Micro Business Capital  
MicroFin  
Georgian Microfinance Association

## Germany

Finance in Motion

## Greece

KEPA

## Hungary

HMVTA

## Italy

Banca Popolare Etica

## Kazakhstan

AMFOK  
Arnur Credit  
KMF  
Asian Credit Fund

## Kosovo

Agency for Finance in Kosovo  
KEP Trust  
KosInvest  
AMIK

## Kyrgyzstan

AMFI  
FINCA  
Frontiers  
Kompanion Bank  
Bank Bai-Tushum

## Luxembourg

GLS Alternative Investments SICAV  
European Microfinance Platform  
LuxFLAG  
Pomegranate Impact Finance

## Moldova

Microinvest  
MOLDCREDIT  
Smart Credit

## Mongolia

MDF  
XacBank  
Mongolian NBFI Association  
Ard Credit NBFI JSC

## Montenegro

MONTE CREDIT  
Alter Modus

## Netherlands

Triple Jump  
MoneyPhone

## Poland

Rural Development Foundation  
Polish Union of Loan Funds

## Romania

OMRO  
Patria Credit  
VITAS  
Rocredit  
BCR Social Finance  
FAER

## Republic of North Macedonia

Foundation HORIZONTI  
Savings House MOZNOSTI  
PCES doo  
Alliance of Microfinance Organizations

## Russian Federation

Bryansk Microloan Fund  
ZAO FINCA

## Serbia

Agroinvest  
3Bank JSC Novi Sad

## Slovakia

Habitat for Humanity ECA Region

## Spain

ACAF

## Switzerland

responsAbility Investments  
Business & Finance Consulting

## Tajikistan

AMFOT  
IMON International  
OXUS Micro Finance  
Microcredit Fund IMON

## Ukraine

Hope Ukraine  
VAFK

## United Kingdom

Responsible Finance  
Singlify  
BCRS Business Loans

## USA

FINCA International  
SME Finance Forum

## Uzbekistan

Microkreditbank  
Hamkorbank



**Sanavbar Sharipova**  
MFC Council Chair,  
Founder of IMON Tajikistan



**Paul Kalinauckas**  
MFC Council ViceChair,  
Founder Chief Executive  
BCRS Business Loans, UK



**Alisher Akbaraliev**  
MFC Council Member,  
Executive Director  
at AMFI, Kyrgyzstan



**Archil Bakuradze**  
MFC Council Member,  
Chair of Supervisory Board  
at JSC MFO Crystal, Georgia



**Brunilda Isaj**  
MFC Council Member,  
Secretary General at AMA,  
Albania



**Gabriele Giuglietti**  
MFC Council Member,  
Director in Charge of International  
Development Activities of Banca  
Etica, President of Cresud, Italy



**Elma Zukić**  
MFC Council Member,  
President of the AMFI,  
Bosnia & Herzegovina



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**Grzegorz Galusek**  
MFC expert



**Artur Munteanu**  
MFC expert



**Piotr Koryński**  
MFC expert

## BALANCE SHEET (PLN)

	2021	2020
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	5 326	8 876
Right-of-use assets	182 574	282 949
Deferred tax assets	-	-
<b>Total non-current assets</b>	<b>187 900</b>	<b>291 825</b>
Current Assets		
Accounts receivable	962 153	467 649
Cash and cash equivalents	14 858 200	15 694 031
<b>Total current assets</b>	<b>15 820 353</b>	<b>16 161 680</b>
<b>TOTAL ASSETS</b>	<b>16 008 253</b>	<b>16 453 505</b>
<b>EQUITY</b>		
Own Funds		
Founding capital	2 100	2 100
Retained earnings	14 669 393	14 387 897
<b>Total own funds</b>	<b>14 671 493</b>	<b>14 389 997</b>
<b>Total Funds attributable to equity holders of the Foundation</b>	<b>14 671 493</b>	<b>14 389 997</b>
Liabilities		
Accounts payable	246 062	113 004
Accruals	873 827	1 624 090
Lease liabilities	182 574	282 949
Deferred tax liabilities	34 297	43 465
<b>Total Accounts Payable and Accruals</b>	<b>1 336 760</b>	<b>2 063 508</b>
<b>TOTAL LIABILITIES</b>	<b>16 008 253</b>	<b>16 453 505</b>

1EUR = 4,57 PLN | 1USD = 3,86 PLN (2021)

## INCOME STATEMENT (PLN)

	12 months ended 31 December 2021	12 months ended 31 December 2020
<b>Earned revenue</b>		
Membership fees	148 501	80 776
Program revenue	2 069 338	1 473 212
Other operating income	53 132	76 816
<b>Total revenue</b>	<b>2 270 971</b>	<b>1 630 804</b>
<b>Program expenses</b>		
Staff expenses	433 768	469 554
Non-staff expenses	927 309	651 113
<b>Total program expenses</b>	<b>1 361 077</b>	<b>1 120 667</b>
<b>Administrative expenses</b>		
Staff expenses	430 769	285 164
Non-staff expenses	434 968	389 471
Other operating expenses	56 261	81 651
<b>Total administrative expenses</b>	<b>921 998</b>	<b>756 287</b>
<b>Total expenses</b>	<b>2 283 075</b>	<b>1 876 954</b>
<b>RESULT FROM OPERATING ACTIVITIES</b>	<b>(12 103)</b>	<b>(246 150)</b>
Finance income	365 266	859 649
Finance costs	(47 046)	(5 900)
<b>Net finance income</b>	<b>318 219</b>	<b>853 749</b>
<b>Profit before income tax</b>	<b>306 116</b>	<b>607 599</b>
Income tax expense	(24 621)	(53 209)
<b>Net result after tax</b>	<b>281 495</b>	<b>554 390</b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>281 495</b>	<b>554 390</b>

1EUR = 4,57 PLN | 1USD = 3,86 PLN (2021)