

2022

MFC Annual Report



MICROFINANCE CENTRE

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Katarzyna Pawlak
MFC CEO



Ewa Bańkowska
MFC Deputy Director

Dear MFC Members,

We have audited the financial statements for the year ended December 31, 2022. In addition to our audit, we have also evaluated MFC's 2022 programmatic activities for the Framework Partnership Agreement with the European Commission. The purpose of this evaluation was to provide feedback and recommendations to MFC's Management and Council on the effectiveness of implementing the 2022 workplan and to suggest areas for improvement.

Based on the audit and assessment, we are pleased to announce that despite economic uncertainty and political turmoil in Europe and Central Asia, MFC has demonstrated a strong commitment to its mission and vision by offering a significant number of activities that have supported the microfinance sector during this challenging time period. At the same time MFC maintained a very solid financial position, while our membership increased to 105 organizations.

One of our key strategic priorities in 2022 was to continue leveraging digitalization to improve our Members' efficiency, effectiveness, and customer experience. Through the Technology Action Group and new partnerships, MFC offered opportunities to enter new partnerships and discuss ways support to develop public digital infrastructure.

As a response to new waves of migration in Europe, MFC has engaged in extensive research to assess the gaps in serving

migrants with the purpose of developing recommendation for the increased public support for migrant entrepreneurs. This important work will continue in 2023.

A third strategic priority of MFC is to support microfinance institutions in developing partnerships and increasing their visibility. MFC has actively participated in discussions with the European Commission to design new support programmes for microfinance in the Balkans. The discussions resulted in offering a package of funding and technical assistance opportunities for the sector. Together with country-level microfinance associations, MFC has also engaged in advocacy to improve regulatory frameworks for microfinance in Romania. We are also very pleased to report that the MFC's prime networking & learning events – MFC annual conference in Istanbul and the Social Finance Vibe, virtual conference attracted almost 800 participants!

We appreciate the opportunity to serve our Members, whom we commend for their achievements and contributions to transforming their communities into more inclusive and sustainable spaces.

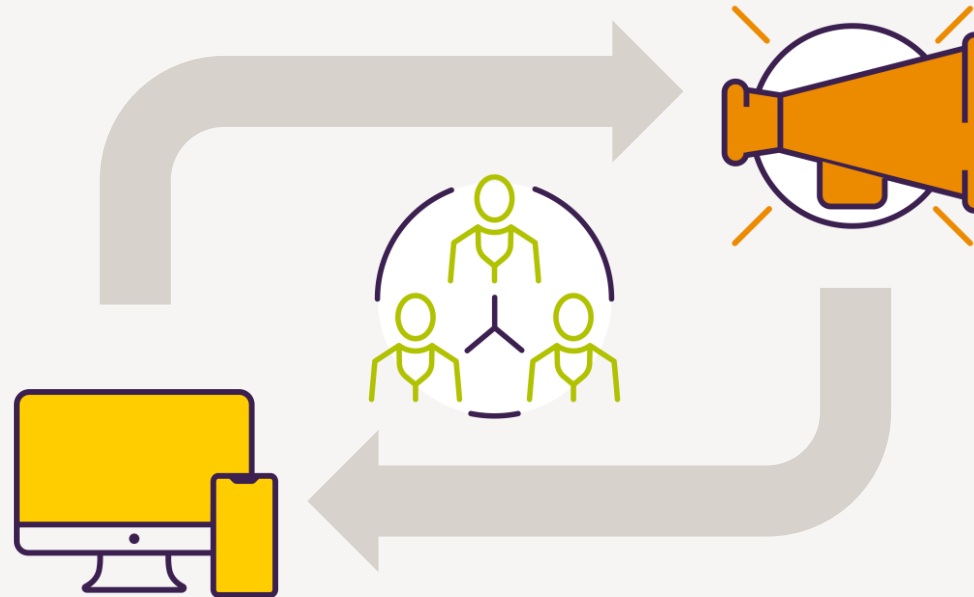
We look forward to continuing our work with you

Sincerely,

MFC Management Team
Katarzyna Pawlak and Ewa Bańkowska

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

SUMMARY

12  new members!

270  meetings

5  on-site trainings

3  policy papers

7  Action Groups

2
667  conferences & attendees

4  personal CEO updates

34  meetings with EC representatives

280  Social Media posts

30  newsletters

50  website updates

34  webinars

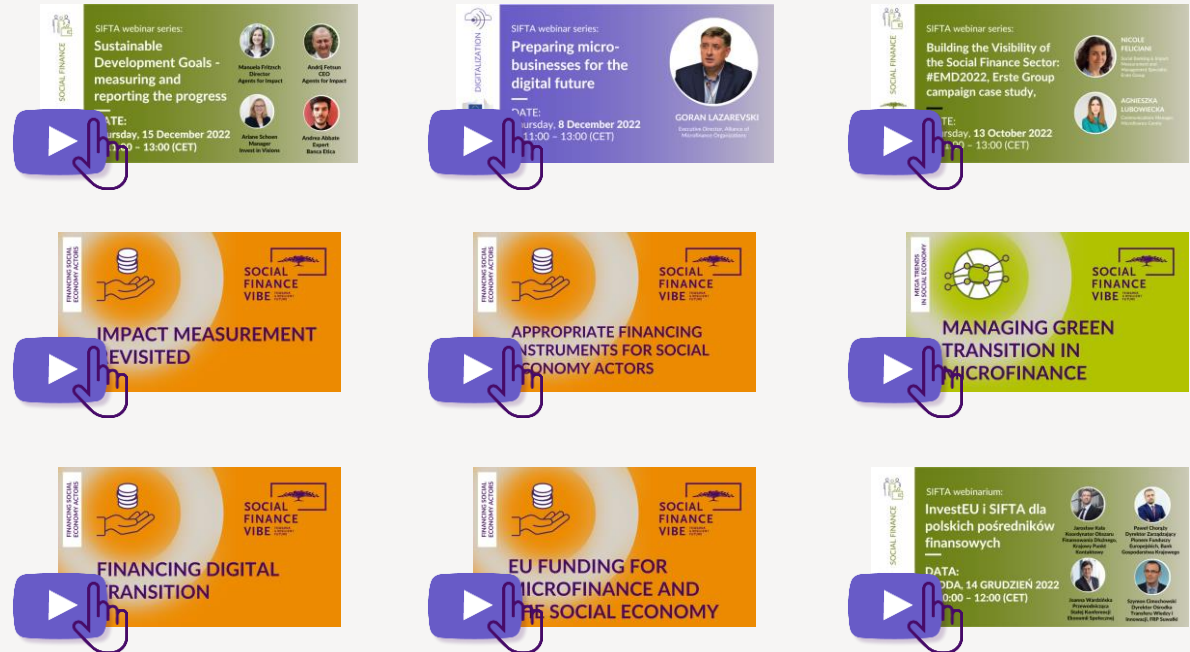
Social Inclusive Finance Technical Assistance (SIFTA) Program

MFIs and social economy finance providers can benefit from a variety of tailored capacity building services and open enrollment webinars and workshops– all free of charge.

[Learn how to apply for SIFTA series](#)

In 2022, MFC delivered **12** webinars.

WATCH THE RECORDINGS



Partners:



Funder:



EaSI Technical Assistance Programme

In the last months of this **4 year programme** (which ended in June 2022), MFC members, financial providers and other stakeholders could benefit from



50 webinars, attracting 524 participants



28 tailored trainings



26 Code of Good Conduct



20 workshops



3 peer to peer visits



3 investment readiness trainings



3 study visits

Partners:



Funder:



EU PROGRAMMES WEBINARS



151 participants attended **5** webinars that informed microfinance sector about the **funding opportunities within EU programmes** and about EU policies impacting the microfinance:

Social Economy Action Plan and the role of MFIs was explained. Pact for Skills was decoded to reveal how it can be used to upskill and reskill MFIs' staff, while Erasmus+ was discussed as an opportunity to develop staff.

WATCH THE RECORDINGS



Partners:



Learn about **Social Finance Providers priority needs** in capacity building and selected solutions from the paper MFC prepares based on

4 rounds of feedback

from members, partners and consultants. The paper includes the mapping of both MFIs and social economy finance providers needs. The work will be continued in 2023.

To learn more, contact Joanna@mfc.org.pl

SOCIAL FINANCE PROVIDERS

CAPACITY BUILDING NEEDS AND SOLUTIONS FOR SOCIAL FINANCE PROVIDERS IN EU 27

This paper presents the work in progress of MFC and its partners in identifying capacity building needs of social finance providers and addressing them.

FEEDBACK FROM MFC MEMBERS AND PARTNERS

MFC aims at building capacity of members and partners for mission driven, sustainable microfinance, concerned with climate protection issues, fostering social and digital inclusion. Over the year 2022, MFC used its interactions with members and partners to map the needs of social finance providers and to identify viable solutions. It has been achieved through the following activities:

- Meetings, interviews, and emails exchange within the MFC Capacity Building Action Group, which gathered MFIs, Social Enterprise Finance Providers, Investors, support organizations, associations and consultants providing services to MFIs and social enterprise finance providers.
- Technology Action Group, which discussed specifically the capacity building needs in digitalization
- Trends, Good Practice and Clients Needs Action Group provided inputs for the financial providers gaps related to providing training and advice to microentrepreneurs.

- Advisors Action Group, which provided inputs focused on understanding of the major trends and best practices influencing the work of MFC

Based on the above, MFC identified a wide range of capacity building services to be delivered to the sector within the next year. This is work in progress and it will be continued in 2023.

We group the needs into the following categories:

1. DIGITALIZATION

Digitalisation of social finance providers remains one of the most important topics. It goes hand in hand with digitalization of micro and small business. Based on MFC/EMN mapping survey, 63% of MFIs report as the main challenges to digitalization the low digital capability of their clients; similar number of MFIs report the excessive cost of introducing digital solutions. 16% of MFIs do not currently have any digital solutions for clients.



Co-funded by
the European Union



READ ONLINE



IMPACT OF WAR WEBINARS



2 webinars examining refugee access to finance in countries neighbouring Ukraine and impact of war on financial providers attracted **105** participants.

WATCH THE RECORDINGS



Partners:



NETWORKING

More than **400** professionals from **40** countries participated in the **24th MFC ANNUAL CONFERENCE: MICROFINANCE INVESTING THROUGH UNCERTAINTY**

4 plenary sessions and **5** spotlights with **30** speakers and **16** investors and partners were held during the **1,5** conference days.



[Conference clip \(YouTube\)](#)

[Conference photo relation](#)

Strategic Sponsor:



Silver Sponsors:



Bronze Sponsors:



Other Sponsors:



PARTNERSHIPS ACTION GROUP



MFC initiated **4** virtual meetings of Partnership Action Group, which has strategic advisory role to MFC activities.

Under EU programme, group of **7** advisors, which play key role in EU based microfinance joined four Partnership Action Group meetings. Their input has been instrumental for MFC strategic activities organized during 2022 as well as those planned for 2023. After discussions MFC implemented given recommendations on how to increase visibility of the microfinance sector via a new toolkit to be utilized for Borrow Wisely campaign; topics to be tackled at Social Finance Vibe; recognition of activities of social economy finance providers in green dimension rewarded with Green Inclusive Finance Award as well as sector capacity building needs.



Partners:



EU NETWORKS PARTNERSHIPS



MFC cooperates with the major EU and global access to finance networks **multiplying the EU and global outreach** to social investors, technology providers and social finance providers and (indirectly) to their clients. MFC undertook six joint initiatives with other European networks in order to advocate for microfinance, social economy and green finance. These provided the leverage of MFC

activities to reach out to an extended network of **433 organizations** (as cumulative membership of all those networks), meaning increased outreach to their staff, clients and partners.

The initiatives included:

A joint a joint letter of MFC, FEBEA, EVPA and EMN on Sustainable Finance Taxonomy issued to Members of the European Parliament ahead of the crucial European Parliament vote on the sustainable finance taxonomy.

MFC – EMN joint letter to Commissioner Nicolas Schmit and Commissioner Paolo Gentiloni on supporting programmes to social economy entities in accessing countries (read more under Western Balkan Advocacy)

Partners:



MAPING OF STAKEHOLDERS



With Social Economy Action Plan launched, MFC identifies relevant stakeholders of social economy, in order to build partnerships and facilitate new connections for its members. The ongoing work has been documented in Social Finance Mapping

READ MORE



SOCIAL FINANCE VIBE 2022: TOWARDS A RESILIENT FUTURE

262 people participated live and 515 enjoyed
the recordings of 23 sessions and Talks with Leaders delivered
by 55 speakers during the 2 day virtual event. This learning
event focused on social economy, its actors and mega trends in microfinance.



Strategic Partner:



Co-funded by
the European Union

Content Partners:



Partners:



The Trends and Good Practices Action

Group consisted of **6 representatives** of European networks, national networks and investors active in social finance.

The Group met virtually **4 times** during the year to discuss the latest trends and developments and to select good practices worth highlighting during the webinars, conferences and in the publications.

At the end of the year, a paper summarising the 2022 trends and good practices was published and is available at:



READ ONLINE



MFC closed the year 2022 with **105** members from **37** countries. MFC expanded its outreach by welcoming **12** new members, including **7** members from EU countries and **2** member from candidate countries. MFC's local contacts in the membership countries have been the backbone of the MFC work and enabled marked impact in the countries where MFC works.



NEW MEMBERS

Germany



Italy



Poland



Uzbekistan



Bulgaria



UK



Luxembourg



North Macedonia



Belgium



Mongolia



Bosnia and Herzegovina



MFC MEMBERS (as of December 2022)



Albania

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

Armenia

AREGAK
FINCA Armenia
Farm Credit Armenia
CARD AgroCredit
UCORA

Austria

ERSTE Group Bank AG

Azerbaijan

AMFA
Finca Azerbaijan

Belgium

CoopEst SA
INAISE
European Microfinance Network
EVPA
Eurocrowd

Bosnia & Herzegovina

MIKROFIN
LIDER
EKI
LOK
PARTNER
SUNRISE
MI-BOSPO
AMFI
MKD FinCredit

Bulgaria

Mikrofond AD
Maritza Invest
SIS Credit
Software Group
USTOI
BDB Microfinancing EAD
Balkan Economic Development
Fund

Croatia

Oradian

Estonia

Impactiive

France

ADIE

Georgia

Crystal
CREDO
Georgian Microfinance Association
MSC Micro Business Capital

Germany

Finance in Motion
Frankfurt School of Management
AFC/GOPA Consulting Group

Greece

KEPA

Hungary

Local Enterprise Agency
Heves County

Italy

Banca Popolare Etica
Labins S.C. Impresa Sociale

Kazakhstan

AMFOK
Arnur Credit
KMF
Asian Credit Fund

Kosovo

Agency for Finance in Kosovo
KEP Trust
KosInvest
AMIK

Kyrgyzstan

AMFI
Frontiers
Kompanion Bank
Bank Bai-Tushum

Latvia

Debitum

Lithuania

Noviti Finance

Luxembourg

GLS Alternative Investments SICAV
European Microfinance Platform
LuxFLAG
Foundation Credit Agricole

Moldova

Microinvest
Smart Credit

Mongolia

Mongolian NBFI Association
Ard Credit NBFI JSC

Montenegro

MONTE CREDIT
Alter Modus

Netherlands

Triple Jump
Cash to Grow

Poland

Polski Związek Funduszy
Pożyczkowych
ZPB

Romania

OMRO
Patria Credit
VITAS
Rocredit
BCR Social Finance
FAER
Romanian Microfinance Association

Republic of North Macedonia

Foundation HORIZONTI
Savings House MOZNOSTI
PCES doo
Alliance of Microfinance
Organizations of Macedonia
Aspekt Doo

Serbia

Agroinvest
3 Bank JSC

Slovakia

Habitat for Humanity ECA Region

Spain

ACAF

Switzerland

responsAbility Investments
Business & Finance Consulting

Tajikistan

AMFOT
IMON International
MICROCREDIT FUND "IMON"

Ukraine

Hope Ukraine
Ukrainian Association
of Finance Companies

United Kingdom

Responsible Finance
Singlify
BCRS Business Loans
The Microfinance Association

USA

SME Finance Forum

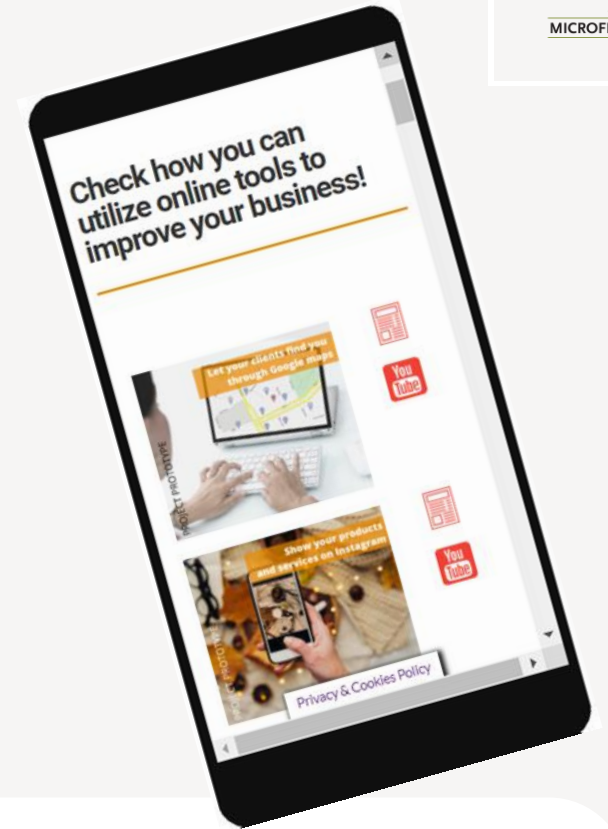
Uzbekistan

Imkon Finans

MFC with **8** microfinance institutions tested the early ideas on helping microentrepreneurs develop their digital skills to enhance their business. Over **300,000** of clients were reached.

MFC prepared two kinds of tools - Quiz and Navigator, which were adapted by microfinance institutions and made available to the clients. A quiz under the title "How digitized is your company?" allows micro-entrepreneurs to quickly diagnose the level of digitization and finally gives access to the Navigator - an educational platform with video materials or a tutorial on the available digital tools.

The project is implemented as part of the partnership between Mastercard Center for Inclusive Growth and Microfinance Centre for a new international support programme for small businesses and microfinance institutions in Europe and Central Asia.



Partners:

SMART CREDIT



DIGITALISATION WEBINARS



3 webinars related to digitalization in MFIs were delivered, with **68** participants.

WATCH THE RECORDINGS



Engagement banking – applications for MFIs

DATE:
Tuesday, 12th April 2022
at 11:00 – 12:00 (CET)

CAROLINE VON MUTIUS
Business Development Manager
at Backbase



Webinar

**Digital Era:
A fresh perspective
on change**

DATE:
Wednesday, 7 September 2022
at 11:00 – 12:00 (CET)

ISABELLE KATTHAGEN
Director of ADG International
at the Academy of German
Cooperatives

DR. ELISABETH NIENDORF
Project Manager and Certified
Trainer at ADG's International
Department

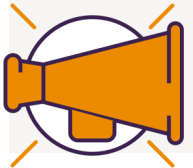


Representatives coming from **17** MFC Member Institutions convened at **4** Action Group meetings to discuss the participating MFI needs in the digital transformation process and ways of entering a mutually beneficial cooperation with Mastercard. The meetings resulted in Mastercard commitment to support selected MFIs in launching a customized card product in their institutions.





MFC supported Romanian Microfinance Association to **advocate for recognition of microfinance sector** as important actor in increasing social inclusion. **4 meetings** of Working Groups consisting of local stakeholders led to organization of **1 Policy Forum** with **44 stakeholders**, including European Commission representatives, central, regulatory and supervisory authorities, financiers, representatives of the social economy sector, and associations of small and medium-sized enterprises. The event succeeded in facilitating the exchange of information and best practices in the area of the European microfinance and social enterprise financing programs implementation. It contributed to Romanian Microfinance Association action plan aiming to increase social inclusion, educate and develop business community.





MFC is proud of successful efforts that have been put in place in order to create **new opportunities for Western Balkans microfinance.**

These new paths were opened thanks to the advocacy work conducted with the European Parliament, the Commissioner Cabinet, DG Near and DG EMPL that will result in concrete funding instruments to be deployed in 2023 and dedicated TA facility for Western Balkans.

MFC together with EMN addressed the letter to the Commissioner Nicolas Schmit and the Commissioner Paolo Gentiloni with the intention to support the programmes to social economy entities in accessing countries in March 2022. Both MFC and EMN raised the issue of continuity of EU supporting programmes to social economy actors including microfinance in the Western Balkan countries after the EaSI programme transition into the InvestEU programme, available only in the EU countries.

The answer from the Commissioner Paolo Gentiloni's office, underlined the fact that supporting microfinance and social entrepreneurship in the Western Balkans is a key priority, as captured in the Economic and Investment Plans for the Western Balkans and the Eastern Neighbourhood countries. The EU designed blending and guarantee instruments under EFSD+ from scratch with this ambition in mind, also in view of replicating for partner countries the support provided by InvestEU to the microfinance and social entrepreneurship sectors inside the EU.



RESEARCH TO SUPPORT ADVOCACY

The already **10th** edition of the report on the status of microfinance in Europe, compiled by the European Microfinance Network and the Microfinance Centre. The study covered **156** institutions from **30** countries and captured financial and social performance of MF sector for the years 2020-2021.




DIGITALIZATION POLICY PAPER



This **policy paper on digitalization** is intended as a guide to explain what financial and non-financial support is available for the microfinance sector in Europe to adapt their business models to better respond to post COVID-19 recovery efforts through digitalizing their operations and supporting their clients in this transition. The paper also highlights the policy recommendations and findings resulting the Microfinance Centre's project "Supporting MFIs in Overcoming the COVID-19 Crisis".

MFC held a number of meetings with European Commission representatives and other stakeholders in Brussels to advocate for support in digital transformation of MFIs.



READ ONLINE 

Strategic partnership with UNHCR has contributed to increase use of microfinance and MFIs in promoting financial inclusion among refugees in Europe, with the focus on building the capacity of MFIs to serve this vulnerable population. Through **5** working group meetings, the partnership has mapped current initiatives and good practices of **10** MFIs. The partnership has also enabled MFC to identify key policy barriers and advocate for their removal, such as addressing the lack of legal identity documents and regulatory frameworks that prevent refugees from accessing financial services.



Check out dedicated website space to gather information about refugees financial inclusion

READ ONLINE

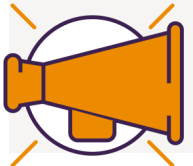


25 MFIs participated in the **5** meetings of Action Group to discuss solutions on how to ensure **financial inclusion for migrants and refugees**, particularly in light of the changing context of the war in Ukraine. The group also explored ways to address the specific challenges faced by migrants and refugees, such as legal barriers to accessing financial services and the lack of identification documents. They discussed strategies for building partnerships between microfinance institutions, NGOs, and government agencies to better support this vulnerable population.



WATCH THE SELECTED RECORDINGS

VISIT WEBSITE



REFUGEES



J.P.Morgan

In the last months of the year MFC has launched a support and referral program aimed at providing **knowledge and tools to support entrepreneurship routes for refugees in Poland.**

The program comes as a result of witnessing increasing numbers of Ukrainian refugees who wish to start their own entrepreneurial activity but lack the knowledge and tools to do so. As the Polish organizational network lacks the knowledge and tools needed to support them in this, the program aims to:

- 1) design a comprehensive online platform inclusive of all information entrepreneurial refugees in Poland need to support them in starting their own businesses and build a network of small business and entrepreneurship organizations interested in designing a program focused on supporting entrepreneurial refugees;
- 2) connect and train consultants who will continue working in refugee organizations and support them in referring 200 unemployed female Ukrainian refugees to entrepreneurship support services, and
- 3) share findings with international organizations looking to deepen their support for entrepreneurial refugees in Europe and Central Asia.




Throughout the year, we want our members to stay well informed!

50  website updates

280  Social Media posts

26  newsletters

4  dedicated updates to CEOs of member organizations*

105 

76 

101 

2 editions of newsletter in 3 local languages



(*) based in EU countries

MOVING TO A NEW OFFICE

To increase effectiveness of our annual budget,
we have moved to a new, 5 times smaller office.

ul. Żurawia 47/49
00-680 Warsaw, Poland
Mobile: +48 789 355 261
microfinance@mfc.org.pl

We work in hybrid mode, which allow us to have team
members located in Brussels, Slovakia and Poland.





Brunilda Isaj

MFC Chairwoman
(since June 2022),
Secretary General at
AMA, Albania



Archil Bakuradze

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



Alisher Akbaraliev

MFC Council Member,
Executive Director at AMFI,
Kyrgyzstan



Elma Zukić

MFC Council Member,
President of the AMFI,
Bosnia & Herzegovina



Gabriele Giuglietti

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



Sami Lahoud

MFC Council Member
(since 2022)
Co-founder and CEO of
EMpact, USA



Martina Grigorova

MFC Council Member
(since December 2022),
CEO at SIS Credit
Bulgaria



Sanavbar Sharipova

MFC Council Chair
(till June 2022),
Founder of IMON
Tajikistan



Paul Kalinauckas

MFC Council ViceChair
(till July 2022),
Founder Chief Executive
BCRS Business Loans, UK



Katarzyna Pawlak
Executive Director
kasia@mfc.org.pl



Ewa Bańkowska
Deputy Director
ewa@mfc.org.pl



Justyna Pytkowska
Research & Program
Manager
justyna@mfc.org.pl



Pavol Kapsdorfer
Network and
Partnership Manager
pavol@mfc.org.pl



Katarzyna Hanula-Bobbit
Senior Financial
Inclusion Lead
karol@mfc.org.pl



Marcin Sawicki
Finance and Administration
Coordinator
marcin@mfc.org.pl



Joanna Żukowska
Projects Coordinator
joanna@mfc.org.pl



Agnieszka Lubowiecka
Communication Manager



Nina Bąk
Senior Policy Officer



Karol Kwietniewski
Event & Capacity
Building Officer
karol@mfc.org.pl



Bartosz Piechowicz
Project Manager



Grzegorz Galusek
MFC expert

PROFIT & LOSS

	12 months ended 31 December 2022	12 months ended 31 December 2021
Earned revenue		
Membership fees	156 699	148 501
Program revenue	1 692 120	2 069 338
Other operating income	17 787	53 132
Total revenue	1 866 605	2 270 971
Program expenses		
Staff expenses	547 046	433 768
Non-staff expenses	657 124	927 309
Total program expenses	1 204 170	1 361 077
Administrative expenses		
Staff expenses	112 004	430 769
Non-staff expenses	370 680	434 968
Other operating expenses	107 133	56 261
Total administrative expenses	589 817	921 998
Total expenses	1 793 987	2 283 075
RESULT FROM OPERATING ACTIVITIES	72 619	(12 103)
Finance income	603 148	365 266
Finance costs	(18 501)	(47 046)
Net finance income	584 647	318 219
Profit before income tax	657 266	306 116
Income tax expense	(54 255)	(24 621)
Net result after tax	603 011	281 495
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	603 011	281 495

BALANCE SHEET

	2022	2021
ASSETS		
Non-current assets		
Property, plant and equipment	1 775	5 326
Right-of-use assets	102 940	182 574
Deferred tax assets	-	-
Total non-current assets	104 715	187 900
Current Assets		
Accounts receivable	933 767	962 153
Cash and cash equivalents	15 911 657	14 858 200
Total current assets	16 845 424	15 820 353
TOTAL ASSETS	16 950 139	16 008 253
EQUITY		
Own Funds		
Founding capital	2 100	2 100
Retained earnings	15 272 404	14 669 393
Total own funds	15 274 504	14 671 493
Total Funds attributable to equity holders of the Foundation	15 274 504	14 671 493
Liabilities		
Accounts payable	141 345	246 062
Accruals	1 386 210	873 827
Lease liabilities	102 940	182 574
Deferred tax liabilities	45 140	34 297
Total Accounts Payable and Accruals	1 675 635	1 336 760
TOTAL LIABILITIES	16 950 139	16 008 253