

EMN  
Legislative Mapping Report

CROATIA

5 July 2020



EUROPEAN  
MICROFINANCE  
NETWORK

# European Microfinance Network Annual report 2021

CALL FOR PAPERS  
EMN Research  
Award

Without microcredit  
regulation

- Croatia
- Belgium
- Bulgaria
- Finland
- Poland
- Spain
- Sweden
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- North Macedonia

• Romania

- Greece
- France
- Italy
- Montenegro
- B&H
- Kosovo

- Ireland
- Luxembourg
- UK
- Hungary

Without banking m  
for lending

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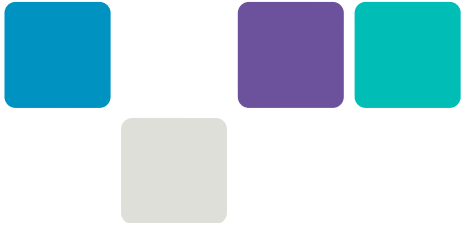
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# Foreword

## How EMN Evolved

Year 2021 was a year of change and novelty for us here at the European Microfinance Network: new team and management, new board, new strategy. For the second year in a row, EMN, like thousands of organizations out there, was hit by the consequences of Covid-19 on the well-being of its members and activities. People had to accept new ways of working and continue to contend with distance learning and exchange. This took a toll on an organization whose DNA is very much ingrained in the concept of learning and networking. And yet, in spite of this adverse situation, the team of EMN managed to reactivate its events after the 3rd quarter to reach its yearly objectives in all areas of work and even to exceed them, including the conference which was held in person in Brussels in October and was well received by participants.

Peer-to-peer visits, technical assistance assignments, webinars, research projects, etc., followed each other in the year. EMN successfully received grant funding for another year and will apply for every year of funding, which covers some of its core activities. In 2021, EMN also prepared its answer for a call for proposal for the new technical assistance facility (successor to EaSI TA), under Invest EU.

In parallel to all of this, EMN embarked on a strategic consultation exercise with its members and partners.

As a result of this process, a strategy was defined and presented to the General assembly in October at the annual conference.

Success for EMN was defined, as well as the 2030 mission and the path to that for the period 2022-2024.

Some of the key elements of the strategy were defined as:

- To enlarge the concept of MFIs to include social enterprises funders, other networks, and other regions for exchanges and partnerships
- To develop longer plans in technical assistance, moving slowly from coordination-only to combined coordination and provisions in some strategic areas
- To focus on a few areas of work only (green, social economy, digital, migrants/youth)
- To strengthen role of advocacy and of membership engagement
- This new way of working will form the backbone of the work we do in 2022 and beyond.

On the people side, 2021 also marked the departure of the General Manager and Advocacy Officer, Jorge Ramirez and Oscar Verlinden who contributed greatly to what EMN is today but felt like the moment had come for them to move on. We are grateful for their contribution throughout their years at EMN.

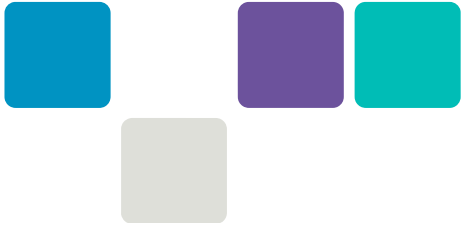
And with this, Marie Vial (Advocacy Officer) and Caroline Tsilikounas (GM) joined the ranks of EMN respectively in August and September. Changes did not stop there as we said goodbye to a few fantastic board members, Peter Surek and Elwin Groenevelt, who after many years of serving diligently the network, stepped down.

In their place, we were thrilled to welcome Herjola Spahiu, Raluca Andreica, Svetlana Roganovic on our board. These three ladies bring with them the knowledge and expertise of running institutions from the Easter part of our region. Last but not least, EMN feels very lucky to have Laure Coussirat-Coustère of ADIE become our new Board President.

Many changes therefore happened, but the performance remained strong, as shown in the financials. After several years of loss, 2021 brought EMN back into a profit.

We will capitalize on all the changes for this 2022 year, and here is to wish to EMN a fruitful and productive year!

*Laure Coussirat-Coustère, President of the Board*



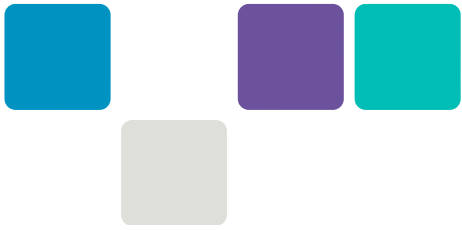
# Annual Conference

This year saw the comeback of the EMN Annual Conference in person. After a one-year hiatus, the event took place in Brussels on 15th October 2021. The conference was short (one day), yet it represented a long-awaited gathering despite the Covid pandemic and the consequent travel restrictions.

Despite Covid, 142 people attended the conference; 69 percent of them were representative of EMN members. For the first time, women were more present than men.

The conference received positive feedback and saw some innovations, like the Digital Solutions Marketplace. The networking session was regarded as a small but effective initiative where practitioners could better build partnerships in the future. Valuable lessons were taken for the 2022 edition, still in Brussels.





# A transformative year

## Research

The year 2021 represented an intense year for the EMN research activity. The research produced knowledge on several microfinance domains. Moreover, it led to the production of data and publications, which helped multiple stakeholders shed light on the complex world of European microfinance.

### Legislative mapping

The focus of EMN for 2021 was on Poland, Serbia, and Italy. This work converged into the newest release of the legislative overview, the flagship legislative publication of EMN. The legislative mapping work yielded a diverse and often conflicting picture.

Despite this diversity, countries agree that microfinance is not just about money. Instead, microfinance includes mentorship and support to business development which sets the sector apart from any other specialisation in the financial industry.

The European Microfinance Network keeps engaging in its legislative mapping activities, keeping, for 2022, a close eye on regulatory changes related to evolving crises

### SFIDE Project

The European Microfinance Network developed a partnership with the University of Twente (The Netherlands) and the Dutch MFI Qredits for the SFIDE project. The acronym SFIDE (Strengthening Financial Inclusion through Digitalisation) means challenges in Italian. The project aims to investigate the potential of technological and financial innovation to increase the efficiency of the inclusive finance sector, through the identification and promotion of best practices.



The explosion of the fintech sector and new technological innovations led to new possibilities for MFIs. Building on the widespread diffusion of smartphones and AI developments, it is possible to lend money to people who could not access it before. This process of digitization also allows non-financial support (such as coaching and mentoring activities) to run remotely.

The project has been running since 2020 and produced a white paper and a series of webinars regarding the relationship between digital innovation and the microfinance sector.

## Study on the development of green microfinance in Europe

The paper presents, for the first time, an overview of the present status of green microfinance in Europe and its evolution over the past decade, comparing European MFIs' developments on green practices with global benchmarks.

The paper is complemented with an overview of the main EU legislation that addresses environmental issues and some practical examples of green practices adopted by five European MFIs.

## Sentinel Project

The Sentinel Project is a research initiative whose aim is to qualitatively understand how leading microfinance institutions weigh their choices and make decisions during the Covid-19 pandemic. The project is led by the Financial Access Initiative (FAI) a research centre of the New York University's Graduate Wagner School. The research project consisted in interviewing specific MFIs and, anonymously, understanding their challenges and main strategical choices during the COVID-19 pandemic.

The EMN curated the Western European part of this global effort, interviewing one mid-sized MFIs at length. The project's output is a series of articles for the bespoke site built by the FAI to highlight the challenges within the sector in more than two years of pandemic.

## EMN-ADA project on the financial health of microentrepreneurs

The pandemic was also a stimulus for EMN to pursue research partnerships with organisations outside of the microfinance domain. One of them was the one with ADA and funded by JP Morgan. What began as a series of webinars to help small or very small businesses survive the pandemic became an occasion for building knowledge on financial health for MFI users.

The project yielded a report and a toolkit written for business advisors, mentors, coaches, and/or trainers working with micro-entrepreneurs to help them deal effectively with financial issues; EMN published the result of more than two years of project. The results were a report (Enhancing the Financial Health of Micro-entrepreneurs), and a toolkit that offers practical instruments to enhance and improve financial health.

# Research award

EMN keeps awarding a prize for grad students' papers on microfinance. The EMN awards 2,000 euros to young scholars engaged in microfinance and aims to foster research in the field. The winner was invited to attend the 2021 Annual Conference, in Brussels.

## Also read

### **Strengthening Financial Inclusion through Digitalisation**

<https://www.european-microfinance.org/activity/strengthening-financial-inclusion-through-digitalisation>

### **EMN-ADA project on the financial health of microentrepreneurs**

<https://www.european-microfinance.org/activity/improving-financial-health-micro-entrepreneurs>

### **Microfinance research award**

<https://www.european-microfinance.org/call/14th-european-microfinance-research-award>

### **EMN keeps an updated list of microfinance-related publications available at this link:**

<https://www.european-microfinance.org/publications>

# Technical assistance

The technical assistance activities were numerous in 2021 as this unit represents an increasing area of work for EMN. After over 15 years of activity, it became a point of reference in the microfinance world.

## Covid-19 technical assistance with JP Morgan – Year 2

The pandemic represented an incredible challenge for Micro, Small, and Medium enterprises in Europe and overseas. The issues stemming from restrictions and general economic contrition led to new emergencies in terms of business development, financial health, and financial inclusion. Therefore, JP Morgan and EMN teamed together also in 2021.

The six MFIs selected as direct target group of the project activities were: Adie (France), Credisol (Brazil), Fundación Oportunitas (Spain), PerMicro (Italy), Pro Mujer (Argentina), and SEF (South Africa). The project's ultimate beneficiaries are micro-entrepreneurs: existing or potential clients of the six above-mentioned MFIs.

We offered MFIs a technical assistance package that encompassed a mix of consultancies/trainings (28 in total), 1 licence and 5 webinars. We identified and hired relevant experts to deliver training and consultancy services based on an ongoing training and analysis of needs conducted by EMN with all the MFIs involved.

Additional activities implemented by EMN were a series of webinars to foster the sharing of good practices among project partners and periodic updates on a webpage to share relevant information that could support MFIs in responding to the Covid-19 pandemic.

## EaSI Technical Assistance

In 2018 the European Microfinance Network won a multi-year grant to provide technical assistance to the EU Microfinance network. Part of this grant unfolded into tailored trainings, trainings on the Code of Good Conduct (CoGC), investment readiness trainings, study visits, peer to peer learning exchanges and workshops (online and onsite). Also, EMN provided a digital helpdesk which allows MFIs to ask for information, and to other activities like Webinars.

The EMN website, for example, already hosts circa ten webinars that allow MFIs gaining in insights on multiple issues like Artificial Intelligence and microfinance or web marketing. The webinars put significant focus on sustainability and the green transition.

These activities were compounded by the constant management of the helpdesk. The helpdesk is a website that, since 2020, helps MFIs in getting assistance on multiple issues, including the adherence to the European Commission's code of conduct.

Activities for 2021, among other deliverables, yielded 15 webinars, five onsite workshops, three peer-to-peer learning organizations, two study visits, five tailored training, and three training sessions on the Code of Conduct. Webinars spanned from green finance activities to communication, and gathered a relevant set of knowledge which is readily available online, thanks to YouTube videos and in-depth presentations.

The European Microfinance Network will keep working on the EasiTA project successor for 2022.

## Other activities

The EMN staff is constantly committed in providing technical assistance to members and other stakeholders, providing training and other forms of all-around assistance.

### Also read

**Helpdesk**

<https://www.european-microfinance.org/activity/helpdesk>

**Technical Assistance in response to the COVID-19 crisis**

<https://www.european-microfinance.org/activity/technical-assistance-response-covid-19-crisis>

**Peer-to-peer visits**

<https://www.european-microfinance.org/activity/peer-peer-visits>

# Advocacy

The second year of the pandemic, thanks to the vaccination campaigns and to the ingenuity of individuals represented a turning point from which it will be difficult to come back. Lockdowns and the constant threat of the deadly virus forced millions of people to change habits. This impacted microfinance as well.

As part of the social economy, the sector became critical in preventing poverty and fostering financial inclusion.

Much of the last two years represented a fundamental transition for EMN. The European Microfinance Network decided to align its advocacy strategy to a fast changing landscape (and changes in the business model). The activities of the EMN spanned across position papers, public consultations, and other advocacy tools.

## A new advocacy strategy

Among the bodies of the EMN, the Advocacy Committee gathers members willing to contribute to EMN's advocacy strategy and focuses on the new strategy approved by the General Assembly in October 2021: green microfinance, digitalisation, the vulnerable, personal microloans, social economy and EU legislative framework.

## Publications

### - Social Return on Investment Methodology

EMN developed the Social Return on Investment indicator. Such an indicator measures how many euros of social benefit derives from a 1-euro investment into the social economy. The EMN position paper advocates for adopting such methodology for the EFS investment to coherently measure the impact of social economy investment in public policy.

### - Migrant entrepreneurship

The EMN produced a policy paper highlighting how the MFIs cooperate with public institutions and private organizations, building partnerships. The paper highlights how some MFIs adapt to the needs of their customers, lending money without interest, for example. According to the paper, this kind of partnership can be achieved with the support of European Institutions and other public entities.

## - Role of microfinance in Brain Drain

The EMN issued a paper that recommends a series of policies by the EU to address the brain drain using microfinance. Microfinance lowers the threshold for people to become entrepreneurs allowing them to access funding. Hence, according to the EMN, the European Union needs to develop the right policy instrument supporting microfinance in preventing qualified professionals from leaving marginal European areas.

EMN published four policy papers in 2021 to inform its members of the EU initiatives relevant to the sector.

## Public consultations

We also participated in Expert groups and direct meetings with EU institutions As member of the the European Commission expert group on social economy and social enterprises (GECES), EMN took part to the discussion on the Social economy action plan.

As a reminder, the GECES is a consultative body advising the European Commission (DG GROW and DG EMPL) on actions to be taken to further develop social entrepreneurship and social economy in Europe. The group assists the commission with tasks like assisting the commission in strengthening the social economy within EU Member states and in the international arena and raising awareness among EU members about practices in the social economy.

As observer in the Steering committee for the European Code of Good Conduct (ECoGC), EMN represented its members in the Committee. As part of its objective to widen its scope of relations and partnerships at the EU level, EMN applied to the Financial services Users Group, an expert group led by DG FISMA (European Commission).

In 2021, we also met Commissioner Nicolas Schmit's cabinet, discussing the future of the EU budget and the successor programme to EaSI guarantees and new initiatives for the European microfinance sector .

### Also read

#### **The Social Return on Investment**

<https://www.european-microfinance.org/publication/emn-policy-note-social-return-investment>

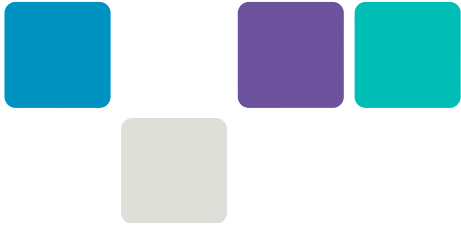
#### **Migrant Entrepreneurship**

<https://www.european-microfinance.org/publication/emn-policy-note-migrant-entrepreneurship>

#### **Microfinance's role in Mitigating Human Capital Flight**

<https://www.european-microfinance.org/publication/emn-policy-note-microfinances-role-mitigating-human-capital-flight>

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# Financial statements

## EMN Final Income Statement 2021

Revenues	Budget	Actuals 31/12/2022	%
Beneficiary contributions cash	85,487.50 €	64,661.32 €	7%
Revenue generated by operation	639,558.00 €	497,622.62 €	52%
Public funds	417,696.92 €	389,594.50 €	41%
<b>Total</b>	<b>1,142,742.42 €</b>	<b>951,878.44 €</b>	<b>100%</b>

Expenditures	Budget	Actuals (31/12/2021)	%
Staff	503,051.45 €	475,688.69 €	53%
Travel and accommodation	47,442.19 €	40,282.55 €	5%
Services	475,880.49 €	307,605.20 €	34%
Administration	69,996.59 €	69,945.21 €	8%
<b>Total</b>	<b>1,096,350.72 €</b>	<b>893,521.65 €</b>	<b>100%</b>

Balance	
Budget	Actuals
46,391.70 €	58,356.79 €

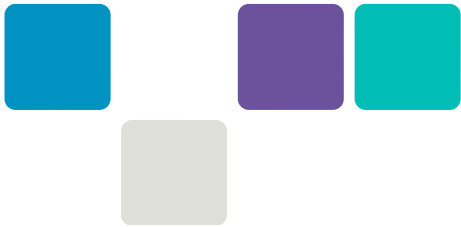


## Balance sheet as of Dec. 31, 2021

Assets	2019	2020	2021
Fixed assets	14,536.57 €	5,620.89 €	3,749.27 €
<b>Total I</b>	14,536.57 €	5,620.89 €	3,749.27 €
<b>Current Assets</b>			
Accountrs Recivable	186,986.73 €	208,324.86 €	221,296.83 €
Bank	397,882.42 €	1,060,224.83 €	567,365.18 €
Prepaid Expenses	438.40 €	668.24 €	239.49 €
<b>Total II</b>	585,307.55 €	1,269,217.93 €	788,901.50 €
<b>TOTAL GENERAL</b>	<b>599,844.12 €</b>	<b>1,274,838.82 €</b>	<b>792,650.77 €</b>

Equity and Liabilities	2019	2020	2021
<b>Own and General Funds</b>			
Own funds	461,983.14 €	429,419.97 €	368,852.59 €
Surplus of the year	-32,563.17 €	-60,567.38 €	58,356.79 €
<b>Total I</b>	429,419.97 €	368,852.59 €	427,209.38 €
Surplus of the year			
<b>Total II</b>	0.00 €	0.00 €	
<b>Current liabilities</b>			
Accounts payable	107,068.66 €	101,812.74 €	137,759.34 €
Fiscal and social debts	63,355.49 €	92,934.36 €	57,604.55 €
Other debts		296,161.33 €	4,062.50 €
Surplus of the year		416,068.00 €	166,015.00 €
<b>Total III</b>	170,424.15 €	906,976.43 €	365,441.39 €
<b>TOTAL GENERAL</b>	<b>599,844.12 €</b>	<b>1,274,858.82 €</b>	<b>792,650.77 €</b>

Assets	2018	2019	2020	2021
Total revenues	706,551.75 €	989,309.95 €	836,054.11 €	951,878.44 €
Total expenditures	661,457.59 €	1,021,873.12 €	896,624.49 €	893,521.65 €
<b>Balance</b>	<b>45,094.16 €</b>	<b>-32,563.17 €</b>	<b>-60,570.38 €</b>	<b>58,356.79 €</b>



# Membership

## Members as of Dec. 31 2021

ACAF  
Action Finance Initiative (AFI)  
ADIE  
AgroInvest  
ASCAR RV (UTCAR REGIUNEA VEST)  
Asociacion Espanola de Microfinanzas - AEM  
Association of Microfinance Institutions in Bosnia and Herzegovina (AMFI)  
Association of Microfinance Institutions of Kosovo (AMIK)  
Autoocupacio (CPAC)  
BACCOM  
Banca Etica (Banca Popolare Etica)  
BCR Social Finance (good.bee Credit)  
BCRS Business Loans Limited  
BNP Paribas  
BRUSOC S.A.  
BT Microfinantare IFN S.A  
Business Finance Solutions (GC Business Finance)  
Caisse des Dépôts et Consignations  
CEEI Burgos  
Confeserfidi  
Cooperative Bank of Karditsa  
COOPFIN  
Crea-Sol  
Cred.it Societa' Finanziaria spa  
Credinfo  
Cresacor  
Erste Group Bank AG  
ESBG (WSBI-ESBG aisbl)  
EUROM Consultancy and Studies SRL  
EVEREST GmbH (previously Evers&Jung)  
Evrostart (National Cooperative Union of credit co-operatives)  
FAER  
Fair Finance (East End Finance)  
Favafond AB  
Fejer Enterprise Agency - FEA  
Fidipersona  
Fondazione de Grisantis  
Fondazione Don Mario Operti Onlus  
Fondazione Grameen Italia  
Fondazione Ottavio Sgariglia Dalmonte  
Fondi BESA sh.a.  
Fundacion Montemadrid  
Fundacion Oportunitas  
Galileo Network SPA  
Gaztenpresa Fundazioa  
GLS Alternative Investments SIVAC  
Hefboom  
ICCREA BANCA  
Initiative France  
Inpulse  
Jinishian Memorial Foundation (JMF)  
LIDER  
MFC  
MI-BOSPO  
MicroBank  
Microfinance Association UK  
Microfinance Ireland  
Microfinanza srl  
Microlux  
Microstart  
Mikro Kapital IFN SA  
Mikro Kapital s.a.r.l  
Mikro Kapital S.p.a.  
Mikrofin  
Millennium bcp  
MonteCredit  
Montpellier Business School (MBS)  
Nantik Lum (Fundación)  
Noa Albania  
Notolytix  
OMRO IFN SA  
Partner Microcredit Foundation  
Patria Credit  
PerMicro  
Associazione MicroLab Onlus  
Qredits  
RAIC Presov  
REDI  
Reseau Financité (former: Réseau Financement Alternatif - RFA)  
Responsible Finance (former CDFA)  
RITMI  
Rocredit IFN SA  
Romcom  
S.M. Aurora I.F.N.S.A.  
Seed Capital Bizkaia Mikro  
Singlify  
SIS Credit JSC  
Slovene Enterprise Fund  
Trebali Solidari  
UNCAR (Uniunea Nationala A Caselor de Ajutor Reciproc Ale Salariatilor Din Romania)  
UniCredit S.p.A  
USTOI Joint Stock Company

# Membership variation

## **Members who left in 2021:**

Vereniging Samenwerkende Kredietunies

DMI

Centro Studi Finanza & Persona Oadvisory

PZFP (Polski Związek Funduszy Pożyczkowych - Polish Union of Loan Funds)

Business Enterprise Fund (BEF)

Acaf Italia

Montenegro Investments Credit DOO

Cofiter

Hungarian Microfinance Network - HMN

## **Members who joined in 2021:**

Montpellier Business School (MBS)

Noa Albania

Singlify



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