



microfinanza

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23

SUSTAINABILITY REPORT

MICROFINANZA

www.microfinanza.com

The Principle of the Hiding Hand:

"...since we necessarily underestimate our creativity it is desirable that we underestimate to a roughly similar extent the difficulties of the tasks we face, so as to be tricked by these two offsetting underestimates into undertaking tasks which we can, but otherwise would not dare, tackle."

Albert O. Hirschman

Summary

Message to our stakeholders	3	Our positive impact	14
		Social sustainability and governance	
Executive management report	4	Our team	
		Training, health and safety	
Methodological framework	5	Environmental impact	
About Microfinanza	6	Economic Report	19
Our vision of the impact of inclusive finance			
About Microfinanza's stakeholders	7	Governance	20
Materiality map	11	Our work in 2023	21
		Europe area	
Areas of intervention	12	MENA area	
Monitoring and Evaluation		Sub-saharian Africa area	
Financial education			
Technical cooperation			
Green and rural microfinance		Perspectives	46

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The following document has been drafted
with the contribution of the company's
employees and collaborators.

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Message to our stakeholders

by G. Pizzo, President of Microfinanza

Since 2002, Microfinanza's mission has been to enhance and sustain financial inclusion on a global scale. In our vision, financial inclusion is part of a greater path of freedom from discrimination, for a world that grants everyone opportunities and rights, respect for diversity and an authentic environmental sustainability.

Our daily work focuses on promoting financial and social inclusion through continuous innovation and experimentation, to always seeking new solutions to ever-changing and increasing needs and fragilities. We combine passion and expertise to foster inclusive development, with close attention to local contexts, cultures, people, and the environment. Each of our initiatives is not just a replication of past successes; instead, we consistently push forward, believing that true progress comes from innovating models and work patterns to achieve meaningful results in promoting greater inclusiveness.

Over time, our company has expanded and had the opportunity to work in a wide range of geographic areas, including Latin America, Asia, Sub-Saharan Africa, Europe, and the MENA Region. These regions are constantly evolving and, in recent years have faced renewed crises and conflicts that undermine their stability. Additionally, the increasing impact of climate change presents further challenges. In this context, resilience alone is not enough; what is required is a fundamental shift in paradigms.

With this Sustainability Report, we aim to provide a clear view of our approach, confirming our commitment in terms of innovation, ethics and sustainability. This report reflects who we are, how we operate, and how our efforts positively impact the quality of life for individuals, territories and communities by enhancing their social and environmental capital.

This is the third report we have produced; an important internal exercise that has allowed us to reflect on ourself, analyze our data, and interpret them from a new perspective, with the aim of improve and grow as Company.

With 24 years of experience, Microfinanza is part of a group that grows and innovates across various themes related to financial inclusion and sustainable finance. We continue to believe in the power of ideas. Our group is made of people with complementary cultural profiles and backgrounds who have shared a common path since the very beginning of Microfinanza's start-up.

Collaboration is one of our strengths. Our approach is rooted in a sense of responsibility and shared goals. Even with most of our team working remotely, we believe in the importance of meeting, engaging and learning from the field to fully understand different contexts and inspire innovation.

As a company engaged in sustainable finance, we are committed to continually seeking sustainability in its broadest sense, encompassing economic, financial, social, environmental, and governance dimensions.

We hope this report serves as a reference point for you, encouraging the formation of alliances to build a better future, through common goals and shared strategies. We invite you to read it and engage with us, sharing your feedback and suggestions, which we are eager to hear and implement.

Executive management report

Microfinanza 2024 Sustainability Report (referring to the year 2023) highlights the company's path of continuous growth and the consolidation of certain working paths in specific geographical and thematic areas.

In 2023, the company intensified its commitment to financial inclusion issues in different contexts, Italian, European and non-European, developing projects aimed at promoting job creation, entrepreneurship, inclusive financial schemes, products and services in the most fragile contexts.

Young people and women remain the privileged target of Microfinanza both at European and non-European level, as a driver for sustainable development starting from their innovative ideas. For Microfinanza, creating opportunities for young people and women means laying the foundations to stimulate inclusive growth, reduce inequalities and create a fairer and more prosperous future for all. These efforts not only respond to the need to generate economic and social opportunities in the areas involved, but also fit into a broader vision of sustainable development. The environmental component is understood not as a cross-cutting axis, but as a founding of any initiative.

The topic of local development was called to attention because experience has shown that sometimes investments in certain areas are promoted by those who do not reside there and that there is no close correlation between invested capital and the socio-territorial and environmental capital involved. It is necessary to start again from the territories, because the answer cannot be only that of the global dimension, which often aims at exports depriving territories of resources, tools and capabilities.

Local development must return to the center of the debate and best practices, to enable an ecosystem ready to welcome and support ideas, innovation, for attracting internal and external resources, while also emphasizing public-private partnerships.

Europe and the Mediterranean areas remain prime regions for Microfinanza, while we continue to develop expertise and strengthen partnership networks with institutions, financial and otherwise, in sub-Saharan African and Asian countries.

The conflicts that now affect every part of the globe, the climate crisis, economic instability and increasing social needs pose significant challenges in the search for

a fair redistribution of resources and the reduction of poverty and social exclusion levels, issues that most acutely affect the most fragile populations. In response to these challenges, Microfinanza has focused its efforts on supporting aspiring entrepreneurs and women entrepreneurs, as well as young NEETs (Not in Education, Employment, or Training), women's associations and cooperatives in Sub-Saharan Africa, through targeted accompaniment.

In the Mediterranean context, Microfinanza pays special attention to rural development and rural finance, which are key elements in ensuring harmonious local development processes, boosting social inclusion and the development of concrete opportunities for territories and local communities.

Our experience in the field has taught us to look at political crises, climate change, economic dynamics, unemployment and migration with a different perspective, capable of mobilising positive resources and unlocking their full potential. To do this, we continue to explore and build new patterns and flexible tools, to promote new ideas and innovative financial schemes, with the aim of piloting and outlining a new approach to development, centred on those who are most marginalised, vulnerable and determined to build a path towards positive and sustainable change.

In promoting sustainable finance, adhering to European and international good practices such as ESG - environmental, social and governance - we continue to innovate and transfer skills to those financial realities still anchored in prevalently economic-financial principles of sustainability and that have not yet acquired the awareness of the need to act urgently by accompanying and financing sustainable investments in the different dimensions. Climate change requires major investments, and even small economic realities, businesses and cooperatives, must fit into this investment logic. This Annual Report is therefore not just a collection of results and numbers (facts and figures), but a testimony to our commitment to building a world where every individual, regardless of gender or age, can have access to the resources and opportunities they need to realise their personal and professional plans. We take pride in our accomplishments in 2023 and remain committed to continuous improvement, confident that financial inclusion is one of the key solutions to the global challenges of our time.

Methodological framework

Sustainability report complements Microfinanza Financial Statements and Balance Sheet, in order to inform stakeholders and interested parties about the company's performance, not only from an economic and financial point of view, but also from an environmental and social perspective. This document is integrative to the traditional financial statements and is a voluntary practice for the company, which does not fall under the umbrella of groups required to report on their non-financial performance.

The sustainability report lays its foundation on internationally accepted guidelines, such as the Sustainable Development Goals - SDGs, Global Reporting Initiative - GRI Sustainability Reporting Standards and Sustainability Accounting Standards Board - SASB Standards, the most authoritative models in the field of non-financial disclosure. Material issues were identified through a new analysis conducted among stakeholder groups, involving different categories of stakeholders "external" to the company, and "internal" (see also the "Materiality Analysis"). The input from the stakeholders involved enabled Microfinanza to depict a comprehensive analysis, painting a vivid picture of the current situation, but most of all, shape policy, funding, and support decisions for future projects and initiatives, with the concrete goal to propel our commitment in the promotion of initiatives in the field of financial inclusion, for the development of technical and social innovations, for the benefit of vulnerable people and communities, enhancing our effectiveness in fostering ideas and knowledge and promoting autonomous improvement in their lives.

Ongoing data collection is a key tool for the company to monitor the effectiveness of the support strategies and initiatives implemented, and to readjust our day-to-day actions. The ability to collect elements that characterize the business and impact, is ensured by our existing internal business processes, management and monitoring information systems, and experience in non-financial project reporting.

The qualitative and quantitative information and data presented in the report has been collected accurately and efficiently and covers the year ending December 31, 2023.



About Microfinanza

Microfinanza is a limited liability company whose objective is to make financial inclusion a permanent right for everyone in the world. The company provides technical and management support services to improve the capacity and performance of enterprises and financial service providers through tailored technical assistance based on client needs and objectives. In addition, Microfinanza offers technical support to actors and stakeholders in the microfinance sector to strengthen their capacity to stimulate the development of the sector.

Over the years, Microfinanza has developed solid expertise in the formulation, implementation and monitoring of projects and programmes in the areas of financial inclusion, rural development, socio-economic development and corporate finance, as well as in the development of innovative financing models and mechanisms adapted to different socio-cultural and environmental contexts. In more than 20 years of experience, Microfinanza has acquired an in-depth knowledge of the access to finance and financial inclusion challenges, developing its own performing working methodology and tools to provide services and technical assistance to support both, the supply and demand sides.

The company has carried out numerous missions worldwide (Sub-Saharan Africa, Asia and South-East Asia, the MENA region, Central Asia and the Caucasus, Latin America and the Caribbean, the Balkans and Europe) and has collaborated with over a hundred organisations internationally.

Since 2002, Microfinanza has collaborated with Associazione Microfinanza e Sviluppo Onlus, an Italian non-profit association promoting initiatives in Italy and worldwide on financial education and access to credit. A number of Microfinanza experts are active members of the association and participate in the design and implementation of projects aimed mainly at women, prisoners, rural populations, migrants and refugees, young people, and overindebted people in Italy and abroad.

Today, Microfinanza is the main partner and shareholder of Impact Age, an impact asset manager supporting mainly agro-industrial projects and has developed Ecomill, a crowdfunding platform supporting sustainable development initiatives.

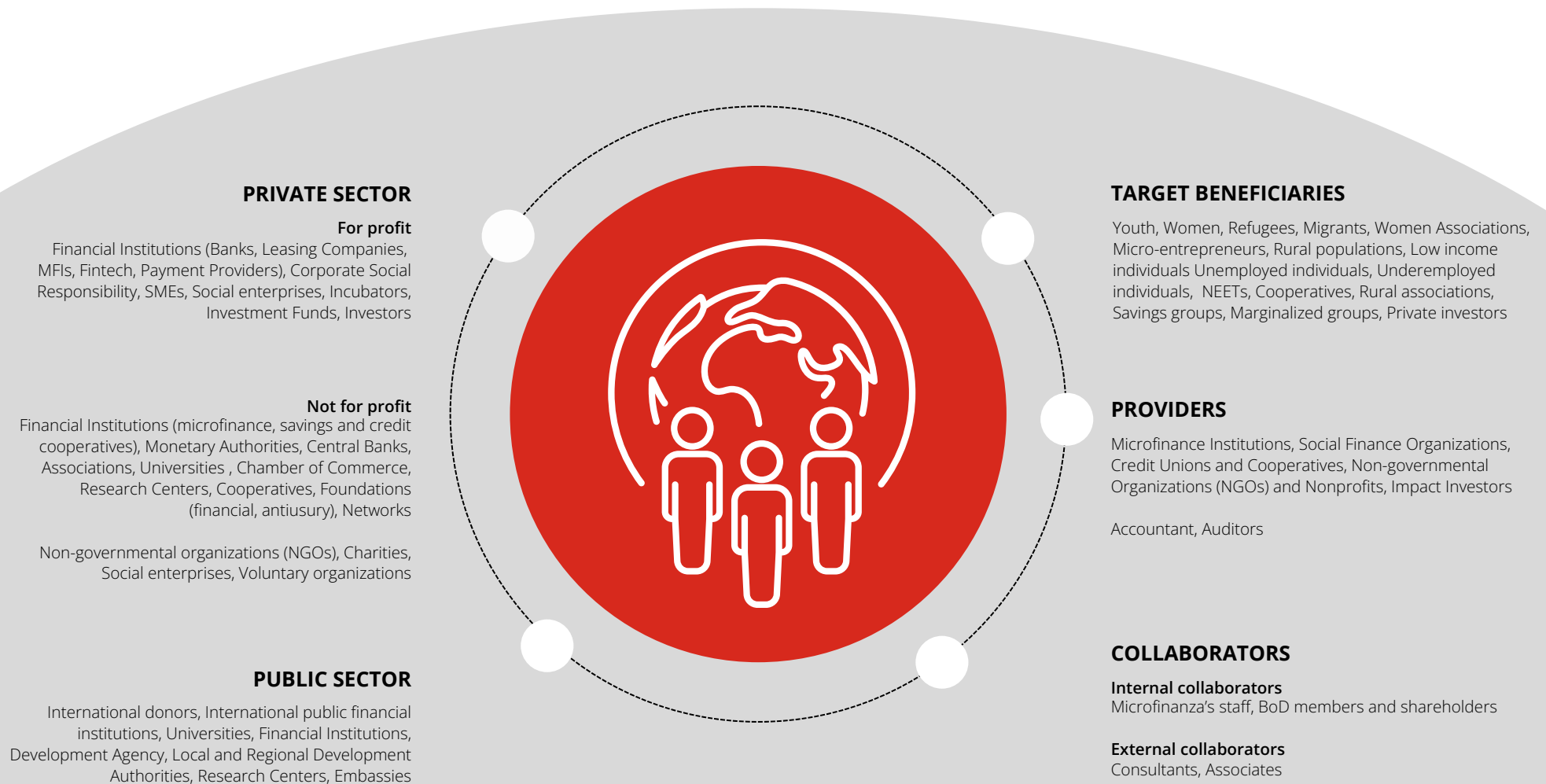
In 2023, the company was involved in more than 25 projects across Europe, Sub-Saharan Africa, the Middle East and North Africa, all aimed at promoting financial inclusion as a means for the social and economic development of vulnerable groups, women, youth, NEETs, farmers, cooperatives, saving groups. Within the different projects, Microfinanza experts developed new financial models and instruments adapted to the specific needs of organisations and direct beneficiaries, increasing the effectiveness and efficiency of programmes and initiatives.

Our vision of the impact of inclusive finance

Microfinanza's team is always committed to fostering lifelong financial inclusion across the world: this aim is part of a broader process of combating discrimination, for a world that gives equal opportunities and rights to all, while respecting diversity and environmental sustainability.

Microfinanza promotes initiatives to develop technical and social innovations for the benefit of vulnerable individuals and communities, through training and the exchange of good practices to promote resilience and autonomy in their lives. Microfinanza's experts can either work directly with beneficiaries or design the different activities and coordinate an established operational team. In parallel, Microfinanza accompanies microfinance organisations/institutions, financial institutions and foundations to improve their economic, social and environmental performance in order to facilitate access to financial services and to develop new sustainable finance products and services.

About Microfinanza's stakeholders





Microfinanza's stakeholders have been identified considering the AA1000 AccountAbility Stakeholder Engagement Standard (2015), this is a methodology that is globally recognized because it enables organizations to conduct high-quality stakeholder engagement projects and programmes. As Microfinanza we were interested in using this standard to rethink our organization's approach by empowering stakeholders as active contributors in our value creation, governance, strategy and operations.

Firstly, to identify our key and most relevant stakeholders we implemented internal workshops to define our stakeholder categories. In this context, Microfinanza identifies and has defined 5 major categories of stakeholders as follows:

Financial Institutions

A financial institution refers to an organization that provides financial services to individuals, businesses, and governments, acting as an intermediary between savers and borrowers. In the context of the microfinance and social finance sector, financial institutions play a crucial role in promoting financial inclusion by offering access to basic financial products and services—such as savings accounts, credit, insurance, and payment systems—to underserved populations, particularly low-income individuals or those without access to traditional banking. These institutions can include banks, credit unions, microfinance institutions (MFIs), and social finance organizations, all of which aim to support economic empowerment and social impact through tailored financial solutions. According to our definition the financial institutions not only facilitate economic activities but also help individuals and communities improve their livelihoods by providing the financial tools necessary for self-sufficiency and growth.

Target beneficiaries

Microfinanza definition of target beneficiaries is comprehensive of individuals or groups who are economically disadvantaged or underserved by traditional financial systems.

These beneficiaries often consist of:

- Micro-entrepreneurs: Small business owners or aspiring entrepreneurs who lack access to formal credit but need financial assistance to start, grow, or sustain their businesses.
- Low-income individuals: People living in poverty or with limited economic opportunities who require financial support to improve their livelihoods through self-employment.
- Women and marginalized groups: Often prioritized due to systemic barriers in accessing financial services and economic opportunities.
- Unemployed or underemployed individuals: Particularly those who have been excluded from the formal job market and are seeking ways to achieve economic independence through entrepreneurship.
- Rural populations: Individuals in remote or underdeveloped areas where access to traditional banking services is limited.

These target beneficiaries require business development support, such as training, mentorship, and access to microfinance funding, to overcome barriers to financial inclusion and foster sustainable economic growth.

Third sector organizations

Third sector organizations refer to entities that operate within the space between the public (government) and private (for-profit) sectors, often focusing on social, environmental, or cultural goals rather than profit-making. These organizations include non-governmental organizations (NGOs), charities, social enterprises, voluntary organizations, foundations, and cooperatives.

Their primary purpose is to address social issues, provide public benefits, and contribute to the well-being of communities, often filling gaps in services that are not adequately covered by the government or the private sector. Third sector organizations are typically mission-driven, and their income is usually reinvested to further their social goals rather than distributed as profit to owners or shareholders. They play a crucial role in areas like poverty reduction, education, healthcare, and environmental protection.



Collaborators

Microfinanza defines a collaborator as individuals or teams within an organization who work together to achieve common goals. They can be distinguished between internal and external collaborators. The internal are these collaborators who are typically employees or members of the organization. External collaborators are individuals, organizations, or entities outside the organization that contribute to a shared objective. These collaborators can include partners, suppliers, consultants, freelancers, clients, or even other organizations (such as NGOs, academic institutions, or government agencies). External collaboration often involves creating partnerships or alliances to leverage additional expertise, resources, or networks that the organization may not possess internally.

Providers

In the context of the microfinance and social finance sector, providers refer to organizations or institutions that offer financial products and services designed to promote financial inclusion and support underserved populations. These providers focus on offering accessible financial solutions to individuals or communities that are excluded from traditional banking systems. They include:

- **Microfinance Institutions (MFIs):** Specialized organizations that provide small loans (microloans), savings accounts, and other financial services to low-income individuals, entrepreneurs, and small businesses, often in developing regions.
- **Social Finance Organizations:** These institutions focus on generating social or environmental impact alongside financial returns. They provide funding, often in the form of loans, equity, or impact investments, to social enterprises or ventures that aim to solve societal challenges.
- **Credit Unions and Cooperatives:** Member-owned financial organizations that offer savings, loans, and other services to their members, often with a focus on local communities and underserved populations.

- **Non-governmental Organizations (NGOs) and Nonprofits:** Some NGOs provide microfinance services or partner with financial institutions to offer business support and financial literacy training, aiming to uplift vulnerable communities through access to financial services.
- **Impact Investors:** Individuals or institutions that provide capital to businesses or organizations with the goal of generating positive social or environmental impacts, alongside financial returns.

These providers aim to empower individuals and small businesses by offering financial support, access to capital, and business services, enabling them to build sustainable livelihoods and achieve financial independence.

Private sector organizations

Private organizations can operate across a wide range of sectors, such as manufacturing, services, technology, or retail, and they are typically driven by the goal of maximizing profitability while competing in the marketplace. A private organization is a for-profit entity that is owned, operated, and controlled by private individuals, shareholders, or groups, rather than the government. These organizations aim to generate revenue and profit for their owners or shareholders. Private organizations can take various legal forms, including: Corporations: Businesses owned by shareholders, with ownership divided into shares of stock; Private Companies: Firms that are not publicly traded on stock exchanges and are owned by private individuals or groups; Partnerships: Businesses owned and operated by two or more individuals who share profits, responsibilities, and liabilities; Sole Proprietorships: Businesses owned and operated by a single individual. For Microfinanza this particular stakeholder is also relevant within the microfinance and social finance sector because it represents also for-profit businesses and institutions that participate in or contribute to the microfinance ecosystem.

These organizations operate independently of the government and focus primarily on generating financial returns, but in the context of microfinance and social finance, they often integrate social impact into their business models.



Private sector organizations in this space can include:

- **Commercial Banks:** Some banks engage in microfinance by offering microloans, financial products, or partnerships with microfinance institutions (MFIs) to extend their services to underserved populations.
- **Social Enterprises:** For-profit businesses that have a primary social or environmental mission, often targeting low-income or marginalized groups, and may partner with microfinance institutions or receive social finance investments.
- **Impact Investment Firms:** Private investment firms that provide capital to social enterprises or MFIs with the dual objective of earning financial returns and achieving social impact.
- **Fintech Companies:** Technology-driven companies that provide innovative financial solutions (e.g., mobile banking, peer-to-peer lending) to increase access to financial services for underserved populations.
- **Corporate Social Responsibility (CSR) Programmes:** Private corporations may engage in microfinance and social finance through CSR initiatives, funding microcredit programmes or supporting financial inclusion projects as part of their social impact goals.

Private sector organizations

In the microfinance and social finance sector, the public sector refers to government entities, agencies, and publicly funded institutions that play a key role in promoting financial inclusion and social impact. These organizations aim to support low-income individuals, marginalized communities, and small businesses by creating policies, regulations, and programmes that foster access to financial services.

Key roles of public sector organizations in this context include:

- **Regulation and Oversight:** Governments set the legal and regulatory frameworks that govern microfinance institutions (MFIs), ensuring consumer protection, transparency, and financial stability within the sector.
- **Funding and Grants:** Public sector bodies often provide funding, subsidies, or grants to microfinance programmes and social enterprises to help expand their reach and impact, especially in underserved areas.

- **Public Development Banks:** These government-backed financial institutions offer loans, guarantees, and technical support to MFIs, social enterprises, and community projects that promote social and economic development.

Policy Advocacy and Social Programmes: Governments design and implement social finance initiatives, such as microcredit programmes or financial literacy campaigns, that aim to alleviate poverty, promote entrepreneurship, and support financial inclusion. In the microfinance and social finance sectors, the public sector often collaborates with private organizations, NGOs, and social enterprises to create an ecosystem that supports sustainable economic development and social impact.

According with these categories, Microfinanza has secondly categorized and profiled its most relevant actors for the materiality consultation. This exercise was done by using a qualitative analysis criterion for evaluating variables. The actors were defined according to the level of dependency and influence considering these definitions:

- **Dependency** – groups or individuals who are directly or indirectly dependent on the organisation's activities, products or services and associated performance, or on whom the organisation is dependent in order to operate.
- **Influence** – groups or individuals who can have an impact on the organisation's or a stakeholder's strategic or operational decision-making.

Materiality map

In line with the 2022 non-financial disclosure, the 2023 report was based on a reviewed materiality analysis. Our key stakeholders have been engaged and consulted about the most relevant material topics in the social, environmental, and governance spheres. These areas of greatest influence about the strategic choices of Microfinanza were identified, using a materiality analysis conducted at a double level: "internal", involving governance and staff; and "external", engaging key stakeholders (institutional stakeholders; lenders; partners; clients; beneficiaries). More than 300 entities, professionals, and beneficiaries have been identified and contacted, with a relatively high feedback and response rate, showing great and growing attention from the community in sustainability and impact report issues. As mentioned in the previous paragraphs, the materiality survey focused on a set of key areas, identified from the Global Reporting Initiative (GRI) reporting standards, moving through the Sustainable Development Goals (SDGs), and the SASB standards, the most authoritative models in the field of non-financial disclosure.

The combination of internal and external materiality associated with each key macro-theme allowed us to determine the "relevance" of these issues, prioritizing them accordingly. A focused set of priorities was selected to guide action and reporting, aimed at refining sustainability strategies and future disclosures. To achieve this, an analysis was conducted to identify and prioritize issues significant to the industry, the business, and its internal and external stakeholders. These "material" issues represent the company's economic, social, and environmental impacts and influence stakeholder decisions.

For the identification of the material issues, the level of relevance of each theme was assessed through the completion of the "materiality questionnaire" by all collaborators and employees of the company, as well as by stakeholders identified according to the Stakeholder Engagement Standard AA1000 SES methodology.

According to the results of the materiality map, our stakeholders' community from all over the EU has clearly reaffirmed the value creation we aim to achieve as an organization, which consists of reducing social gaps caused by various forms of inequality through social finance.

Microfinanza is firmly convinced of the value of social finance as a tool for creating economic value and social capital in contexts of local development. Furthermore, the materiality analysis led our stakeholders to identify 15 key material issues across 5 macro areas, categorized into Identity, Governance, Economic Responsibility; Environmental Responsibility; and Social Responsibility and which allowed us to make strategic decisions for the year 2024.

The materiality analysis enabled the following issues to be identified as most relevant to non-financial reporting:



Economic Value Generated and Distributed



Governance bodies and personnel



Social/human capital, benefits, training and professionalization paths



Environmental impact



Significant direct and indirect economic impacts

Areas of intervention

Our experts provide in-depth analysis of the medium and long-term outcomes stemming from diverse interventions within the field of financial inclusion and social entrepreneurship.

Monitoring and Evaluation

Our methodology leverages more than twenty-year international experience in the design, implementation and evaluation of projects and technical assistance for institutions operating in the field of financial inclusion.

We target multiple type of actors such as international agencies, financial services providers, social enterprises, NGOs, local institutions, public authorities etc. Our approach and tools comprise a global set of outcomes indicators carefully selected and refined among those suggested by some of the most known international best practices and main poverty assessment tools coupled with duly adapted evaluation tools.

Indicators are comprised within three main categories evaluating different dimensions of sustainability, linked to the UN sustainable development goals.

This holistic approach looking at different levels of sustainability is not limited to evaluation activities only, but it constantly guides our overall training, capacity building and technical assistance interventions.

The indicators focus on the most financially vulnerable social actors.

Microfinanza has gathered and developed specific socio-economic indicators at institutional level for allowing financial services providers to track and assess their financial and social performances over time.

Main categories of sustainability indicators on which Microfinanza strongly contributes

- Socio-economic indicators
- Economic indicators
- Environmental indicators

Financial education

Microfinanza provides a broad range of services related to financial education and social business accompaniment. It includes design and delivery of entrepreneurship learning models supported by smart tools for designing business models and business plans.

The learning programme is twofold: an extensive path designed for training of trainers, and a programme for the most vulnerable ones such as migrants and refugees, youth and students, women, prisoners, rural residents, cooperatives, micro entrepreneurs and farmers. Specific tailor-made programmes and tools are designed for MFIs and their clients.

The main themes tackled by financial education trainings are comprised within six macro-categories:

- Tracking cash flows and budgeting
- Savings management
- Debt management
- Risk management
- Access to formal financial services
- Entrepreneurship and financial negotiations



Technical cooperation

Microfinanza has gained extensive experience in supporting financial institutions such as microfinance institutions, banks, credit unions, credit guarantee funds and project-based financial schemes in their development and improvements.

Over the past 10 years, Microfinanza has worked in specific projects of **blended finance** and **fund management, developing innovative financial instruments to support the most fragile communities and for more effective inclusion.**

- **Design and Management of Innovative Financial Schemes**
- **Sustainable Finance for Social Inclusion**
- **Technical Assistance on Access to Finance**
- **Fund Management for Rural Finance**
- **Blended finance**
- **Impact Evaluation**

Green and rural microfinance

Since its inception in 2000 Microfinanza has been dedicated to financial inclusion at different levels and in different contexts. Over the past decade, the company has increasingly focused on green microfinance, aligning itself with the financial sector's ongoing transition towards sustainability.

This shift is now a critical tool for advancing sustainable development and resilience in a rapidly changing world. Financial institutions are not only confronted with escalating environmental risks but also must adopt innovative green strategies essential for their continued operation and for fostering the sustainable growth of their clients. The microfinance sector is evolving to meet the growing global demand for realigning human activities, minimizing environmental impact, enhancing responses to environmental shocks, and creating new sustainable opportunities.

In this context, it has become vital for Microfinanza to support institutions and entrepreneurs in integrating environmental management and protection into their production processes. This includes waste management, and the sustainable use of water, soil, and natural resources, all in line with the most advanced concepts of ecological transition.



Our positive impact

Social sustainability and governance

Taking into account the European Pillar of Social Rights, the EU Charter of Fundamental Rights, and the values of the European Union as reference points, Microfinanza actively promotes respect for fundamental human rights, support for non-discriminatory behavior within the company, actively encouraging all its partners to embrace the same values, and responsible and transparent business practices within the sector in which it operates.

The company is committed to promote diversity (of age, gender, knowledge and experience) that foster the development of a corporate culture and human capital, and response to new market challenges and opportunities, and to ensuring equal opportunities in the career development of individuals, promoting professional development paths to all employees regardless of their personal characteristics (age, gender, sexual orientation, disability, ethnic origin, nationality, political opinions and religious beliefs) according to the principles of impartiality and non-discrimination.

The core of Microfinanza intervention is reducing inequality by overcoming socio-economic barriers through social finance as a tool for creating economic value and social capital in contexts of local development. On the other hand, our organization also works to support local institutions in reducing institutional barriers that hinder the implementation of alternative solutions for accessing social finance tools.

It is important to highlight that each beneficiary involved in our projects represents a unique life story. For this reason, we have estimated that, thanks to our social intervention model, **2 236 people** have benefited in turn due to the support provided by Microfinanza considering the core its services as displayed in the following table.

EUROPE AREA

Youth entrepreneurship, employment, training



1 041
NEETS
UPSKILLED



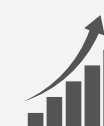
59
LOCAL SMES
SUPPORTED

MENA

Employment, agricultural and fishing entrepreneurship, environmental sustainability



96
ENTREPRENEURS
FINANCED



245
ENTREPRENEURS
SUPPORTED
with guidance on their
business project

SUB-SAHARIAN AFRICA

Women entrepreneurship, support for business creation, training



476
WOMEN
from women
associations



25
ENTREPRENEURS
SUPPORTED
by an incubation and
acceleration programme



390
SMALLHOLDER
FARMERS



Relevant note: During 2023, Microfinanza concentrated its effort by providing business development support, such as training and mentorship to access to microfinance funding, or relevant training in finance. The approach used for the provision of services aims at identifying the gaps of the target beneficiaries in relation to their markets and local communities, with the objective of providing them with the means to acquire the necessary capabilities to make economic decisions and, in turn, become autonomous economic actors.

It is important to highlight that each beneficiary involved in our projects represents a unique life story. For this reason, as Microfinanza, we have estimated that, thanks to our social intervention model, 2 238 people have benefited in turn due to the increased income-generating capacity.

- In terms of direct impact on our beneficiaries, in 2023 in **Europe** we supported more than 50 aspirant entrepreneurs and micro-SMEs, and more than 1.000 NEETs. Due to the tailored support that vulnerable youth, aspirant entrepreneurs, and micro-SMEs received, were integrated into the workforce acquiring important life, technical, and financial skills to enhance their potential to increase their revenue streams and management capacity.
- In **MENA** 245 entrepreneurs received guidance on their business project. 96 of them received counseling on their business plan and received financing for business development.
- In **Sub-Saharan Africa**, 476 women received training and other non-financial services, 25 young entrepreneurs participated in an incubation and acceleration programme, and 390 smallholder farmers were provided with agribusiness inputs and services.

Our team

Our organization is aware of the results achieved thanks to the contributions of its internal and external collaborators. Employee well-being is recognized as one of the most important intangible assets, which is why Microfinanza has always offered its employees modern and flexible tools and work models that can meet specific personal needs and ensure balance and equal distribution between men and women between private and working life. The company spreads among its employees a corporate culture based on integrity, professional ethics and honesty to build trusting relationships and properly conduct its business with transparency in each and every operation.

The protection of collaborators' health, safety and psychophysical integrity, including with reference to the quality of workplaces, is constantly monitored, and sees commitment from the governance and the involvement of all levels of the organization, encouraging the development of a strong internal culture.

Labor and gender policies are considered critical as they promote equality, diversity, and inclusion, improving business performance and contributing to the organization's social responsibility.

With a diverse workforce, the company fosters diverse perspectives and experiences that support innovation, creativity, and solving critical issues more effectively. In addition, an inclusive work environment that values differences can only improve employee satisfaction and collaboration among colleagues. Finally, adopting inclusive and transparent policies makes it possible to attract (and retain) talent.





Training, health and safety

A correct business development necessarily passes through the enhancement of the role of all employees and the definition of appropriate career paths for each resource. Growth processes that occur naturally over time and are conducted systematically and coherently lead to the development of high and multidisciplinary skills within the company, enabling it to meet market challenges and changes.

In terms of training, Microfinanza has always encouraged its employees to develop their own skills and competencies, and during 2023, it keeps implementing internal training policies to reinforce and share know-how within the company. Microfinanza also protected the health and safety of its staff.

During the year, there were no accidents in the workplace, nor did any missions abroad present any risks. In line with the regulatory requirements in force, the company organizes regular training and awareness-raising sessions for all employees on health and safety in the workplace.

Within Microfinanza, the general opinion is that office wellness and climate initiatives are a key means to strengthening trust within the company.

Since 2020, the company has signed a contract with "TreCuori," a benefit corporation created to promote the well-being of people, businesses, and organizations in the third sector by revitalizing local economies. Through the Corporate Welfare programme of TreCuori, the company has been able to offer its employees a system of personalized incentives, allowing them to choose the services and providers to whom they can turn for health care, welfare, culture, travel, sports, assistance to people, education and training, public transportation, and financing and loans. Shared social spaces are also made available to the employees.





Environmental impact

The main environmental negative impacts generated by Microfinanza correspond to travel related to project missions for their implementation on the ground (main flights and trains). Car use in Europe is limited to the bare minimum, and company cars are not envisaged. In all its projects, the organization is committed to applying a sustainability code throughout its entire value chain, aimed at the preservation and protection of the local environment. This code includes a limited number of flights per year, as well as policies for water and electricity conservation, recycling, and waste disposal related to its activities. Since sustainability is linked to both human practices and lifestyles, as well as economic activities, Microfinanza considers it essential to expand and apply sustainability policies across its entire value chain, choosing suppliers based on a careful assessment of their social and environmental practices. Regarding internal business practices, Microfinanza has chosen to continue with a hybrid smart working model, which allows its employees to better harmonize their private lives with work while also reducing the carbon footprint.

Electricity and gas consumption

The energy consumption of Microfinanza is attributed to the electricity used at its headquarters in Vicenza including the carbon footprint associated in term of CO2 emission. According to the data displayed in table below, in 2023, the organization consumed 4,164 kWh of electricity, resulting in 1,790.52 kg of CO2 emissions. The total electricity consumption increased in 8 kWh in 2023 compared to 2022. This represents a 0.19% increase in energy usage year-over-year and the CO2 emissions increased by 3,44 kg in 2023, which is directly proportional to the increase in electricity consumption.

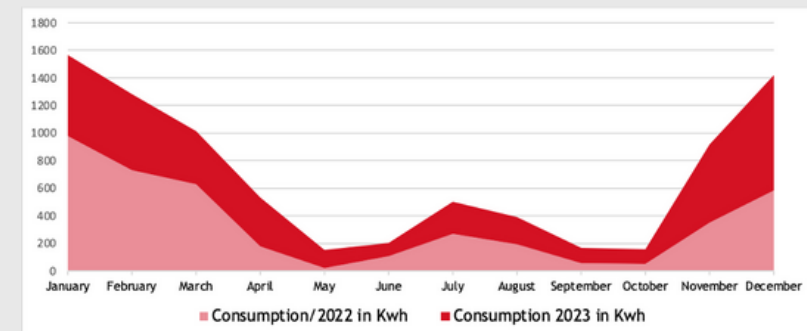
As for the months of highest consumption, Chart No. Xxx displays the winter period from November to February as the most evident, followed by the summer month of July.

Being aware of the energy crisis in Europe, Microfinanza has adopted a policy of consuming renewable energy to reduce associated CO2 emission. In fact, the energy is supplied by Aim Energy, a company that provides energy exclusively derived from renewable sources. Furthermore, since 2020, Microfinanza has been using an air conditioning system with heat pumps powered by electricity (not gas) and a lighting system equipped exclusively with low-energy LED lamps.

Table 1 | GRI 302-1: Energy Consumption within the Organization years 2022-2023

Year	Electricity consumption (Kwh)	Associated kg CO2 emissions
2022	4 156	1 787,08
2023	4 164	1 790,52

Chart No.1 | "Monthly electricity consumption in kWh". GRI 302-1: Energy Consumption within the Organization years 2022-2023



Data source: <http://sceglisostenibile.com/negozi/index.php/convertitore-di-co2>



Emissions and carbon footprint analysis

Microfinanza is fully aware about the need to measure emissions and focus on carbon foot analysis according to EU policy.

Starting from 2021, Microfinanza has mapped greenhouse gas emission with the objective to quantify as much as possible all the emissions generated by the Company according to its organizations (HQ, field work, home work):

- under its direct control, as a clear consequence of business activities (direct or "Scope 1" emissions);
- resulting from the generation of electricity, heating, cooling, and steam consumed by the company (indirect "Scope 2" emissions);
- that, although generated by other actors in the value chain, are still linked to the company's activities (indirect "Scope 3" emissions).

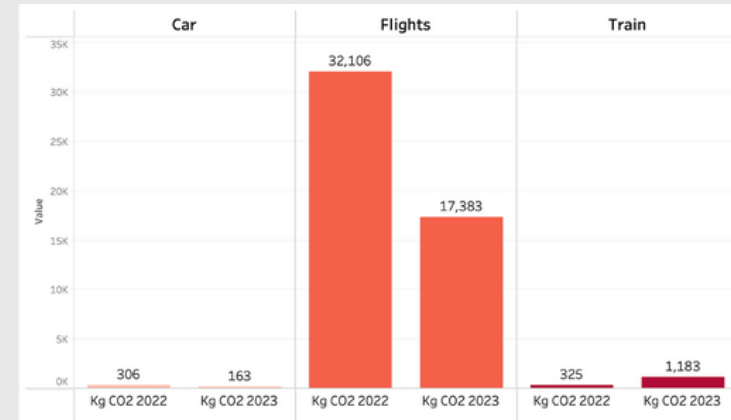
The analysis was conducted according to the ISO 14040 methodological approach for Life Cycle Assessment (LCA) and the ISO 14064 standard for the creation of greenhouse gas emission inventories at the organizational level and the Greenhouse Gas Protocol (GHG Protocol).

One of the most significant environmental operations of Microfinanza is field missions to supervise project implementation. In fact, the main components and sources of greenhouse gas emissions are related to travel activities within project work, and to a lesser extent, to normal company operations.

During 2023, a reduction in CO2 emissions caused by air travel compared to 2022 is observed in chart No 2. Moreover about 90% of employees use non-polluting means (train or bicycle) to commute to the workplace. Therefore, the organization generated a total of 18,728 kg of CO2, resulting from 72 flights, 7 train trips, and one car journey.

Microfinanza promotes, wherever possible, smart working for employees and collaborators as the primary mode of carrying out work activities. This approach allows employees to perform their tasks in a flexible and autonomous manner, without commuting to the office. Additionally, it actively contributes to reducing the environmental impact of urban congestion and, in many cases, to reducing the stress of employees related to commuting (car, public transportation).

Chart No. 2 | GRI 305-3: Other Indirect (Scope 3) GHG Emissions years 2022-2023



Data source | CO2 calculation caused by car <https://www.terraup.it/auto/skoda/roomster/>; by train: <https://calcolopercorso.it/>; by air travel: https://www.co2nnect.org/help_sheets/?qp_id=602&opt_id=98&nm|preflang=it

Water management and water consumption

While water consumption is not a key factor in Microfinanza's business, it is carefully monitored within our organization. We encourage both internal and external collaborators to adopt a conscious and responsible approach to water usage. In our offices, as well as during events or meetings organized by the company, we implement a strict sustainability policy that do not recommend the use of plastic bottles and non-compostable materials, promoting environmentally friendly alternatives. The water resources at the Vicenza headquarters are provided by the local company Viacqua, and the volumes purchased by the company for 2023 amount to approximately 7.5 m³ of water per quarter, considering that Microfinanza had a credit balance due to an overestimated water billing. The drainage system discharges into the urban sewer network.



Economic Report

Economic value generated and distributed represents a company's ability to create wealth and distribute it among its stakeholders.

During 2023, the economic value generated amounted to more than 2 million EUR (+41% compared to 2022). Approximately 95% of the economic value generated was transferred to the property for future investments to be promoted by majority shareholders, while the remaining 5% was distributed to a minority shareholder.

Generated Value	2023	2022
Revenues from Sales and Services	1 582 228	1 158 321
Other Revenues and Income	492 138	314 569
Subtotal	2 074 365	1 472 891
Distributed value		
Operating Costs and Supplier Remuneration	127 133	151 531
Employee Remuneration	332 328	273 123
Remuneration of Administrative, Tax and Notary Consultants	23 260	17 805
Remuneration fees on technical assistance and projects	239 193	150 075
Value distributed to project partners	688 290	371 678
Remuneration of project collaborators and remuneration of corporate bodies	350 727	248 356
Other direct project costs	141 588	102 199
Taxes	63 082	80 169
Subtotal	1 965 603	1 394 936
Economic Value Retained	108 763	77 955

Governance

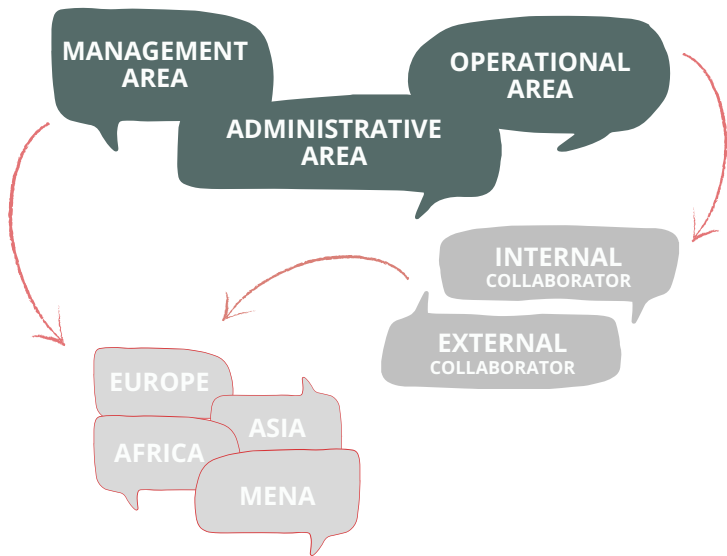
Management

As of December 31, 2023, Microfinanza has 7 employees whose operations are mainly based in Italy (28% M and 72% F), plus 9 internal collaborators (55% M and 45% F) and 19 external collaborators (63% M and 37% F) engaged in specific project implementation.

The company lays its success on the people and is committed to encourage and promote the growth of all employees, from a personal and professional point of view, providing them with a stimulating work environment that protects all forms of diversity.

Microfinanza encourages its collaborators in the continuous development of their knowledge and skills, and favoring the opportunity to reach their full potential thanks to training paths aimed at ensuring the growth and strengthening of know-how, in line with the needs expressed by them and the market, also to better manage any organizational changes.

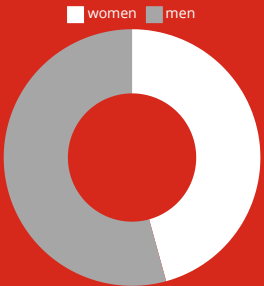
Microfinanza offers a fair and inclusive work environment and has as its explicit goal to play an active role within society, assuming social responsibility towards its employees and the local communities in which it operates, promoting positive change and impact.



IN FIGURES

2021		2022		2023	
Personale	Totale	Personale	Totale	Personale	Totale
Employees	6	Employees	6	Employees	7
Internal collaborators	4	Internal collaborators	6	Internal collaborators	9
External collaborators	11	External collaborators	14	External collaborators	19

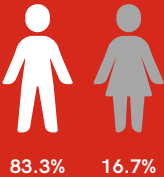
By December 31 2023, Microfinanza has a workforce of 7 employees, 9 internal collaborators, and 19 external collaborators. While the number of employees remained stable over the last year, there has been a significant increase in the number of both internal and external collaborators. Currently, 45% of the total workforce, including both employees and collaborators, are women.



At the property level, no changes are recorded from the previous year. The company has 6 partners (5 men and 1 woman). At the **corporate share level**, 100% ownership is divided 91.2% by men, and 8.8% by women. In the presidency and vice presidency of the society are a man and a woman. In terms of **governance** the BoD is composed by 3 shareholders (2 men, 1 woman).

Financial Statements are externally annually audited since 2016 and the Company has in place internal audit procedures. All the projects implemented by Microfinanza funded by international donors are audited.

BOARD - 2023-2024



Our work in 2023

During the past year, Microfinanza has implemented around 26 interventions in Europe, the MENA region and Sub-Saharan African countries.

These collaborations, whether in the form of projects or technical cooperation contracts, have spanned areas such as financial and social inclusion, sustainability, innovation, and territorial development.

At the heart of Microfinanza's efforts is a commitment to sustainable development, driving lasting and inclusive economic growth. Key to this mission is reducing inequalities and empowering women by promoting their full integration into society.

In 2023, Microfinanza interventions covered:

- The management of Funds to support enterprises and young entrepreneurs and women entrepreneurs, in the agricultural sector, in rural areas.
- The empowerment of women in vulnerable situations by facilitating access to the labour market and creating a more inclusive market system.
- Technical cooperation with financial institutions for monitoring and evaluation.
- The promotion of green and rural finance.
- Financial education and social entrepreneurship.
- Training and mentoring of young NEETs.

Europe area

Within the framework of European area, Microfinanza is involved in the development of activities and projects aimed at fostering financial inclusion as part of a broader process of combating discrimination, for a world that gives everyone opportunities and rights, respecting diversity and authentic social sustainability, making it permanent, in line with the company's vision. Working in synergy with partners and collaborators in Europe enables the promotion of integration, cooperation and solidarity between countries, fostering the exchange of good practices and the creation of shared policies and protecting human rights, contributing to greater well-being in Europe.

At the European level, Microfinanza works on projects to support youth, women and migrant entrepreneurship, to develop technical and social innovations, to promote the networking, sharing good practices and knowledge, as well as capacity building activities, to promote empowerment for those categories defined as 'vulnerable'.

Moreover, in Italy and Europe, Microfinanza works alongside third sector organisations, universities, institutional partners, financial institutions and organisations that are daily engaged in promoting social and economic inclusion and expanding the innovative, social, and inclusive finance market.

During the past year, Microfinanza has developed a specific project under the Erasmus for Young Entrepreneurs programme, in which Microfinanza has already been involved in since 2018, in response to the context of severe violence in Ukraine. The EYE to the Future for Ukraine project aims to specifically support aspiring Ukrainian entrepreneurs in starting, maintaining or restarting their businesses by providing active support through the exchange of experiences and networking between European business communities.



Our work in 2023



25

COUNTRIES



20

TECHNICAL
ASSISTANCE



6

INTERNATIONAL
PROJECTS



40

PARTNERSHIP AND
COLLABORATIONS



2 238

DIRECT
BENEFICIARIES



EUROPE

Albania, Bulgaria, Cyprus,
Estonia, Germany, Greece,
Italy, Latvia, Lithuania,
Netherlands, Poland,
Romania, Spain, Turkey,
Ukraine

MENA

Jordan, Tunisia,
Morocco, Egypt

SUB-SAHARAN AFRICA

Burkina Faso, Cameroon,
Kenya, Niger, Ivory Coast,
Sudan

MENA area

Over the years, Microfinanza has built extensive expertise in access to finance and social inclusion, particularly in the Mediterranean region, covering countries such as Morocco, Tunisia, Palestine, Jordan, Lebanon and Egypt. Countries with different specificities and very diverse financial systems and regulatory frameworks. They all share a low level of financial inclusion, and the microfinance sector is still evolving and transforming. In several countries, the evolution of the financial sector has not been matched by an increase in the rate of financial inclusion, but there are more tools and services that will be able to facilitate greater access in the medium and long term, especially for the most vulnerable segments of the population. In this context, significant efforts are being made with banking institutions and leasing companies which are increasingly focused also on the most vulnerable segments of the population by promoting down-scaling operations.

Microfinanza provides technical assistance to financial institutions on different TA areas, tailor-made training to local institution operators, designs innovative financial schemes, and runs programmes targeting the rural sector with a focus on agricultural finance and job creation for young people and women. Special attention is given ecological transition, an issue that is becoming increasingly important in these areas where economic activities are increasingly and more frequently disrupted by the effects of climate change and both national and international crises.

Financial education is equally central to the work promoted by Microfinanza in the Mediterranean basin. Strengthening basic skills in managing personal resources and finances is essential for improving the living conditions of individuals and their families, as well as for starting and managing business activities.

In 2023, Microfinanza has reaffirmed its commitment to the MENA region, supporting financial market regulatory structures including Central Banks, Control Authorities, Monetary Authorities, and relevant Ministries. Additionally, the company worked with trade associations, support structures, networks, services and financial institutions such as banks, leasing companies, microfinance institutions, microcredit associations, fintech. Such efforts also extended to final customers users of financial products and non-financial services. In promoting financial inclusion, Microfinanza pays close attention to





the social impact of finance, emphasizing its role in fostering social development before economic development. In this regard, the ongoing efforts in countries like Jordan, Morocco, and Tunisia aim to enhance the financial ecosystem's sensitivity to social performance issues.

Microfinanza's activities in the Mediterranean are unified by a common theme: advancing social and financial inclusion through the promotion of local development for boosting youth and women employment according a tailored approach for to different opportunities, skills and market development.

Sub-saharian Africa area

Microfinanza has long been committed to fostering the development of local economies in fragile and emerging contexts. The organization aims to strengthen a private sector that is not only sustainable within its operational environments but also positively impacts people and communities.

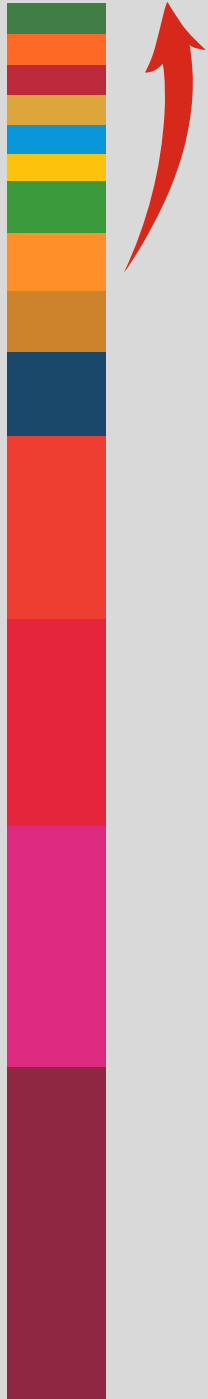
In sub-Saharan Africa, MSMEs may account for a relatively small portion of the official GDP in many countries, but they form the backbone of economic and social life. Alongside family farming, these small and often informal entrepreneurial activities employ a significant share of the population, providing essential income and access to basic services.

However, numerous factors hinder the entrepreneurial potential in these regions, including a lack of adequate training and support services, as well as a weak local business environment. These challenges are exacerbated by the absence of suitable financial instruments—such as equity or real estate—and the difficulty MSMEs face in accessing existing ones. Additionally, limited access to public programmes designed to support the private sector further impedes entrepreneurial growth.

Over the years, Microfinanza has engaged in a range of interventions to address these challenges: (a) by collaborating with local financial institutions to define strategies, enhance operator skills, and co-design tools tailored to the needs of enterprises; (b) by partnering with public institutions to develop programmes and instruments that effectively support private sector growth; (c) by working with international development agencies and multilateral banks to promote the

transition of enterprises towards sustainable value chains; and (d) by aligning with civil society organizations to ensure that the impact of its actions translates into improved living conditions for the communities in which it operates. Examples of this commitment include ongoing initiatives in Sudan, in partnership with the Italian Agency for Development Cooperation (AICS) on European Funds, to support youth and women entrepreneurship through women's associations and cooperatives; in Niger, in collaboration with the Ministry of Economy and Finance (FONAP), to aid micro and medium-sized enterprises; and in Cameroon, providing strategic support to ACEP, one of the country's leading inclusive finance institutions on Funds from Luxembourg Cooperation.





Erasmus for young entrepreneurs Europe	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	Young entrepreneurship
EYE to the future for Ukraine Europe	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	Young entrepreneurship
Young entrepreneurs succeed! Europe	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	Training, Employment, Young Entrepreneurship
T.R.A.C.E. Tunisia	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION 15 LIFE ON LAND	Agriculture, Fisheries and Private Investment Fund Management
ADAPT Tunisia	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER 5 GENDER EQUALITY 15 LIFE ON LAND	Agricultural Investments for the Ecological Transition and Technical Assistance
Technical assistance for the implementation of financial education activities for microfinance institutions and their clients in Tunisia	9 INDUSTRY INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES	Financial education
WE-RISE! Sudan	1 NO POVERTY 2 ZERO HUNGER 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	Women entrepreneurship, support for business creation, training
UNCDF IDE Burkina Faso Country Programme Evaluation Burkina Faso	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES	Evaluation, financial inclusion
Diagnosis and improvement of the agricultural sector financing model Cameroon	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Diagnosis and development of the agricultural sector
Technical Assistance to Financial Intermediaries under the ESFD Guarantee 'Nasira' Kenya	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES	Technical assistance fo access to financial services
Drawing up a procedures manual for the national SME/SMI support fund Niger	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Technical assistance for financial inclusion
Mid-term evaluation of the UNCDF remittances migration and programme Multi-country	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	Evaluation. Financial resilience and economic inclusion



ERASMUS FOR YOUNG ENTREPRENEURS [EUROPE]



The programme supports aspiring European entrepreneurs to acquire the skills to successfully start and/or run a small business in Europe. Exchanges between new and aspiring entrepreneurs and host entrepreneurs last from 1 to 6 months, with financial support from the European Commission. The aim is to support the development of new small and medium-sized enterprises (SMEs) by increasing cooperation between European entrepreneurs, provide training for new SME entrepreneurs, or promote innovation with existing companies, ensuring future sustainability, and improve market access and identification of potential partners.

Programme's partners

- **Asociación Educativa por la Integración y la Igualdad** - Spain
- **Associazione Artigiani e Piccole Imprese Mestre C.G.I.A.** - Italy
- **Jinishian Memorial Foundation** - Armenia
- **KIZ SINNOVA Gesellschaft Fur Soziale Innovationen GGMBH** - Germany
- **Latvijas Asociacija Eiropas Kopienas Studijam** - Latvia
- **Sdruzenie Bulgarska Targovsko-Promishlena Palata** - Bulgaria
- **Zeytin Grup** - Turkey
- **Microfinanza** - Italy

An initiative of the **European Union**



27

Microfinanza, as Lead Intermediary Organisation, coordinates the implementation of the programme at the head of two different consortia (consisting of 4 and 10 entities), networking and reporting activities. It promotes the programme and 'recruits' new entrepreneurs and host entrepreneurs by supporting them through mentoring and training, fostering innovation, improving market access and identification of potential partners, and providing strategic advice and mentoring to support the growth of the companies and ensure their future sustainability.



**HOSTS & NEW
ENTREPRENEURS**
involved and supported



EXCHANGES
Exchanges in Europe and other
non-European countries



EYE TO THE FUTURE FOR UKRAINE [EUROPE]



Under the Erasmus for Young Entrepreneurs programme, funded by the European Commission, EYE to the Future aims to provide active support Ukraine's entrepreneurial sector, through exchange of experience and networking among European business communities to help aspiring Ukrainian entrepreneurs to start, maintain or restart their business activities.

The project will enable young and aspiring entrepreneurs (NEs) from Ukraine to spend between 1 and 6 months with an experienced entrepreneur coming from the NEs' sector and settled in one of the 27 European countries (included Italy).

Programme's partners

- **Nyuko** - Luxembourg
- **Start up Wise Guys** - Estonia
- **The European Center for Social Finance** - Germany
- **Krok Uiversity** - Ukraine
- **Microfinanza** - Italy

An initiative of the **European Union**



In 2023 Microfinanza was able to involve as local partner the Italian Chamber of Commerce for Ukraine to start structuring the ecosystem of local host entrepreneurs able to mentor the aspirant Ukrainian entrepreneurs.



YOUNG ENTREPRENEURS SUCCEED! [ITALY]



According to ISTAT data, in 2023 the number of NEETs people in Italy decreased significantly to 2.1 million (1 million more in 2022). Despite this diminution, Italy is still among the countries with the highest number of young people not studying and not working. Since 2018, Microfinanza has been involved in the implementation of the Young Entrepreneurs Succeed (YES!) project, which develops and consolidates a training methodology for NEETs, with the aim of improving entrepreneurship skills and understanding of the labour market among this specific target group of young people. This project was built on the Trust-based Partnership Model^[1], based on a specific local experience made by one of the partners, and aims at providing direct services to young people, by delivering dedicated and highly specialised financial and non-financial services for business development.

Project's partners

- **Agricultural University of Athens – Research Committee** - Greece
- **Anka – Development Agency of Karditsa S.A** - Greece
- **Autoocupació** - Spain
- **KIZ Sinnova Company for Social Innovation GmbH** - Germany
- **Munich Business School** - Germany
- **Youth Business International** - UK
- **Youth Business Poland – Foundation Technologic Incubator** - Poland



The experience of the YES! project has confirmed the importance of providing customised services for beneficiaries, pathways capable of adapting to the labour market, young people and their potential. One of the common elements that emerged from the experiences in the different involved countries was the need to create permanent territorial services, which provide support to the Neets on an ongoing basis without being tied to a project logic. It is crucial to start from a dialogue with territorial operators and employment agencies and to coordinate the services already existing in the field of work orientation, accompaniment to business creation and training.

The project, which initially received a contribution of 2.3 million euros from Iceland, Liechtenstein and Norway through the EEA and Norway Grants for Youth Employment fund, has been extended for an additional 2 years, for a total of 3.3 million euros. The initiative will end during 2023.

IMPACTS FIGURES

2,081 people from all over Italy have been engaged in to the programme, through 54 online and onsite trainings. 1.041 eligible NEETs have completed the training path. A total of 855.5 hours of training has been provided.

Trainings covered several subjects: basic financial education, business modeling and business planning; job market orientation and career development and guidance, hard skills for the market and data analysis. Some trainings have also been focused on very specific topics: industrial production, female migrant entrepreneurship, youth entrepreneurship and EU support; performing arts professions.



+2081

People involved in educational pathways



+1041

Neets have completed the training path



+855

Hours of training delivered since the beginning of the project



+959

Hours of coaching



Centre: 10% South: 59%
North: 16% Not available: 15%

These figures collected in the final stages of the project show how the coaching and mentoring methodology developed by the project partners and tested by Microfinanza in Italy, created in the beneficiaries a significant effect on their emotional capacities of proactivity and self-efficacy. This was due both to the quality of the training content provided according to the characteristics of the beneficiaries, and to the extended duration of the training period, which made it possible to stimulate in the “NEETs” a proactive attitude in making informed decisions in their choices about work. These results appeared particularly interesting for the 25-29 age groups and especially for women.



The objective of the **T.R.A.C.E. - Tunisian Rural and Agricultural Chains of Employment programme** is to create employment by focusing on young people and women in the agricultural, fishing, rural and agri-food sectors. The project aims to strengthen local investors, producer organisations, processors and services and small and medium-sized enterprises in order to gain access to better knowledge, innovation and financial services.

The work promoted by the consortium composed by Microfinanza, ACK International and AGER has a target of 220 investment projects in the rural sector in the governorates of Jendouba and Beja with an overall investment fund of 3,2M USD. Technical assistance activities are guaranteed by the partners also through a network of local collaborators.

Consortium members

- **ACK International**
- **AGER**

The project is financed by a donation from the Government of the Netherlands through a trust fund managed by the World Bank.



Microfinanza is the Consortium Leader and ensures the overall management of the programme and of the Investment Fund. The team provides technical assistance to producers, small and medium-sized enterprises, and entrepreneurs in the agri-food sector to develop financially and commercially viable projects, aimed at creating employment in the agri-food and rural sectors.



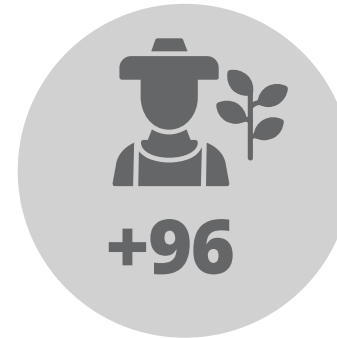
IMPACTS FIGURES



Entrepreneurs
contacted



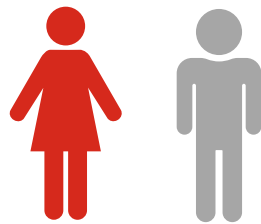
Projects are in the
evaluation phase



Entrepreneurs supported
by TRACE's grant



Direct and indirect jobs
created (seasonal and
permanent)



27%

73%



50% total percentage of the
indirect beneficiaries reached by
the project are female workers in
cooperatives - GDA - Agricultural
Development Groups - and SMSA -
Mutual agricultural service
companies.

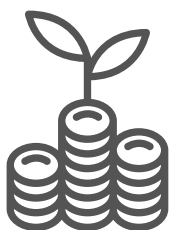


FUNDS ALLOCATES
in 2023



IMPACTS FIGURES

ENVIRONMENTAL IMPACTS



7%

7% of the fund's contribution was allocated to environmental and social improvements.

Specific, nationally recognised certifications were obtained by the entrepreneurs regarding the pesticide management plan, the environmental and social management plan, health certification, water and waste management. For example, entrepreneurs obtained nationally recognized certifications related to pesticide management, environmental and social management plans, health certifications, and water and waste management.

SECTORS

It is important to highlight that TRACE has impacted numerous agricultural sectors, including **cereals, horticulture, arboriculture, tourism, fishing, dairy and cheese production, oil mills, pomegranate and fig processing, essential oils, medicinal aromatic plants (MAPs), small-scale livestock farming, beekeeping, mechanisation services, and technical services such as water management, soil analysis, and veterinary care**, among others.

Additionally, the programme has successfully engaged with projects across the entire agrifood supply chain, allowing us to connect with a large number of key players in the region's agribusiness sector. This, in turn, enables us to facilitate collaboration opportunities among various stakeholders.

Looking ahead, we hope this process will foster the creation of a network of local food actors, promoting greater traceability and transparency within the supply chains. These qualities are essential for achieving higher levels of sustainability, development, environmental and social responsibility, as well as ensuring food security.

61% are farms, **22%** are collection and/or processing units, and **10%** are service providers. **3%** are fishermen and **4%** are SMSAs.

VALUE CHAIN







Within the framework of the **ADAPT project - 'Appui au Développement durable dans le secteur de l'Agriculture et de la Pêche artisanale en Tunisie'**, the team of Microfinanza experts provides technical assistance to the Project Management Unit (PMU) of the AICS and contributes to the implementation of field animation activities. These activities aim to bring potential investors closer to the 25M EUR ADAPT Fund.

The main objective of technical assistance is to support the structuring of the investment fund and management tools, and to promote awareness, information and training activities targeted at key actors on the demand and supply sides.

The programme ADAPT supports private investments, by increasing own funds of investors, in agriculture, fisheries and aquaculture paying particular attention to the ecological transition and the environmental, socio-territorial and economic-financial sustainability of investments. The project aims through its investment scheme to strengthen its own funds also by leveraging credit resources from local financial facilities.

ADAPT is funded by the European Union and implemented by the Italian Development Cooperation Agency in Tunis, in partnership with the World Food Programme (WFP) and the National Institute for Agricultural Research (IRESA).

TA Client

- AICS Tunis

Project partners

- ACK International

ADAPT is an innovative project in the Tunisian context: it supports the private sector by mobilising the resources of national financial institutions to promote the sustainable development of agriculture, fisheries and aquaculture. The aim is to encourage the ecological transition by supporting sustainable investments according to the economic, financial, social and environmental perspectives. The process actively involves the financial sector as a key actor for promoting sustainable investments.



FINANCIAL EDUCATION TO MFIS IN TUNISIA - ADA [TUNISIA]



Technical assistance for the implementation of financial education activities for microfinance institutions and their clients in Tunisia. The technical assistance is part of ADA's activities to implement the National Financial Inclusion strategy (SNIF) by fostering the adoption of the National Financial Education Programme (PNEF) in Tunisia. Microfinanza has designed a financial education pathway for microfinance institutions and payment institutions.

The objective is to strengthen the capacity of the front-line operators (loan officers and payment agents) to deliver effective financial education services to the clients, thus enhancing their financial inclusion and well-being.

The path developed by Microfinanza and ADA includes an innovative, practical and accessible catalogue of financial education worksheets covering six main topics: family budgeting, digital services, savings, debt, business, and risk management. In 2024 will take place an onsite training for financial institution operators and a first pilot adoption by some institutions.

TA client

- **ADA - Appui au développement autonome**

ADA supports the Financial Inclusion Observatory (OIF) in fostering the adoption of a National Financial Education Plan, as part of the SNIF. Within this framework, Microfinanza realized a **financial education toolkit** for loan officers who are delivering financial education messages to clients. The toolkit includes a financial education programme in 6 modules, summarized in a catalogue of 33 sheets, each covering a specific topic, and 17 training supports.

The National Strategy for Financial Inclusion 2018-2022 (SNIF) in Tunisia has identified Financial Education as one of the five priority axes of its plan. This axis aims to have "individuals and households that are financially stable, able to choose and decide with confidence about their financial needs". This concern is justified by the fact that the Tunisian population has insufficient knowledge of financial matters, leading to a low level of use of financial services.







WE-RISE! [SUDAN]



WE-RISE! - Women's Empowerment for Resilience, Inclusion, Sustainability and Environment is a project funded by the **European Union** and implemented by the **Italian Agency for Development Cooperation** and **UN Women**.

The WE-RISE! project aims to create an enabling environment for the economic empowerment of women and other socially excluded groups, living in the most vulnerable situations in Khartoum, Kassala, Gedaref and the Red Sea States, through the design and implementation of tailor-made financial inclusion programmes, the strengthening of women's entrepreneurial capacities and the promotion of positive social norms, over a 36-month period (February-2021 - December-2024).

In designing financial and non-financial products and services, the Microfinanza's team of experts has adopted a flexible approach that can adapt to local socio-economic and political changes, based on an in-depth study of local ecosystems. In 2023, a catalogue of 6 different types of financial inclusion schemes was elaborated on different levels and target direct beneficiaries, women's savings groups and associations, micro-small entrepreneurs, small holder farmers and cooperatives.

TA client:

- AICS Khartoum



The strategy adopted makes it possible to operate both at the micro and meso level, directly improving the economic conditions of beneficiaries through financial (grants, loans and equity) and non-financial services (financial literacy courses and vocational training), and at the macro level, creating a supportive economic environment through the design of customised and sustainable financial products for local banks and MFIs.

IMPACTS FIGURES



REVOLVING FUND

for women's associations

Development of revolving fund schemes for women associations through the provision of financial and non-financial services in **Red Sea State**.

Service Provider: Port Sudan - Association for Small Enterprise Development

BENEFICIARIES

476 | tot direct **28** New associations
2 380 | tot indirect **32** Old associations

Activity still ongoing in 2024.



INCUBATOR AND ACCELERATOR

for MSMEs and start-ups

Building an enabling environment and a connected ecosystem for women and youth entrepreneurs in **Red Sea** and **Kassala States**.

Service Provider: MDF Training and Consultancy B.V.

Local partner: Savannah Lab

BENEFICIARIES

25 | tot direct
125 | tot indirect

Activity still ongoing in 2024.



VSLA SCHEME

for microentrepreneurs and smallholder farmers

Creation of new women's Village Savings and Loans Associations (VSLAs) and provision of financial and non-financial services to association members in **Kassala** and **Gedaref States**.

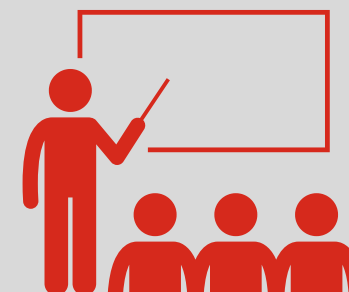
Service Provider: CDF - Child Development Foundation

BENEFICIARIES

4 369 | tot direct
21 845 | tot indirect

Activity still ongoing in 2024.

Projects & assignments



NON FINANCIAL SERVICES

188 trainings in financial education and leadership for the women associations members



FUNDS ALLOCATED
€ 965 712,70



SUDAN
Red Sea, Kassala, Khartoum, Gerdaref

Social impact ■ ■ ■ ■ ■

Sustainability ■ ■ ■ ■ ■

Innovation ■ ■ ■ ■



IMPACTS FIGURES



FUND MANAGER

for small entrepreneurs,
small holder farmers,
associations

Resilience-oriented support to conflict-affected vulnerable women and youth entrepreneurs through the setup of a Fund Manager with TA and Grants services - **Gedaref, Kassala, Red Sea State.**

Service Provider: 249Startups

Number of beneficiaries target: 800
The activity took place in 2024.



COOPERATIVE LOAN

for productive
cooperatives

Design and Pilot innovative Islamic Asset Finance Product for Ebdaa Bank, Sudan.

Service Provider: Avrio impact - IFAAS

Number of beneficiaries target: 250
The activity took place in 2024.



IGAS AND FOOD SECURITY

of small holder farmers

Emergency service to support IGAs and food security of small holder farmers in 9 localities of Gedaref State.

Service Provider: CTC group

BENEFICIARIES

1800 | tot indirect from target
communities and villages

390 Smallholder farmers
distributed

UNCDF IDE PROGRAMME EVALUATION [BURKINA FASO]



The objective of the contract is to evaluate the IDE (Inclusive Digital Economy) country strategy for Burkina Faso implemented by UNCDF.

Microfinanza adopted its well-tested evaluation methodology, based on the 6 DAC/OECD Criteria of pertinence, coherence, effectiveness, efficiency, likely impact and sustainability. The country strategy was thus evaluated at different levels, in the context of overall UNCDF IDE strategy, of National Development strategies of the Government of Burkina Faso and of the Luxembourg Development strategy, which is the main donor.

Considering the implementation on the field, the evaluation exercise includes specific micro-evaluations of two main projects: PARI - Programme d'Appui au renforcement de la Résilience et à l'Innovation (Resilience Building and Innovation Support Program) and CE4PR - Clean Energy 4 People Resilience, which is the implementation in Burkina of the worldwide Cleanstart programme.

IDE strategy (leaving no one behind in the digital era) aims to foster financial inclusion through the vehicle of digitalization, with a clear focus on contributing to green economy and empowerment of women, youth and migrants.

Partner di progetto

- Timpoc
- MFR

The Burkina experience brought evidence to the potential of digitalization in terms of financial inclusion. Fostering digitalization of micro finance services - including, but not limited to, women-led savings groups - proved effective in reaching out people otherwise excluded. A strategic result in those areas affected by security issues, where holding cash is dangerous and bank agencies can no longer work with traditional approaches. Network coverage and digital literacy are barriers to larger adoption. There have been successful examples of productive uses of digital financial services to foster adoption of renewable technology in Burkina, even though PAYGO technology does not reach wide adoption by clients.



For any further development of the sector, the capacity to attract investment is key in terms of sustainability. The Least Developed Countries Investment Platform, enforced by UNCDF, is a promising vehicle if the necessary capacities are deployed, through projects, at country level.



DIAGNOSIS AND IMPROVEMENT OF THE AGRICULTURAL SECTOR FINANCING MODEL [CAMEROON]



In the frame of this technical assistance, Microfinanza is carrying out a diagnosis to assess the financing model used for the agricultural sector, supply, demand and the positioning of ACEP Cameroon on the local/national market. At the same time, the team is including field research aimed at 'studying customer needs', in collaboration with ACEP staff. This phase will enable the team to develop recommendations that will help to improve the institution's performance, with a focus on customer needs and opportunities for Financial Institutions development and positioning.

Supporting the updating of the agricultural funding procedures manual will help to consolidate the guidelines and procedures adopted by the institution in order to strengthen its financial and social positioning and performance. Finally, the team will support the institution in implementing key recommendations, ensuring that what is suggested can be implemented.

TA Client

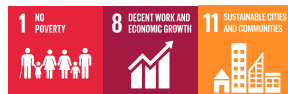
- ACEP Camerun
- Grameen Crédit Agricole Microfinance Foundation



42

Microfinanza propose a comprehensive and integrated solution to solve the main questions: diagnosing and improving the ACEP Cameroon's agricultural sector financing model, assessing the existing tools and methods, identifying the expectations of the recipients and adapting it to the needs of the socio-cultural and economic context.

TECHNICAL ASSISTANCE TO FINANCIAL INTERMEDIARIES UNDER THE ESFD GUARANTEE 'NASIRA' [KENYA]



Technical assistance services to Equity Bank Kenya and Equity Group Foundation in establishing non-financial services (NFS) and business development support services (BDS) in agricultural and agro-industrial value chains.

Access to financial services is a major challenge for micro, small and medium-sized enterprises (MSMEs) in Kenya, and is a major priority for Equity Bank Kenya (EBK), the country's second largest banking institution in terms of assets. In order to address this issue, EBK has established a fruitful partnership with FMO (Dutch Development Bank) through the Nasira Risk Sharing Facility (RSF) initiative, which pledges to guarantee up to 95 percent of the loan portfolio for micro, small and medium-sized enterprises. In fact, the Nasira RSF provides financial support and supports EBK's growth strategy in the agricultural food industry sector through a dedicated technical assistance programme.

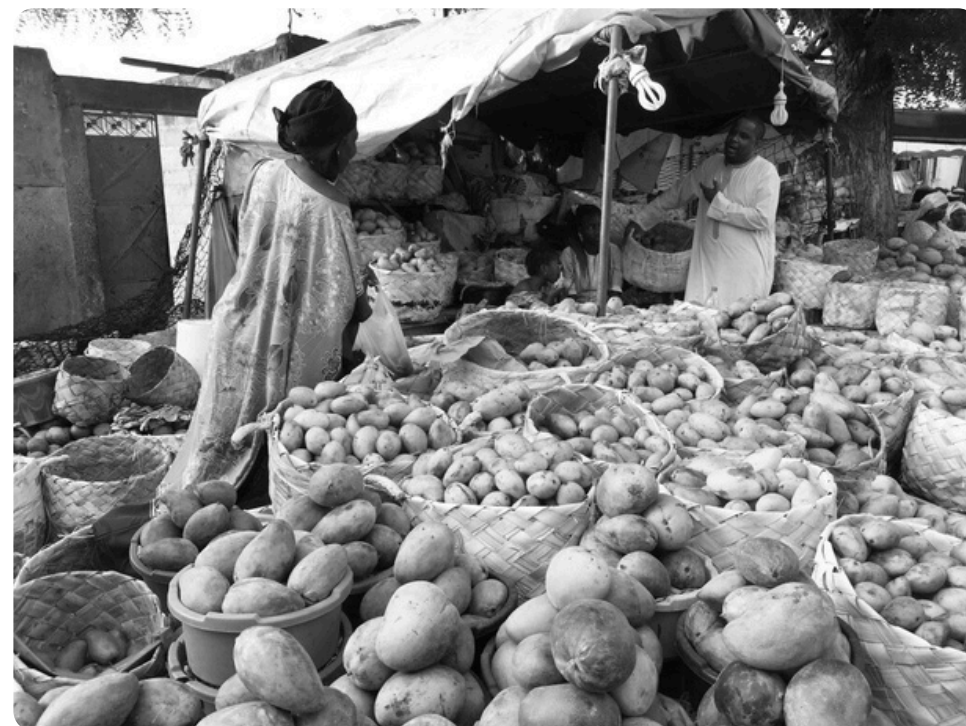
The implementation of this initiative is carried out through a collaboration between Microfinance, Niras and Financial Access, who are acting as partners under this major development initiative to create a strategy for strengthening the non-financial services offered by EBK.

TA Client

- Equity Bank Kenya – Equity Group Foundation

Project partners

- Niras A/S
- Financial Access



The main objective of the assignment is to expand and enhance Equity Bank Kenya's (EBK)/ and Equity Group Foundation's (EGF) non-financial services (NFS) offerings, building on EGF's existing set of programmes (in the food and agriculture, business development and financial inclusion sectors) and EBK's market-leading MSME lending in the food and agriculture sectors.



DRAWING UP A PROCEDURES MANUAL FOR THE NATIONAL SME/SMI SUPPORT FUND [NIGER]



Financial Inclusion Development Programme in Niger (PADIF) provides the technical assistance and expertise needed to support the implementation of the National Inclusive Finance Strategy (SNFI). The specific objective of this Indicative Cooperation Programme is to improve access to financial services for vulnerable communities and members of the agricultural sector, especially women and young people in rural areas.

The main objective of the technical assistance is to provide FONAP's Executive Secretariat with a manual of procedures for the operation of its services.

This manual aims to:

1. Ensure the best conditions for the operational management of FONAP by providing all the elements related to procedures and defining the responsibilities of the actors involved.
2. Facilitate relations with Programme Implementing Partners, by providing them with information on procedures, project calls, eligibility and evaluation criteria, funding and technical support arrangements for projects.

Client

- **ADA – Lussemburgo**
- **Niger, Programme FONAP - Niger Ministry of Finance**





MID-TERM EVALUATION OF THE UNCDF REMITTANCES MIGRATION AND PROGRAMME [MULTY COUNTRY]



The objective of the Migrants' Remittances Programme is to improve the financial resilience and economic inclusion of migrants and their families through low-cost digital remittance services and remittance-related financial products, with the aim of contributing to the sustainable development of countries of origin in the Global South.

Microfinanza's main activity for this contract is the mid-term evaluation of the programme.

TA Client

- UNCFD

Consortium members

- MFR
- Timpoc



Perspectives

Over the next two years, Microfinanza will focus primarily on local development initiatives, carefully tailored to each specific context. We believe that local development must once again become the strategic approach to permanently reduce poverty, and social and economic exclusion. For Microfinanza, reducing the vulnerabilities of local economies strengthens their capacity to respond and become more resilient to external and repeated shocks. Investing in the skills of agricultural producers, youth, and women is crucial for integrating marginalized groups into economic and financial systems, while also enhancing social capital. Empowerment and soft skills development are crucial in addressing the challenges faced by vulnerable groups, women, youth, and NEETs (Not in Education, Employment, or Training) as well as micro small enterprises, both formal or informal, that are still far from achieving sustainability. By implementing sustainable financial models tailored to local contexts and cultures, Microfinanza aims to improve the economic and social well-being of the people directly or indirectly involved in the different initiatives.

The environment is another priority that cannot be overlooked. The impact of climate change along with the degradation of natural resources and ecosystems is now there for all to see. Managing scarce natural and degraded resources is the real challenge priority also for all the economic actors for preserving the natural capital. The environment is becoming the key asset for ensuring the sustainability of all economic investments.

Stimulating public-private partnerships—particularly between European and Southern Mediterranean countries—is essential for overcoming financing gaps that hinder the unlocking of opportunities in sectors that can evolve sustainably when efforts, ideas, and resources are combined.

New financing schemes and increased capacity to attract investment in marginal areas is a priority in our daily work. These partnerships will play a pivotal role in scaling financial inclusion projects, facilitating the mobilization of resources, and supporting policy implementation. By collaborating with both public institutions and private entities, Microfinanza aims to bolster local development efforts and expand the reach of its financial inclusion initiatives.

Microfinanza will continue to emphasize its core mission for promoting financial inclusion globally, with a particular focus on underserved areas such as Sub-Saharan Africa, the MENA region and Europe, with a specific attention on most vulnerable people and communities exposed to conflicts, climate change, socio-economic crisis and exclusion.

The organization confirms its engagement in the ongoing activities in rural areas, especially within the Mediterranean region and Sub-Saharan Africa countries, focusing on financial instruments for promoting an improved enterprise culture while supporting sustainable investments the most relevant rural value chains. These initiatives will integrate sustainability practices, ensuring alignment with social and environmental goals and aligning to SDGs.

At European level Microfinanza will maintain its commitment in supporting small and medium-sized enterprises (SMEs) as a vital component of economic growth and social inclusion and motivated individuals to carry out business projects also as self-employment opportunities. Supporting business projects is not a path for everyone, and Microfinanza places great emphasis on accompanying people who have those basic characteristics to embark on such a path. We will continue to pay attention to the issues of financial education and overindebtedness also as preparatory phase for people aiming to become entrepreneurs or in search of a job.

In 2024, Microfinanza will continue to implement programs aimed at fostering entrepreneurship across Europe, with particular attention to vulnerable groups such as women, youth, and migrants. In response to ongoing crises like the situation in Ukraine, Microfinanza has developed specialized methodologies and tools to support refugees in rebuilding their futures. The organization will prioritize leveraging finance to promote inclusion and advance local development processes.

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