

As a socially responsible lender, the European Fund for Southeast Europe (EFSE) actively promotes responsible banking practices in the target region. As such, the Investment Fund requires partner lending institutions to apply responsible banking practices, in particular to adopt transparent and adequate credit technologies that cater to the specific needs of the target group and ensure equal access to end-borrowers. All of the Fund's partner lending institutions are carefully selected: In addition to being financially healthy, the institutions must promote sound lending practices, treat their clients fairly and in a transparent manner.

### RESPONSIBLE FINANCE: HIGH-IMPACT TECHNICAL ASSISTANCE SUPPORT

Complementary to EFSE's investments, the *EFSE Development Facility*, an independent entity operating in parallel to the Investment Fund, offers technical assistance to develop and implement responsible lending practices and prudent client advisory practices.

The Facility has in this context supported the following projects:

#### • CLIENT EDUCATIONAL BOOKLETS

To promote financial literacy within the target region, the Facility has provided support to its partner lending institutions in the development of client educational booklets. Those inform clients and the broader public about how the banking sector functions, provide guidance on how to approach a financial institution as well as on the characteristics and processes of lending, including potential risks.

#### • RESPONSIBLE FINANCE PANEL DISCUSSION EVENTS

To raise awareness on the topic among financial sector stakeholders in the target countries, the Facility, together with KfW and the respective Central Banks, organises responsible finance conferences in the partner countries.

#### • CLIENT EDUCATIONAL TV CLIPS

The Facility has supported a partner bank in the development and production of educational TV clips which will be broadcasted on regional TV stations with the objective to explain basic banking terms and processes to the broader public.

#### • RESPONSIBLE FINANCE STUDIES

The Facility commissioned a study on Responsible Finance and Financial Education in Moldova with the objective to assess the scope for further implementation of responsible finance initiatives as well as financial literacy levels of the population in the country.

### MICROCREDIT FOR BIG IDEAS

The European Fund for Southeast Europe (EFSE) provides sustainable funding to entrepreneurs and households in Southeast Europe, including the European Eastern Neighbourhood region, helping small businesses to grow and generate additional income, and to create as well as to sustain employment. In addition, it assists low-income families in the improvement of their housing conditions. EFSE is the largest microfinance Investment Fund in the world and the first Public-Private Partnership of its kind.

EFSE operates through local financial intermediaries (commercial and microfinance banks, microcredit organisations and leasing companies), who on-lend funds received from EFSE to their beneficiaries: micro and small enterprises and private households.

## EFSE – A Development Finance Initiative supported by





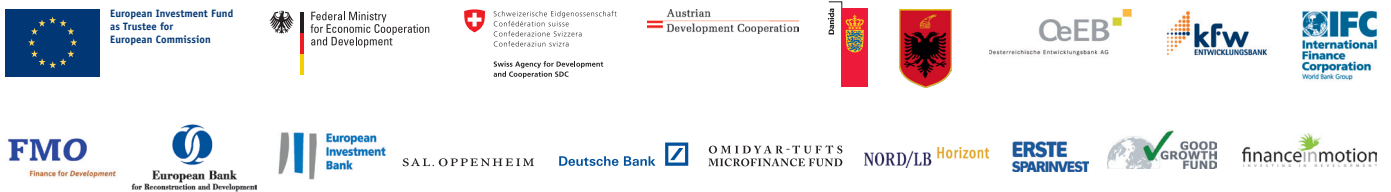
## COMMITTING TO SOCIAL AND ENVIRONMENTAL STANDARDS

EFSE applies a comprehensive set of guidelines and policies in its investment cycle to ensure the social and environmental conduciveness of the loans to end-borrowers. Accordingly, the Investment Fund, for instance, does not provide financing for production or activities involving harmful or exploitative forms of forced labour, or production or trade in wood or other forestry products from unmanaged forests.

## SUPPORTING THE CLIENT PROTECTION PRINCIPLES

EFSE is among the first endorsers of the *Client Protection Principles* for Microfinance. The purpose of the *Smart Campaign*, which is housed at the *Center for Financial Inclusion*, is to ensure that providers of financial services to low-income populations take concrete steps to protect their clients from potentially harmful financial products and ensure that they are treated fairly. Among others, these Principles seek to avoid over-indebtedness, promote transparent pricing, appropriate collection practices and ethical staff behaviour, as well as ensuring client complaint mechanisms and privacy of client data. So far hundreds of retail microfinance providers, networks, associations, support organizations, and close to 90 investors and donors have endorsed the Principles and committed to translating them into action.

## EFSE – A Development Finance Initiative supported by



Lead Investor and Initiator: KfW



Fund Manager: Oppenheim Asset Management Services S.à r.l

SAL.OPPENHEIM

Fund Advisor: Finance in Motion GmbH



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