

EFSE – OBJECTIVES, STRUCTURE AND ACHIEVEMENTS

EFSE ANNUAL MEETING 2010



EFSE – a Development Finance Initiative supported by



European Investment Fund
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Federal Ministry
for Economic Cooperation
and Development



Schweizerische Eidgenossenschaft
Confédération suisse
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Swiss Agency for Development
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CeEB

Ohrid

June 9, 2010

Objectives

Mission

- Established under the leadership of **KfW** in Dec 2005, EFSE aims to **foster economic development and prosperity** in Southeast Europe, including the European Eastern Neighbourhood region, through the **sustainable** provision of additional development finance
- EFSE reaches out to **micro and small enterprises (MSEs)** and **private households with limited access to financial services**

- ➡ **Income generation**
- ➡ **Job creation**
- ➡ **Providing housing finance**
- ➡ **Strengthening local financial markets**



EFSE – Provided Services

Services offered to 59 partner lending institutions
in 10 Southeast European Countries (as of March 2010)

Financial instruments:

- Medium to long-term loans
- Subordinated loans
- Term deposits
- Subscriptions to bond issues
- Co-investments (syndicated loans)
- Stand-by letters of credit
- Guarantees
- Equity and quasi-equity participations

Complementary non-financial services through the EFSE Development Facility:

- Technical assistance
- Training
- Research projects and studies
- EFSE Annual Development Impact Study



EFSE – 28 First Class Investors/ shareholders



Public Investors



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International Finance Institutions



Private and Institutional Investors

SAL. OPPENHEIM



OMIDYAR-TUFTS
MICROFINANCE FUND

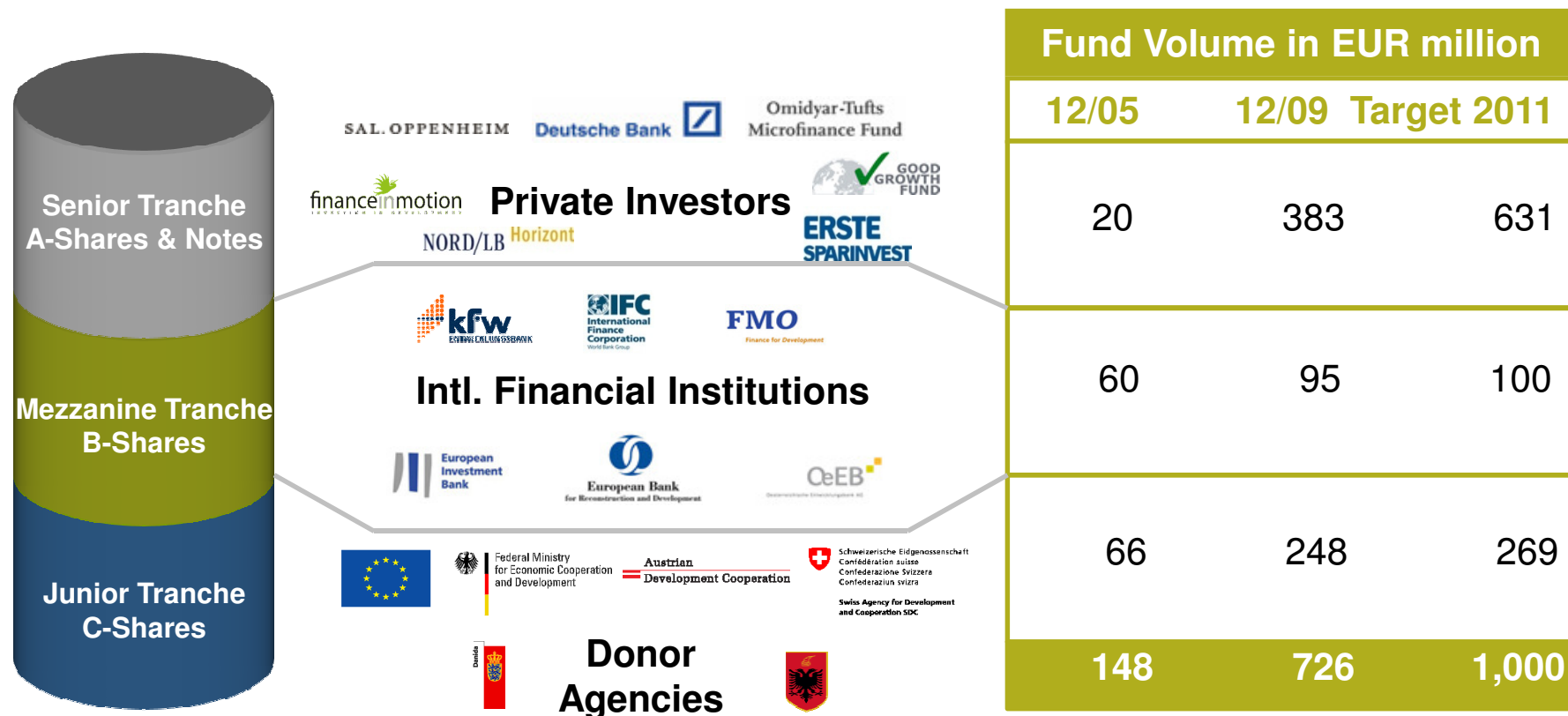


NORD/LB Horizont



Structure

Investors and shareholders



EFSE pursues a Tiered Funding Strategy – Leverage of Funds

Structure

EFSE: Flagship initiative in Development Finance

- **Contribution to regional integration and cooperation**
- **Efficient use of public funds:** Scarce public funds are used in a revolving manner and are used as a risk-cushion to **leverage private capital** for development finance
- **Incorporation of local stakeholders** through the Advisory Group (representatives of local central banks)
- **Implicit coordination platform** for private and public investors
- **Transparent decision-making processes and professional management**
- **„Responsible Banking“:** EFSE invests responsibly and promotes social values and high standards of business ethics (e.g. environmental standards, client services)

Achievements

Highlights of the year 2009

- **EFSE exceeds EUR 1 billion milestone in total MSE and housing loans facilitated**
- **No need for asset impairment provisions** – despite unfavourable financial environment
- **Crisis response package implemented** – addressing credit risk and delinquency management
- **Introduction of a Social Performance Assessment concept**
- **Responsible Finance Conferences in Kosovo and Bosnia and Herzegovina**
- **New commitments from private investors, international financial institutions and public investors** – incl. EU, BMZ, Austrian Government (OeEB)
- **Regional expansion to Armenia, Azerbaijan, Belarus Georgia** – establishment of the European Neighbourhood window (ENBF)

Performance

Investments and Outreach

Investment Portfolio

Amount of Investment in PLIs*

EUR 684.1 million

Outstanding Investment Portfolio

EUR 578.9 million

Subloan Portfolio

Amount of Business and Housing Loans

EUR 1.1 billion

Number of Business and Housing Loans

216,514

Outstanding Subloan Portfolio

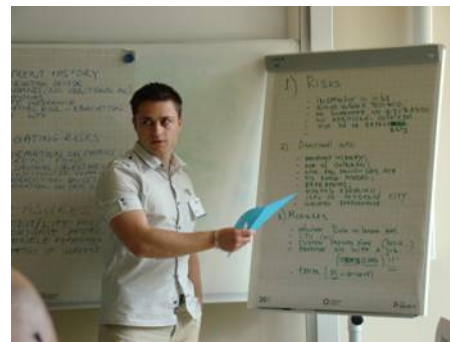
EUR 446.4 million

* Cumulative since start of operations in 2005 as of Dec. 2009

Performance

The EFSE Development Facility at a Glance (2006 – Dec 2009)

- Total project volume **EUR 4.4 million**
- Number of projects approved **113, incl. 10 studies**
- Number of partner institutions supported **27 microcredit organisations and microfinance banks, 12 commercial banks**
- Beneficiaries **approx. 1,400 staff, 40% female**



Thank you for your Attention!



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