

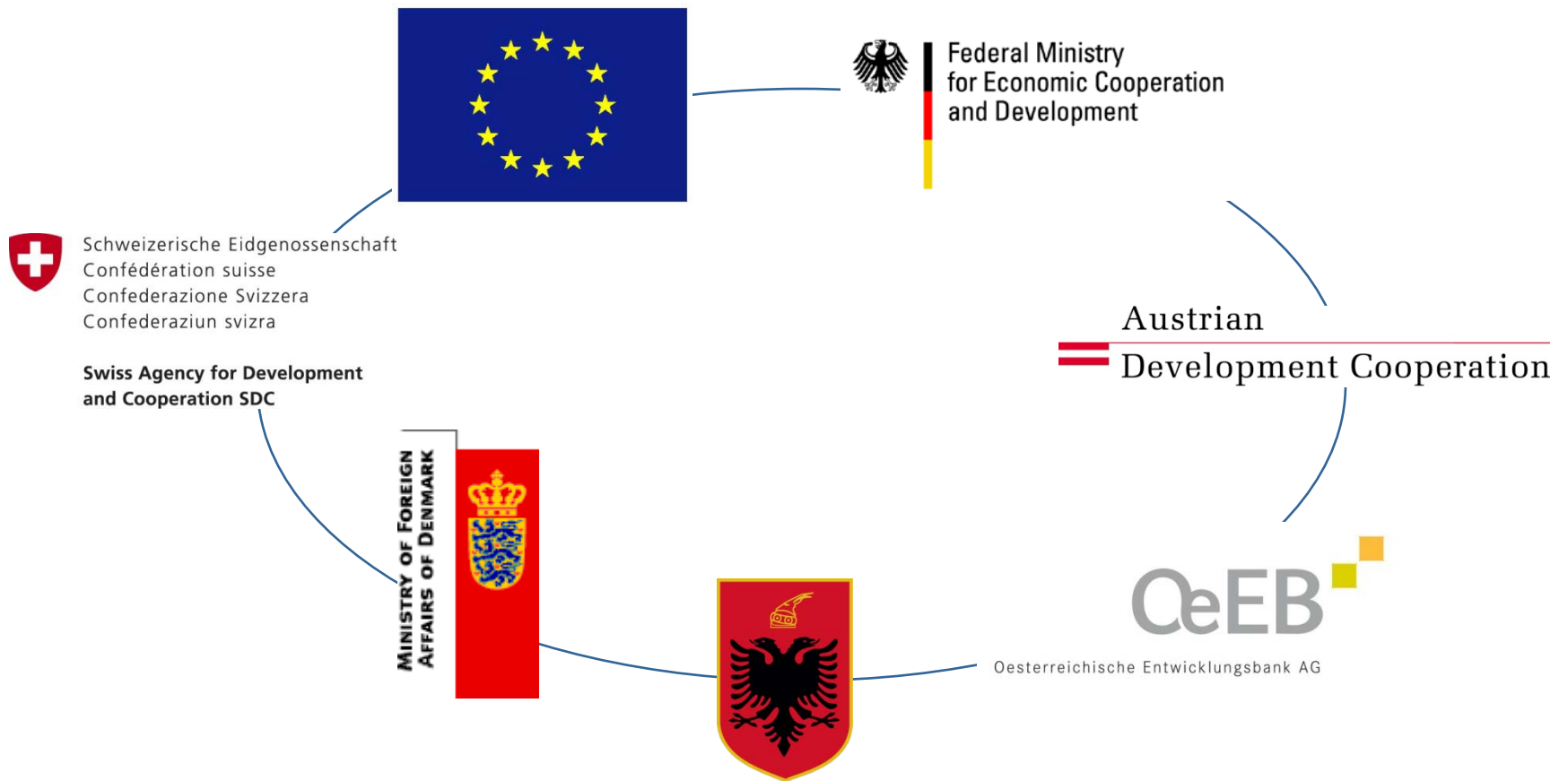
MICROCREDIT FOR BIG IDEAS

EFSE & Energy Efficiency



Kyiv,
10 February 2010

EFSE - A Development Finance Initiative Supported by



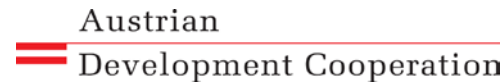
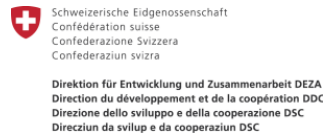
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Background

EFSE is a Luxembourg-registered SICAV-SIF Fund with First-Class Stakeholders

Donor Agencies



International Finance Institutions



Private Institutional Investors

SAL. OPPENHEIM



OMIDYAR-TUFTS
MICROFINANCE FUND



NORD/LB **Horizont**



Objectives, Products & Services

Mission

The Fund aims to foster economic development and prosperity in the Southeast European region through the sustainable provision of additional development finance

- Income generation
- Job creation
- Providing decent shelter
- Strengthening local financial markets



Objectives, Products & Services

Target Region

- The Fund is active in the following countries



1. Albania
2. Armenia
3. Azerbaijan
4. Bosnia and Herzegovina
5. Belarus
6. Bulgaria
7. FYR Macedonia
8. Georgia
9. Kosovo
10. Moldova
11. Montenegro
12. Romania
13. Serbia
14. Ukraine

 = Local EFSE contact point

Objectives, Products & Services

Financial Instruments and Services for PLIs

The Fund provides long-term funding to PLIs through a mix of different 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
- Local Currency

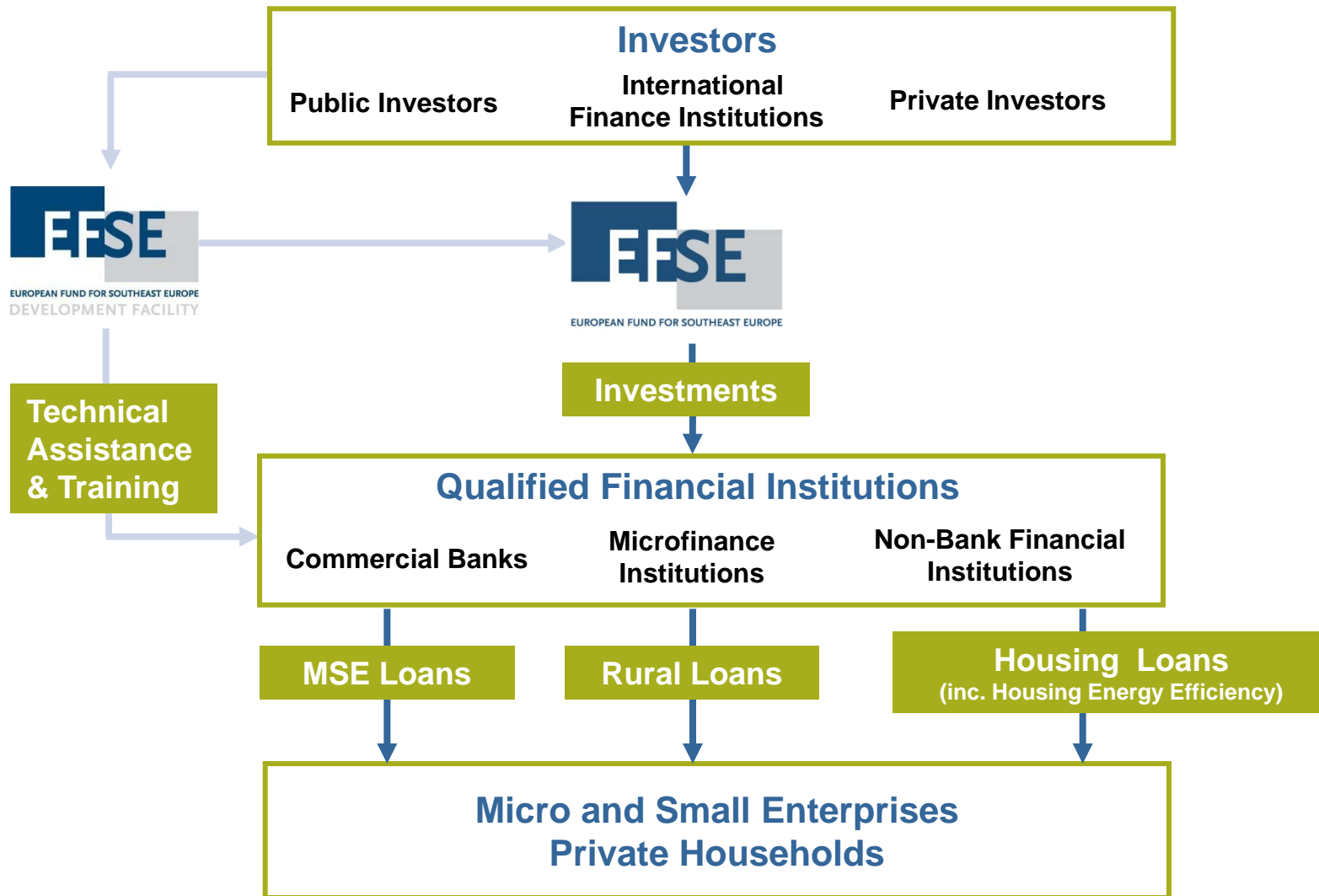
Non-financial services (EFSE Development Facility):

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



Objectives, Products & Services

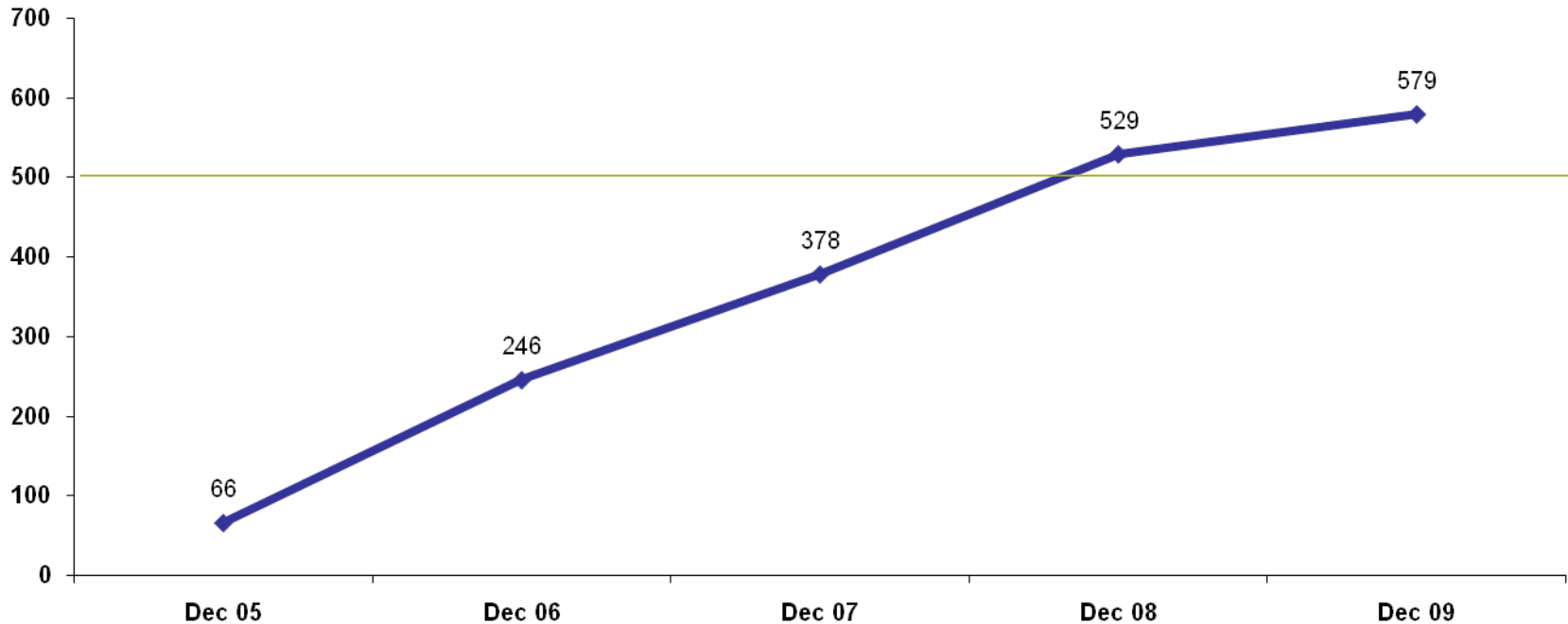
Working Mechanism



Performance

Outstanding Investment Portfolio

EUR million



Outstanding Portfolio invested in PLIs as of Dec. 31 2009:

EUR 578.9 million

Performance

Development Performance - Key Figures (as of Dec 2009)

Number of Active End Borrowers

115,665

Number of Loans Disbursed since Inception

216,298

Sub loan Portfolio

448,7 million €

Amount Disbursed as Sub-loans since Inception

1,107 million €

Average Sub loan Outstanding

3,879 €

Average Sub-loan Amount Disbursed

5,118 €

92% of MSE loans below EUR 10,000

EFSE & Energy Efficiency

Questions

- Do banks even need to offer its clients energy efficiency loan products?
- Do the banks' clients need these products?

Deciding Factors

- Energy costs are rising; making savings more attractive
- Cold winter is a motivating factor that raises the importance of efficiency measures
- Quality of life improvements from installation of energy efficiency products
- Energy security is an important concern
- Long-term impact on the environment

EFSE & Energy Efficiency

How does EFSE develop & market energy efficiency loan products?

Bank's Perspective:

- Do banks just need an energy efficiency credit line?
- What else is needed?

Client's Perspective:

- How do you navigate through a complex market with a variety of products?
- What are the “good products”?

Who can answer these questions?

EFSE's Approach

1. Understanding what is needed considering the region's climate

- Client needs vary based on the region/climate; are energy savings products needs different between Crimea and the Carpathian Mountains?

2. Energy savings calculations?

- Which products fit into a client's household?

3. Market Analysis

- Which Energy Savings Products/Quality
- Producers, Distribution Channels

4. Establishing Partnerships

- Analysing the client base of the bank
- Establishing new contacts
- Supply Chain Approach: bringing together bank, producer and supplier

EFSE's Approach (continued)

5. Energy efficiency loan product features

- Loan purpose
- Pricing of the loan
- Monitoring

6. Distribution channels

- Banks vs. suppliers

7. Training

- Upgrading technical capacity of sales staff

8. Marketing campaign

- Flyers
- Fact sheets
- Information brochures

From a Bank's Perspective....

Back to our Questions:

Bank's perspective:

- Do banks just need an energy efficient credit line?
- What else is needed?

Impact of Technical Assistance on energy efficiency credit lines

The Role of Technical Assistance:

- Support in market analysis: identifying proper products
- Support in setting up the supply-chain
- Loan product development
- Staff training
- Support of marketing activities

From a Client's Perspective....

Back to our Questions:

Client's perspective:







- How do you navigate through a complex market with a variety of products?
- What are the “good products”?

Meeting Clients' Needs

Through tailored products:

- Flexible financing
- Improving the clients quality of life
- Technical expertise to support the clients in decision making
- Providing additional cash flow through energy savings

Benefits from a partnership with EFSE

-  Serving the advanced client segment
-  Not following, but setting the market trend
-  Cross-selling along the supply chain from producer to the consumer
-  Additional income generation and income diversification
-  Who will finance the modern technologies and who will finance outdated ones?
-  Strengthening the client base

Thank you for your Attention!



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