



## Press Release

For immediate release

# European Fund for Southeast Europe Provides EUR 10 Million Loan to Bosnian and Herzegovinian Microcredit Foundation Partner

Loan will be used by Partner to on-lend to micro and small enterprises

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**Frankfurt/Germany and Tuzla/Bosnia and Herzegovina, August 6, 2008** – The European Fund for Southeast Europe (EFSE), one of the largest microfinance investment funds worldwide, has granted a loan of EUR 10 million to Partner Microcredit Foundation (Partner), Tuzla, Bosnia Herzegovina (BiH), one of the leading microfinance institutions in BiH. The loan will be used by Partner to on-lend to micro and small enterprises (MSEs) in BiH.

Ms. Sylvia Wisniwski, Chief Operating Officer of EFSE, said: “The loan to Partner will enlarge the financial resources of the organisation and help expand its lending activity. This, in turn, will significantly increase the outreach of EFSE in BiH, providing additional refinancing for more than 6,000 new loans to MSEs, and assist in satisfying growing demand for access to finance.”

Mr. Senad Sinanović, Director of Partner, commented: “The partnership between EFSE and Partner will develop further in the future as Partner's plan to become a for-profit commercial organisation progresses. This investment confirms the confidence that a respected institution like EFSE has in Partner.”

This latest EFSE loan is a continuation of the Fund's strong support for the micro enterprise sector in BiH. The Fund's support not only includes financial investments but also complementary non-financial assistance - including technical assistance, consulting and training - provided to the partner lending institutions (PLIs) by the Fund's trust fund, the EFSE Development Facility. This allows for capacity building with the aim to increase the outreach of PLIs to the Fund's target group, ultimately benefiting the entrepreneurs across BiH. Partner has received support from the EFSE Development Facility in the areas of lending efficiency as well as social and environmental monitoring.

As of March 31, 2008, the Fund has extended loans to 17 Bosnian and Herzegovinian PLIs, including the country's leading commercial banks, microfinance banks and microcredit organisations. The Fund is a leading creditor of the microfinance sector in BiH. EFSE's outstanding investment portfolio in BiH amounts to EUR 131.3 million, refinancing more than 23,000 outstanding loans to MSEs and low-income private households at present.



### **About the European Fund for Southeast Europe (EFSE):**

With an outstanding investment portfolio of EUR 414 million (as of March 31, 2008), EFSE is one of the largest microfinance investment funds worldwide. Aimed at fostering economic development and prosperity in Southeast Europe, the Fund offers long-term funding instruments to local financial institutions in the region for on-lending to micro and small enterprises as well as to low-income private households for housing purposes. As of March 31, 2008, the total number of active loans refinanced by EFSE stood at around 78,000. Complementing the Fund's financial assistance, the EFSE Development Facility organizes and co-finances technical assistance and training for capacity building of partner lending institutions. The Fund is a public-private partnership. Its capital base is jointly constituted by donors, development finance institutions and private institutional investors. KfW is the Initiator and Promoter of the Fund. The Fund Manager is Oppenheim Asset Management Services. Frankfurt School of Finance & Management acts as Advisor and supports the fund management. The Fund operates in Bosnia and Herzegovina, Romania, Serbia, Kosovo, Montenegro, Moldova, FYR Macedonia, Albania and Bulgaria, and is expected to start operations in Ukraine shortly.

### **About Partner:**

Partner Microcredit Foundation (Partner) is a multiethnic, inter-entity organisation with 44 offices covering all of Bosnia and Herzegovina (BiH). Partner began operations in April 1997 as Economic Development Department of Mercy Corps, a non-governmental organisation. In January 2001, it was registered as Partner Microcredit Organisation, the first BiH microcredit organisation to provide financial support to micro entrepreneurs in both entities of the country, the Federation of BiH and the Republika Srpska. In June 2008, Partner transformed into Partner Microcredit Foundation, due to a change in the entity's Law on Microcredit Organisations.

As of June 30, 2008, Partner has a gross portfolio outstanding of approximately 184 million KM, 257 employees, 159 loan officers, 59,682 active clients and 61,500 active loans. Currently, Partner has the leading position in the microfinance sector with 19% market share in terms of active clients in BiH. Also, Forbes magazine published the first-ever list of the world's top 50 microfinance institutions (MFIs), where Partner was ranked as one of the top twenty institutions in the microfinance sector out of over 640 microcredit institutions evaluated globally. The top MFIs were selected based on several factors, including the size of loan portfolio, portfolio quality, and efficiency (operating expense and the costs per borrower).

Partner's mission and the main goals are to provide accessible financial services to the economically active population, with no access to commercial financing sources, necessary for the start up of new or improvement of existing businesses and improvement of quality of life.

One of Partner's main roles is to assist in creation of new workplace, therefore so far Partner has created over 60,000 new workplaces, while over 200,000 workplaces has been sustained, thanks to the loans from Partner.



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