

## THE ENTREPRENEURSHIP FUND

# THE EFSE BULLETIN

EFSE has been a driving force for the success of micro and small enterprises (MSEs) since 2005. Through smart investments with on-the-ground partners who share the fund's impact goals and the targeted support of the EFSE Development Facility, EFSE creates the environment for entrepreneurs to prosper. Read on for an overview of EFSE's most recent activities in empowering entrepreneurship in the target region.

### PROMOTING RESPONSIBLE FINANCE

#### EFSE stands by partners in times of crisis

EFSE once again showed its dedication to its mission of promoting responsible finance in Southeast Europe as well as Turkey and the E.U. Eastern Neighbourhood by providing rapid funding to the regions' local microfinance providers as they grappled with the effects of the coronavirus pandemic. As micro and small enterprises are the hardest hit by the crisis, EFSE moved quickly to signal strong support for the financial infrastructure that entrepreneurs rely on. From March to July 2020, the fund provided both new and top-up loans totaling EUR 120 million to partner financial institutions in Armenia, Bosnia and Herzegovina, Georgia, Kosovo, Moldova, Montenegro, Turkey, and Ukraine, with further investments on the way.



### THE ENTREPRENEURSHIP ENVIRONMENT

#### EFSE Development Facility releases COVID-19 response package soon after outbreak

In early April, the EFSE Development Facility launched a COVID-19 crisis response package for partner lending institutions and micro and small enterprises in the fund's target region. The programme offers advisory services on business topics including risk and liquidity management, stakeholder communication, human resource management, and other areas where partners aim to hone their response to

the economic ramifications of the COVID-19 pandemic. By providing timely, quality consultancy on the challenges currently confronting financial institutions, the EFSE Development Facility aims to reinforce these partners' ability to continue serving micro and small enterprises and households as they navigate the fluctuating environment brought about by the crisis.

#### EFSE Regional Impact Forum convenes to discuss supporting MSEs in challenging times

In May and July, the EFSE Development Facility held two lively webinar discussions with the members of the EFSE Regional Impact Forum, an initiative supporting social entrepreneurship in Southeast Europe. The first webinar presented significant early findings from the COVID-19 crisis, along with the types of support needed to keep vulnerable businesses running in a difficult environment. The second provided tools for digital transformation and addressed the question of whether digitalisation can help MSEs tackle the COVID-19 crisis. The results of these discussions are being used to feed ongoing crisis management measures for local entrepreneurship organisations.



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Regional Impact Forum

Regional Impact Forum Webinar

on the topic of  
*How to support micro and small businesses in times of crises*  
on 6th May 2020, at 14:00 via Zoom

## Study investigates effects of COVID-19 crisis on micro and small enterprises

The EFSE Development Facility undertook a comprehensive study from May to July 2020 to discover concrete effects of the COVID-19 crisis on micro and small enterprises (MSEs) in Bosnia and Herzegovina, Georgia, Serbia, and Turkey. The detailed results revealed

severe negative impacts on these businesses' operations, sales, liquidity, ability to offer employment, and more. EFSE is using the findings to tailor its own response measures as well as to help its partners design targeted approaches to helping MSEs withstand these headwinds.

## Entrepreneurship Academy powered by EFSE

### Hack the Crisis promotes tech solutions to challenges of COVID-19 crisis

In May, the Hack the Crisis online preacceleration programme sponsored by the EFSE Entrepreneurship Academy and partner accelerator Startup Wise-Guys selected three competition winners. Their novel solutions for unprecedented challenges include app-based triage for potential COVID-19 patients and digital tools for educators who suddenly find themselves working through a virtual classroom.



### Upcelerator launches in Moldova

The Upcelerator, a four-month idea-stage startup accelerator, was launched with the support of the EFSE Entrepreneurship Academy in May. So far, 27 participants from 5 countries have joined the Moldova-based virtual programme.



### Digital demo day connects 15 Armenian startups with investors, visibility, networks

In May, the Armenia Startup Academy held the online demo day for 15 startups who had completed its 12-week pre-acceleration program. Supported by the EFSE Entrepreneurship Academy under the EU4Business initiative, the program prepares local tech startups to raise pre-seed capital and enter leading regional and global accelerators. The cohort includes a range of startups from diverse industries; nearly 40% are led by female founders.

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## TechBoost programme provides winner of startup competition at PODIM conference

The TechBoost programme, a new regional initiative to support Western Balkan startups in tech, sent 35 participants to the influential PODIM conference pitching competition in May. There, TechBoost participant Farseer, a woman-led Croatian startup, won the

international contest against more than 130 entrants. The EFSE Entrepreneurship Academy launched TechBoost in March together with renowned tech accelerator Startup Wise Guys and local entrepreneurship organisations.

## Webinar series equips Moldovan small businesses and financial institutions to confront COVID-19 challenges

The European Business Association Moldova and the EFSE Development Facility launched a training series at the end of June for MSE finance providers and business owners alike. Set to run through December, the webinars are addressing the challenges of the COVID-19 crisis: IFRS9 and risk management, HR strategy, digital tools, e-commerce, and more.

## Hero House Artificial Intelligence Incubation Program: 2020 batch is launched

The EFSE Entrepreneurship Academy and SmartGateVC joined forces in July for the second batch of the Hero House AI Incubator Programme, an initiative that invests in R&D to empower businesses in Armenia with state-of-the-art technology and scalable models. Held under the EU4Business initiative, the partners aim to expand the pipeline of technological innovations that support business development in Armenia.

## Memorandum of Understanding signed with ODIMM to support entrepreneurs

In July, the EFSE Development Facility signed a memorandum of understanding with the Organization for Small and Medium Enterprises Sector Development of the Republic of Moldova (ODIMM). The partners are planning a series of projects and initiatives that aim to foster entrepreneurs' access to tailored financing, improved financial education and skills, useful resources, and more.



AUTUMN 2020

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## Demo day completes Food & Agri Tech Challenge 2020

The online Demo Day for the Food and Agri Tech Challenge took place on 30 July. Eight entrepreneurs presented their concepts for

integrating technology and agriculture in order to improve the food industry, followed by lively panel discussions on the disrupting force that will bring a completely new experience to Romanian customers.

## DigLit Bootcamp

The Microfinance Centre is continuing its regular online Digital Literacy Bootcamp for microfinance providers to leverage the digital age to expand their outreach and improve financial inclusion. The one-hour webinars take place most Tuesdays and have so far attracted tens of thousands of participants. The EFSE Development Facility, European Investment Bank, and European Union are founding sponsors.

## Techcelerator launches in Romania

The EFSE Development Facility is about to launch the brand-new acceleration program in Romania with Techcelerator and Gap-Minder VC focused exclusively on fintechs: NextFintech. Ready to onboard 12 local fintech startups, NextFintech aims to facilitate seed capital investments and drive the number of operational fintechs to 200 over the next 3 years.

## EFSE IMPACT REPORT

EFSE released its annual impact report in June. "Sustainable Entrepreneurship" presents the fund's comprehensive impact strategy, key figures, commentary on current events, and highlights of the past calendar year. Read the impact report at:

[www.efse.lu/studies-publications/publications](http://www.efse.lu/studies-publications/publications)



## INVESTMENTS

In the first half of 2020,  
the EFSE Investment Committee approved  
**23** new investments,  
**5** of which in local currency.  
These investments totalled  
**EUR 186.7 million.**

## DEVELOPMENT FACILITY

In the first half of 2020,  
the EFSE Development Facility Committee  
approved  
**22** new projects for a total volume of  
**EUR 2.6 million.**

For more information, visit: [www.efse.lu](http://www.efse.lu)



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for Economic Cooperation  
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