

# EFSE and Lazika Capital form a new partnership to advance local currency lending in rural Georgia

**Luxembourg and Tbilisi, 29 December 2021** - The European Fund for Southeast Europe (EFSE) has committed to provide USD 2.5 million equivalent in Georgian lari (GEL) to its new partner, Lazika Capital, to expand access to finance in local currency for the underserved micro and small size enterprises (MSEs), including individual entrepreneurs, farmers and agricultural producers in rural Georgia.

As a microfinance organization serving over 15,000 rural and semi-urban MSEs, Lazika Capital is well positioned to channel responsible financing to the target group in an effective and impactful way. By obtaining financing in Georgian lari, the micro and small enterprises can fund their growth and increase their business resilience, viability and stability in the longer run, while being protected from the exchange rate fluctuations – a risk that can materially compromise operations.

EFSE Board Chairperson Klaus Müller said, “Lazika Capital is a promising partner in joining efforts with EFSE to increase the level of financial intermediation and economic development in rural Georgia. This investment will expand the capacities of Lazika Capital to finance the underserved groups, thus contributing to furthering EFSE’s mission to promote economic prosperity in the region.”

“Since Lazika’s creation and still, we have been very much committed to bringing something more added value than just access to finances. And the fact that we are well noted by EFSE, is a honor and additional motivation for us,” said CEO of Lazika Capital, Besik Shengelia.

Through this investment, Lazika Capital is expected to contribute towards the achievement of SDG 1: No Poverty, SDG 2: Zero Hunger, and SDG 10: Reduced Inequalities.

## **About EFSE**

An impact investment fund established in 2005, the European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe and the Eastern Neighbourhood Region by investing in the success of micro and small enterprises as well as improved living conditions for private households. As access to financial services is key to developing this segment, EFSE focuses on helping local financial sectors strengthen their ability to provide responsible financing for this target group. Alongside its investment activities through local partners, EFSE multiplies its impact through the EFSE Development Facility, which provides technical assistance, training, and other nonfinancial support

to entrepreneurs and institutions.

EFSE was initiated by KfW Development Bank with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission. As the first public-private partnership of its kind, EFSE draws its capital from donor agencies, international financial institutions, and private institutional investors.

Finance in Motion GmbH, Germany, serves as EFSE's advisor and Hauck & Aufhäuser Fund Services S.A., Luxembourg, acts as manager.

For more information on the European Fund for Southeast Europe, please visit: [www.efse.lu](http://www.efse.lu)

For more information on Finance in Motion, please visit: [www.finance-in-motion.com](http://www.finance-in-motion.com)

### **About Lazika**

The company started its operations as a small business development project founded by Oxfam GB in 2000. Since its transformation into a non-banking financial institution in 2007, Lazika Capital has been acting among the leaders of the Georgian microfinance sector. The mission of the company is to provide access to financial services to low and middle-income entrepreneurs and bridge them to SME standards.

Headquartered in Zugdidi, Lazika operates across West Georgia through a network of 18 branches. The company effectively manages a diversified loan portfolio of USD 20 million, 52% of which is represented by the agricultural sector.

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