

The European Fund for Southeast Europe (EFSE) held its First Annual Meeting in Budva, Montenegro from 9-11 May

EFSE is the successor to a development finance initiative launched by several donors in the region in 1998. The Fund is a unique public-private partnership initiative based on an innovative investment structure. Development finance is mutually provided by donors, development finance institutions and private institutional investors. The Fund's founding members include the European Commission (EC), the German Federal Ministry for Economic Cooperation and Development (BMZ), the Austrian Development Agency (ADA) and the Swiss Agency for Development and Cooperation (SDC). In addition, funding has been provided by first-class private investors and international finance institutions like the International Finance Corporation (IFC), KfW, the European Bank for Reconstruction and Development (EBRD) and the Netherlands Development Finance Company (FMO).

The Fund has more than doubled its volume in the first 12 months, reaching a total investment portfolio of €272 million with 40 partner lending institutions in March 2007 – positioning itself among the biggest microfinance funds worldwide. EFSE, as a flagship initiative, is primarily dedicated to serving microentrepreneurs. To achieve these objectives, the Fund extends long-term funds to local financial institutions through a mix of financing instruments.

Recently, EFSE was granted the Microfinance Label by the Luxembourg Fund Labeling Agency (LuxFLAG), one of the first three Microfinance Funds to receive the label – a confirmation of the Fund's important development objective.

In Montenegro, the Fund has operated since 2000 as European Fund for Montenegro (EFM). Over the last five years, five partner lending institutions received credit lines amounting to €46.5 million. Until March 2007, these funds were used to refinance approximately 26,000 loans to micro and small entrepreneurs, farmers and families in the amount of €109 million.

The first annual meeting in Montenegro was planned with the intention of bringing together all of the Fund's stakeholders, public and private, as well as finance practitioners, providing a platform for the exchange of ideas and experiences. Approximately 180 participants attended the conference. The highlight of the annual meeting was a one and a half day conference, offering presentations and panel discussions on a number of cutting-edge topics in development finance.

The meeting commenced with an opening panel of governors and deputy governors of the Central Banks of eight countries in the region who discussed recent trends in the financial sector. Following the opening panel, topics were addressed in several panel discussions, including the microfinance sector, housing finance, energy efficiency and capital market developments. Panellists included

representatives of the donor community, finance practitioners, policymakers, academics and other experts in these fields.

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