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EUROPEAN FUND FOR SOUTHEAST EUROPE

EFSE launches “Power of Local Currency” campaign in European Eastern Neighbourhood Region

- **International gathering of financiers, investors, regulators meet to advance sustainable financing in ENR**
- **Fund unleashes new local currency investments in Armenia, Belarus, and Georgia**

Chişinău, 11 October 2019 – The European Fund for Southeast Europe (EFSE) has launched a multinational campaign to advance the practice of local currency financing in the European Eastern Neighbourhood Region in order to drive sustainable economic growth.

Through its “Power of Local Currency” campaign, EFSE is not only further increasing its local currency investments in partner lending institutions in the region – thus enabling these financial service providers to offer financing to micro and small enterprises and private households in local currency – the fund is also holding business roundtables, developing and disseminating informational videos and podcasts, conducting interviews, and implementing other measures to raise sector awareness of the importance of local currency financing, exchange best practices, and tackle practical challenges. The campaign kicked off with a launch event on 10 October 2019 in Chişinău, Moldova, where 70 representatives of financial institutions, national regulating bodies, investors, and other key financial sector players gathered to discuss the role of local currency financing in driving sustainable growth.



The event also included a dedicated signing ceremony to confirm several new EFSE investments in local banks for on-lending to borrowers in the region. These loans were provided in local currency thanks in large part to contributions made to EFSE by the European Union under its “EU4Business” initiative,



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which shares EFSE's goal of promoting responsible financing in the European Eastern Neighbourhood Region.

The new investments were:

- EFSE's first-ever loan denominated in **Belarusian rubles**, provided to **Belarusky Narodny Bank** in the equivalent of **EUR 5 million**, for on-lending to micro and small enterprises
- Three loans denominated in **Georgian lari** to longstanding EFSE partner **TBC Bank** equivalent to a total of **USD 26.5 million** to support micro and small enterprises and private households
- A loan equivalent to **EUR 10 million** provided in **Georgian lari** to new EFSE partner **BasisBank** to facilitate home purchase and improvement for households in Georgia
- A **multi-currency** senior loan equivalent to **USD 10 million** provided to **Araratbank** for investment in micro and small enterprises in Armenia

EFSE Board Chairman Christoph Tiskens said: "EFSE and EU4Business both have a keen interest in promoting prosperity in the Eastern Neighbourhood Region by strengthening the backbone of these countries' economy: micro and small enterprises. That means not only supporting the local financial sector in making much-needed resources available to entrepreneurs and households, but also ensuring that loans can be provided in the same currency in which these borrowers are making their income. Local currency financing allows people to invest in their future free from the risk of foreign exchange rates. Our 'Power of Local Currency' campaign thus aims to promote the practice of local currency financing among investors, investees, banks, regulators, and all players in the financial system to help safeguard sustainable development in the long term."

Hoa-Binh Adjemian, Head of Sector Economic Development EaP, DGNEAR, European Commission, commented in his opening address at the event: "This partnership with EFSE is one that has brought about a lot of innovation in expanding access to finance for micro and small enterprises – whether through fintech or new instruments for local currency lending. Today, we are here to discuss how we can continue our regional partnerships to keep up this success and improve on our own practices."

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.



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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

For more information on Finance in Motion, please visit: www.finance-in-motion.com

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