

EFSE and Inecobank join forces to support MSMEs in critical sectors

The USD 10 million investment is part of the EFSE crisis response package to finance MSMEs operating in critical sectors

Luxembourg and Erevan, 21 July 2022 – The European Fund for Southeast Europe (EFSE) has partnered with Inecobank in Armenia by providing a USD 10 million five-year facility. The financing will support micro, small and medium enterprises (MSMEs) operating in critical sectors such as agriculture, manufacturing, and transportation, and is expected to enable around 1,200 sub-loans to MSMEs and support more than 4,000 jobs.

This facility marks the first crisis response package investment and is an essential part of EFSE's overall program to support MSMEs affected by the economic, social, and security challenges triggered by the Russia-Ukraine war and the related sanctions.

Rising inflation and surging energy prices are raising MSMEs operational costs and depleting their liquidity buffers. The investment aims to give MSMEs in vital

sectors continued access to finance to secure the needed inputs, services, inventories, and reserves and help them mitigate the supply-chain disruptions. From a broader perspective, this investment will contribute towards the achievement of SDG 8 (Economic Growth) and SDG 9 (Industry Innovation and infrastructure).

EFSE Board Chairperson Klaus Müller said: "More than ever, EFSE is committed to supporting MSMEs and fostering the economic development they need to succeed in adversity. We are confident this investment will enable Inecobank, a longstanding partner of EFSE, to provide the much-needed financial support to their MSME clients during this time of crisis."

Aren Naltakyan, the CEO of Inecobank, mentioned: "We as a financial institution, appreciate the value-creating long-term partnership we have with The European Fund for Southeast Europe (EFSE). Inecobank has been cooperating with EFSE since 2012 to strengthen the Bank's funding base, by attracting credit facilities, enabling the Bank to further support micro and small businesses in the country. We are confident in our partnership and enjoy the immense support it brings to us".

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: <http://www.efse.lu>

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

About Inecobank

Inecobank is one of the leading banks in the South Caucasus region which is outstanding with its innovative approach and advanced digital solutions.

For 26 years the bank has been providing unmatched convenience serving over 540.000 customers and 280.000 online users.

Inecobank developed industry-leading digital solutions and introduced an entirely new culture of financial services.

For more information on Inecobank CJSC, please visit: <https://www.inecobank.am/en/Busines>

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