

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

Expanding local currency lending

Local currency lending is a key aspect of responsible finance, therefore EFSE has significantly expanded its impact footprint this year by providing financing in local currency, including three new currencies: Serbian Dinar, Moldovan Leu and Azeri Manat.

To date* this year the fund has approved financing in the total amount of EUR 308.2 million, thereof a solid EUR 165.9 million was in local currency. Namely, in 7 currencies to 11 Partner Lending Institutions (PLIs).



By increasing the much-needed access to local currency finance for micro and small enterprises (MSEs), the fund aims to support business growth and safeguard borrowers from the ups and downs in the exchange rate. In during the first nine months of 2021, EFSE contributed to unleashing more than 30K sub-loans to MSEs, thereof about 90% were provided in local currency, reflective of the PLIs' shared commitment of advancing sustainable lending.

*as of 9 December 2021

INVESTMENTS

To date* in 2021,
the EFSE Investment Committee approved
33 new investments,
17 of which in local currency.
These investments totaled **EUR 308.2 million.**

*As of 9 December 2021

The power of local currency campaign: Georgia edition

EFSE and the Green for Growth Fund (GGF) teamed up to organise an event which explored the nuances of local currency lending in Georgia and the larger E.U. European Neighbourhood Region. This event focused on Georgia, is part of EFSE's ongoing strategy to create better economic outcomes by promoting financing in local currency.

Two Sides of the Coin: The Currency Debate



Governor Koba Gvenetadze, Chairperson of the Board of the National Bank of Georgia, and Mr. Aleksi Aleksishvili, Chairperson of the Board and CEO at Policy and Management Consulting, debated the topic and shed light on the benefits, timelines and regulations surrounding local currency finance, with a specific focus on the Georgian economic context.

The event also included a dedicated signing ceremony to confirm several new EFSE and GGF investments in local financial institutions for on-lending to borrowers in Georgia. Learn more about [the event](#).

Increasing financing to small enterprises in Serbia

EFSE provided its new partner Eurobank a senior loan of RSD 2.3 billion, the equivalent of EUR 20 million. The investment, aimed to expand financing opportunities for small enterprises, will enhance access to much needed local currency financing. Eurobank's strong track record of providing financing to small and medium enterprises (SMEs), lending EUR 1.4 billion to Serbian businesses over the past 10 years, makes it an ideal partner for EFSE.

THE ENTREPRENEURSHIP FUND

THE EFSE BULLETIN

PROMOTING RESPONSIBLE FINANCE

Channeling financing for MSMEs in Moldovan Lei

EFSE provided a 7-year subordinated loan facility in Moldovan lei equivalent to EUR 15 million to Moldova-Agroindbank (maib). This landmark transaction with the country's largest bank is the first Basel-III compliant Tier 2 instrument in the sector and aims at strengthening the bank's capacities to advance sustainable long-term financing in local currency. The investment will allow maib to

serve micro, small, and medium-sized enterprises (MSMEs) and help them increase competitiveness and resilience, while safeguarding them from potential exchange rate fluctuations. It is expected to facilitate more than 1,500 loans to MSMEs and support around 6,500 jobs.

DIGITAL TRANSFORMATION

Digital transformation is a strategic area of engagement for EFSE and the EFSE Development Facility. Through their holistic approach, they act across three levels: central banks, financial institutions and MSEs.

Supporting the National Bank of the Republic of North Macedonia for fintech development

The National Bank of the Republic of North Macedonia, in partnership with the EFSE Development Facility commissioned a feasibility study for fintech development in 2020. In July 2021, they held a virtual event revealing survey findings. 90% of 220 survey respondents indicated that they believed the fintech sector could lead to many economic benefits. Notably, 58% of traditional financial institutions such as banks and other financial non-banking institutions, have already embarked on a digital transformation. EFSE has actively partnered with the National Bank to develop North Macedonia's fintech agenda since 2018, continuing with the workshop for all other financial regulators in 2019 and the detailed fintech ecosystem research and mapping exercise in 2020. Explore more about [the study and event](#).

Empowering MSMEs through digitalisation in Romania

The EFSE Development Facility and BT Microfinantare partnered together to create [Start Online](#), a program aiming to equip micro to small businesses to bring their businesses online. Owners of the 30 companies participating in this program completed training and coaching to expand their businesses online. As a result, ten were selected to be supported to create online stores.



Facilitating the digitalization of EFSE's Bosnia and Herzegovina partner micro finance institutions

MCF Partner and MCC EKI, with the support of the EFSE Development Facility, completed their digital transformation workshops the last week of October. The workshop set out a clear pathway to digitalization by resulting in 20 representatives' completing project phases including gap analysis, strategic alignment, organizational alignment, and digital transformation road map.

For more information, visit: www.efse.lu



“The Women in Tech Balkans Summit”

The EFSE Development Facility was a sponsoring partner of the Women in Tech Balkans Summit. The event, which took place in July

in Dubrovnik, discussed the ways how to deploy digital accessibility and job-ready solutions to empower women and girls in the region. Leaders and stakeholders from the Balkans also focused on how to promote entrepreneurship, sustainability, and innovation. Learn more about [the event](#).

“The New Age for the Microfinance Institutions Conference”

The Association of Microfinance Institutions in Bosnia and Herzegovina held an [online conference](#) focused on client protection, boosting small businesses’ development in line with the best EU practices, digital transformation and eco inclusion. EFSE was represented by Mejra Juzbašić Bajgorić, Vanja Cico, and Amra Omeragić from the Fund’s advisor Finance in Motion who contributed to the different conference sessions. You can watch the conference [here](#).

Entrepreneurship Academy powered by EFSE

Learning how to scale up: agtech and fintech in Turkey

This year’s six-month-long ScaleUp Academy program, sponsored by the EFSE Entrepreneurship Academy and conducted by its partner Technolera, ended in a six-day event with over 80 participants. The event featured 15 start-ups’ solutions aiming to address key challenges in the agriculture and green economy including an AI- based data analytics start-up supporting farming decisions, a supply chain financing platform for SMEs, and a vertical soilless farming technology.

Continuous support to young entrepreneurs in Tuzla, Bosnia and Herzegovina

After a successful first round held in Sarajevo last year, MCC EKI and the EFSE Entrepreneurship Academy will continue their support program for young entrepreneurs in Tuzla, Bosnia and Herzegovina. The Academy will target young entrepreneurs, particularly women, with budding businesses ideas. This year’s 17 participants attended trainings, benefitted from professional mentorship and pitched their business ideas.

Launching a new academy for entrepreneurs in Kosovo

The EFSE Entrepreneurship Academy and BPB Kosovo, launched an Academy for Entrepreneurs. The Academy will run workshops in Kosovo’s seven biggest cities, with 300 micro businesses expected to attend. The Academy was kicked off in Pristina, providing a series of educational workshops on professional development. Watch a short film about the program [here](#).



For more information, visit: www.efse.lu