

## Press Release

For immediate release

# EFSE provides USD 3 Million Rural Loan to Moldovan Microfinance Institution Rural Finance Corporation

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**Frankfurt/Germany and Chisinau/Moldova, October 6, 2008** – The European Fund for Southeast Europe (EFSE), one of the largest microfinance investment funds worldwide, is extending a USD 3 million loan to the Moldovan microfinance institution Rural Finance Corporation JSC (RFC), Chisinau. The loan will be used by RFC for on-lending to the network of Savings and Credit Associations of Citizens (SCAs) as well as to micro and small entrepreneurs (MSEs) in the rural areas of Moldova.

RFC was set up in 1997 by the Moldovan Government and the World Bank to channel micro-loans to the rural community via the cooperative SCAs. The associations were established to assist rural entrepreneurs gain access to finance to improve their productivity and living standards with the goal of reducing rural poverty. As of June 30, 2008, RFC's total outstanding sub-loan portfolio amounted to EUR 25 million with more than 1,300 loans disbursed to SCAs and 1,000 micro-loans to rural entrepreneurs.

Ms. Sylvia Wisniwski, Chief Operating Officer of EFSE stated, "By using RFC as a vehicle, EFSE will broaden and deepen its outreach in the rural parts of Moldova." She further said, "This loan will enable EFSE to reach more than 1,000 credit-constrained rural borrowers in the country, facilitating the growth of domestic production."

This latest EFSE loan is a continuation of the Fund's strong support for the rural and micro enterprise sector in Moldova. Just two years after the start of operations in Moldova, the Fund has become one of the country's largest creditors in the microenterprise sector. To date, EFSE has invested more than EUR 40 million in four Moldovan commercial banks and two microcredit organisations. More than 2,600 EFSE-refinanced loans have been disbursed to MSEs and private households, helping them to build new or expand existing businesses and to renovate or modernise their homes. EFSE's support to Moldova's financial sector includes not only financial investments but also complementary technical assistance - consulting and training - provided to partner lending institutions by the Fund's trust fund, the EFSE Development Facility.

**About the European Fund for Southeast Europe (EFSE):**

With an outstanding investment portfolio of EUR 510 million (as of September 30, 2008), EFSE is one of the largest microfinance investment funds worldwide. Aimed at fostering economic development and prosperity in Southeast Europe, the Fund offers long-term funding instruments to local financial institutions for on-lending to micro and small enterprises as well as to low-income private households. As of September 30, 2008, the total number of active loans refinanced by EFSE stood at nearly 85,000. Complementing the Fund's financial assistance, the EFSE Development Facility organises and co-finances technical assistance and training for capacity building in partner lending institutions. The Fund is a public-private partnership. Its capital base is jointly constituted by donors, development finance institutions and private institutional investors. KfW is the Initiator and Promoter of the Fund. The Fund Manager is Oppenheim Asset Management Services. Frankfurt School of Finance & Management acts as Advisor and supports the fund management. EFSE operates in Bosnia and Herzegovina, Romania, Serbia, Kosovo, Montenegro, Moldova, FYR Macedonia, Albania, Bulgaria, and in the Ukraine.

**Media contact:**

Mr. Samir Djikić  
Phone: +49-69-154008-379  
Fax: +49-69-154008-630  
E-mail: [djikić@efse-fs.org](mailto:djikić@efse-fs.org)