

## Press Release

For immediate release

# EFSE reaffirms commitment to micro and small enterprise finance at Annual Meeting in Tirana

- *4 new loan agreements signed*
- *European Commission contributes EUR 5 million to support EFSE's expansion into Croatia and Turkey*
- *Albania among the countries to be the focus of additional EFSE investments over coming years*
- *EFSE to step up capacity building activities throughout EFSE target region*

**Tirana, Albania, 7 June 2011** - The two-day Annual Meeting of the European Fund for Southeast Europe (EFSE) officially opened today in Albania's capital. Among the estimated 300 attendees are representatives of central banks and the financial sector from Southeast Europe, Eastern Europe and Caucasus, as well as of donor agencies, including the European Commission and the German Federal Ministry for Economic Cooperation and Development (BMZ), and various international financial institutions and private investors. Also present: Prof. Dr. Sali Berisha, Prime Minister of the Republic of Albania; Ardian Fullani, Governor of the Bank of Albania; Carola Müller-Holtkemper, German Ambassador to the Republic of Albania; and Gerhard Schumann-Hitzler, Director of the DG for Enlargement at the European Commission.

Around the key theme of "Shaping and Leveraging the New Reality", panel sessions at this year's Annual Meeting address new aspects and opportunities for development finance in Southeast Europe and the European Eastern Neighbourhood region in the aftermath of the recent global crisis. The focus is on micro, small and medium enterprise finance as well as, with the participation of the Green for Growth Fund, Southeast Europe, on energy efficiency and renewable energy finance.

The EFSE – initiated by the KfW Entwicklungsbank (The German Development Bank) with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission – also announced today the signing of new loan agreements with 4 financial institutions to support local micro and small enterprise (MSE) finance and home improvement loans, respectively. The loan agreements were signed with: ProCredit Bank Macedonia (a combined 2.5 million in Euros and 2.5 million in Macedonian Denar for on-lending to MSEs), Raiffeisenbank Serbia (EUR 25 million for home improvement loans), MCC Mikrofin in Bosnia and Herzegovina (EUR 4 million for MSE loans) and ARARATBANK in Armenia (USD 10 million for on-lending to MSEs). Moreover, the European Commission announced that it will invest EUR 5 million in the EFSE to support the Fund's expansion of investment operations into Croatia and Turkey. The Fund now counts 16 partner countries in total.

*"This year's Annual Meeting marks the EFSE's sixth year of steady progress in fostering economic growth, income generation and job creation," said Dr. Klaus Glaubitt, Chairman of the EFSE's Board of Directors. "Since December 2005, the EFSE provided approximately EUR 975 million to local financial institutions for on-lending to MSEs and private households, facilitating approximately 270,000 business and home improvement loans totalling EUR 1.5 billion. In the process, the EFSE has helped to create and sustain at least as many jobs. In Albania alone, the EFSE financed over 8,700 MSE and home improvement loans." He added: "Along with the fact that the G20 ranks the EFSE among the most innovative financing solutions for micro, small and medium enterprises, this testifies to the value of the EFSE's public-private partnership model as a catalyst for development finance."*

Dr. Klaus Glaubitt on the EFSE's future plans for its target region: *"We look to the years ahead with confidence, eager to contribute, together with our partners, towards fostering job creation and prosperity in the EFSE's target region in the spirit of Responsible Finance. With regard to the target region as a whole, the EFSE plans to invest EUR 900 million in partner lending institutions by 2015, which will support 280,000 new MSE and home improvement loans."* Commenting specifically on Albania, he said: *"The fact that Tirana is this year's venue for the EFSE Annual Meeting only reaffirms our strong partnership with Albania. The EFSE will increase financing to local institutions here by EUR 30 million over the next five years. This will facilitate approximately 9,400 MSE and home improvement loans. Besides strengthening Albania's economic fabric, it will also help to pave the way for integration into the European economy."*

Monika Beck, Head of the Competence Centre for Financial Sector Development at KfW Entwicklungsbank, Member of the EFSE Board of Directors, and Chairwoman of the EFSE Development Facility Committee said, *"The EFSE will also be stepping up its technical assistance and training programmes for partner lending institutions to adjust lending practices to the new economic landscape in the aftermath of the recent crisis. In addition to increased lending to the MSE segment, this will ensure EFSE financing effectively supports the real economy."*

Prof. Dr. Sali Berisha, Prime Minister of the Republic of Albania, said: *"I am very proud to have the EFSE as an investor in Albania. Since it began operations here, the EFSE has channelled 8,700 loans to the heartbeat of Albania's private sector growth, micro and small enterprises. The EFSE has in effect helped to create and secure at least as many jobs. Impressed by the EFSE's impact on the country's economic development, in 2009 the Republic of Albania became the first regional government shareholder to join the EFSE. In light of the EFSE's achievements, the Albanian government remains committed to the Fund and will consider increasing its engagement."*

Ardian Fullani, Governor of the Bank of Albania, thanking the EFSE for its contribution made throughout our region, for its financial support to this region, as well as for the expertise provided for financial market development, commented: *"I cannot help mentioning specifically the assistance the EFSE has provided to Albania by funding business projects at competitive terms, at a time when bank lending has posted slow paces of recovery"*.

Carola Müller-Holtkemper, German Ambassador to the Republic of Albania, said: *“The close and solid relationship that exists between Germany and Albania today has grown over many years, and the EFSE is one of its key pillars. As development cooperation is a major aspect of the strong ties between our two countries, celebrating the EFSE’s 5<sup>th</sup> Anniversary also means celebrating another major milestone in what has so far been, and promises to remain, a most successful partnership.”*

### **About the European Fund for Southeast Europe**

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe and the European Eastern Neighbourhood Region (ENR), including Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Georgia, Kosovo, Moldova, Montenegro, Romania, Serbia, Turkey and Ukraine. It provides long-term finance primarily for micro and small enterprises (MSEs) and private households in the form of home improvement loans channelled through local financial institutions. As access to finance is a key success factor in developing the micro, small and medium enterprise segments, the EFSE focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing. Supporting the EFSE’s investment activities is the EFSE Development Facility, which provides partner lending institutions with technical assistance, consulting and training services to build operational capacities and professional management. The EFSE was initiated by KfW Entwicklungsbank (The German Development Bank) on 15 December 2005 from four multi-donor programs under its management. The EFSE is the first public-private partnership of its kind and the first privately managed fund in development finance to leverage private funding for MSE finance in the target region. Capital is provided by donor agencies, international financial institutions and private institutional investors, including the German Federal Ministry for Economic Cooperation and Development (BMZ), the European Commission (EC), the Government of Albania as the first EFSE shareholder from the EFSE’s target region, the Development Bank of Austria (Oesterreichische Entwicklungsbank - OeEB), the Swiss Agency for Development and Cooperation (SDC), the Danish International Development Agency (Danida), KfW Entwicklungsbank as Lead Investor, the International Finance Corporation (IFC), the Netherlands Finance Company (FMO), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and Sal. Oppenheim and Deutsche Bank. Oppenheim Asset Management Services S.à.r.l, Luxembourg, and Finance in Motion GmbH, Germany, are, respectively, the EFSE’s Fund Manager and Fund Advisor.

For more information, please visit: <http://www.efse.lu>

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