

## Press Release

For immediate release

# EFSE and Azerbaijan Micro-Finance Association raising financial literacy in Azerbaijan

**Luxembourg, 19 June 2012** – The European Fund for Southeast Europe (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, and Azerbaijan Micro-Finance Association (AMFA) will jointly develop a financial education booklet aimed at raising the financial literacy of microfinance customers of commercial banks and microfinance institutions in Azerbaijan.

Advancing the interests of the microfinance community in Azerbaijan, AMFA is a network of 28 member institutions that serve over 412,000 clients representing more than EUR 540 million in loans. Its members include non-bank financial institutions, downscaling commercial banks, credit unions and leasing companies.

The project has been initiated to counteract multiple borrowing and cross-lending practices, which are a key cause of over-indebtedness. It will also promote responsible financing, i.e. clear and transparent lending practices, responsible product sales suitable to client needs, fair and full financial information in product advertisements, and clear loan terms and conditions.

The booklet will teach existing and potential microfinance customers of AMFA members about the risks and benefits associated with taking out loans, placing deposits and using/or not using other services provided by financial institutions. In enhancing the ability of microfinance customers to take informed financial decisions, the booklet addresses the following topics: financial institutions and lending, avoiding over-indebtedness, basic financial education, and savings/deposits.

AMFA's partnership with the EFSE on this project demonstrates the commitment of Azerbaijan's microfinance industry to transparency and consumer protection.

On behalf of the EFSE, the EFSE Development Facility – the Fund's technical assistance and training arm – will take the lead in co-financing and developing the booklet. The booklet, edited in Azerbaijani, is expected to be published in September and will be distributed via the membership organisation's branches and sub-branches in 66 regions.

Focused on bolstering and raising awareness of Responsible Finance practices, the EFSE DF has supported similar financial education and literacy projects in other countries of the EFSE's target region as well, including Responsible Finance Conferences and client education booklets that explain the risks of foreign currency loans.

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

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, former Yugoslav Republic of Macedonia, Kosovo, Georgia, Moldova, Montenegro, Romania, Serbia, Ukraine and Turkey. The EFSE focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing for micro and small enterprises (MSEs) as well as for private households in the form of home improvement loans. The funding the EFSE provides is channelled through local partner lending institutions (PLIs). In addition to funding, the EFSE Development Facility (EFSE DF) – the Fund’s technical assistance and training arm – provides PLIs with technical assistance, consulting and training services to build operational capacities and professional management. The EFSE DF also initiates and implements financial sector support activities, including in the area of Responsible Finance, and applied research projects. 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 – in 2005, the EFSE is the first public-private partnership of its kind and the first privately managed fund in development finance. The capital is provided by the BMZ, the European Commission, the Government of Albania, Small and Medium Business Credit Support CJSC (SMBCS), a subsidiary of the Central Bank of Armenia, the Development Bank of Austria (OeEB), the Swiss Agency for Development and Cooperation, the Danish International Development Agency (Danida), KfW Entwicklungsbank, the IFC, the Netherlands Finance Company (FMO), the European Bank for Reconstruction and Development, the European Investment Bank, 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 about EFSE, please visit: <http://www.efse.lu>

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