



## Armenian Central Bank subsidiary Small and Medium Business Credit Support CJSC increases equity investment in EFSE Armenia Local Currency Facility to support small and medium enterprises

**Frankfurt and Yerevan, 18 June 2014** - The European Fund for Southeast Europe (EFSE) received additional AMD 300 million (approximately EUR 0.5 million) capital from Small and Medium Business Credit Support CJSC (SMBCS), a subsidiary of the Central Bank of Armenia to strengthen the Armenia Local Currency Facility.

The Facility was created as a separate investment window within EFSE in December 2011, when the SMBCS invested AMD 875 million to support and promote local currency lending to micro and small enterprises (MSEs) in the country. With this investment, the total contribution by the SMBCS to EFSE will reach AMD 1.5 billion (approximately EUR 2.6 million). As of end of the second quarter 2014, the EFSE will have EUR 43.9 million in outstanding investments in Armenia. This is an increase of 11,7% since year-end.

“In the Central Bank of Armenia, we have found a strong promoter of responsible finance. Through innovative and effective means, CBA contributes to promoting local currency financing for MSEs and thereby mitigates the foreign currency risks,” says Monika Beck, Chairperson of the Board of EFSE. “Therefore we highly welcome this additional investment into the Fund as a sign of confidence in the EFSE and further contribution to the stability and development of the banking sector in Armenia.”

Arthur Javadyan, Governor of the Central Bank of Armenia, said: “We are happy to see that EFSE portfolio is continuously growing both in value and in the number of partner lending institutions in Armenia and the Fund is becoming one of the major sources of SME financing. Further investment of the CBA’s subsidiary in the EFSE’s capital will give Armenian lending institutions a possibility to obtain additional funding from EFSE’s local currency window for SME financing. We hope EFSE in its turn will leverage up the invested finances and contribute to the further growth of its local currency investments in Armenia. SMEs are crucial players for the Armenian economy. Different opportunities of attracting long term funding will enable lending institutions to better serve the financial needs of SMEs helping them to grow, to generate additional income, to create employment and foster the development of the country.”



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

The European Fund for Southeast Europe (EFSE) was initiated by KfW Development Bank (KfW) with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission. It 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. 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. The funding the EFSE provides as long-term finance primarily for micro and small enterprises (MSEs) – but also for private households in the form of home improvement loans – is channelled to these loan customers through local partner lending institutions. 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.

Initiated by KfW Development Bank (KfW) 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, Small and Medium Business Credit Support CJSC (SMBCS), a subsidiary of the Central Bank of Armenia, the Development Bank of Austria (Oesterreichische Entwicklungsbank - OeEB), the Swiss Agency for Development and Cooperation (SDC), the Danish International Development Agency (Danida), KfW 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), 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 the European Fund for Southeast Europe, please visit: <http://www.efse.lu/>



### **About Small and Medium Business Credit Support CJSC**

Small and Medium Business Credit Support CJSC (SMBCS) was incorporated on 28 December in 2010 to support small and medium enterprise (SME) financing in Armenia in cooperation with foreign specialised financial institutions. The main purpose of SMBCS is to establish cooperation with international financial organisations specialised in SME lending, and to find ways of channelling funds from international markets to Armenian financial institutions. SMBCS is a wholly owned subsidiary of the Central Bank of the Republic of Armenia.

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