

EFSE Annual Meeting in Yerevan puts focus on micro and small enterprise financing

EFSE ends 2013 with record volume of EUR 211.3 million in disbursed loans

Frankfurt and Yerevan, 18 June 2014 – More than 200 experts from the financial sector in Southeast Europe and the European Eastern Neighbourhood Region are gathering from 17 to 19 June in Yerevan, Armenia, for the 8th Annual Meeting of the European Fund for Southeast Europe (EFSE). Under the banner “16 countries ... and opportunities for enterprise development”, experts from the Fund’s 16 target countries and professionals from the global development finance sector will discuss the latest industry developments with a special focus on micro and small enterprise financing, risk management and agricultural lending.

The EFSE – one of the largest microfinance funds in the world – is also taking advantage of the occasion to present its financial results for 2013, another record year for many of the Fund’s key indicators. The total volume of loans disbursed in 2013 to local financial institutions for the benefit of micro and small enterprises (MSEs) increased to a new all-time high of EUR 211.3 million disbursed to the EFSE’s 71 partner lending institutions (PLIs). These disbursements served to refinance 121,422 new sub-loans to micro and small enterprises as well as to low-income households for home improvement. On the funding side, new investments lifted available capital to reach EUR 962 million, 66% of which from private investors.

The EFSE Development Facility, which goes hand-in-hand with the Fund in providing technical assistance to its partner institutions mainly for improving quality access to micro and small enterprises as well as to sector bodies, also progressed significantly with 65 projects under management totalling EUR 3.7 million in 2013 alone.

In addition the Annual Meeting provided the setting for presenting the results of the ‘Engaging with small enterprises: New insights into the financial needs of the EFSE target group’ study. The research conducted in Armenia, Serbia and Romania aimed at identifying the gaps in the provision of financial products and services to MSEs, and at proposing solutions for the Fund and its PLIs to close these gaps. One of the key findings confirming the need for dedicated MSE finance was that small enterprises, in particular in the productive and agriculture sector, need financial services adapted to their specific circumstances and require more effective delivery and often more flexible conditions than currently provided.

“With its strong commitment to the Fund, as evidenced for example through its direct local currency investments, we are pleased to follow the invitation of the Central Bank of Armenia and its Governor, Mr. Arthur Javadyan, to hold this year’s annual meeting in the city of Yerevan,” says Monika Beck, Chairperson of the Board of the EFSE. “The Central Bank of Armenia is a pioneer in setting local currency funding high on its agenda. The Armenian dram funding provided by the Central Bank allows the Fund to provide local currency loans to local partner lending institutions and thus increase local currency lending to the final beneficiaries of EFSE funding, i.e. micro and small enterprises as well as low-income households by reducing their exposure to foreign currency risks.”

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/>

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