

EFSE supports Alter Modus in financing micro entrepreneurs in Montenegro

EUR 5 million senior loan to Alter Modus fuels additional long-term financing for local micro and small enterprises



Frankfurt and Podgorica, 8 December 2014 - The European Fund for Southeast Europe (EFSE) reaffirmed the partnership with Podgorica-based Alter Modus with a EUR 5 million senior loan aimed at supporting micro and small enterprises (MSEs) in Montenegro.

Alter Modus is the leading microfinance institution (MFI) in Montenegro with a dense network of 15 branches covering all regions of the country, including remote rural areas. Micro business loans up to EUR 10,000 form the core of its lending activity; the average loan size is less than EUR 1,500. Alter Modus is now broadening its strategy to both address the market for larger loans and retain successful clients with growing businesses by developing new products with loan amounts of up to EUR 30,000 and longer maturities. The EFSE loan will enable Alter Modus to

tap into this potential for growth more effectively in less time.

“With its clear focus on micro and small enterprises and an outstanding track record that spans 15 years, Alter Modus has always been a valuable and effective ally in fostering economic development and prosperity in Montenegro,” says Monika Beck, Chairperson of the Board of EFSE. “Alter Modus has consistently proved able to cope with challenging circumstances as well as adapt to a changing environment, and thus become a close and trusted partner to the EFSE.”

“Alter Modus and the European Fund for Southeast Europe have been cooperating successfully for many years now. The EFSE is our strategic partner and we work together on identifying market needs and providing opportunities for turning entrepreneurial ideas into successful businesses. The new loan agreement comes at the right time, as an additional financial injection in our market it will enable the creation and the continued growth of a number of enterprises,” said Luka Djurovic, Executive Director of Alter Modus.

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 Alter Modus

MFI Alter Modus Ltd. is the largest micro-credit financial institution in Montenegro, specialised in loans to entrepreneurs for investments in growing their businesses as well as to households for home acquisition and/or improvement. Founded with the objective of supporting members of disadvantaged population groups and increasing economic independence through the implementation of microcredit programmes, Alter Modus provides financial services to micro and small enterprises that otherwise have limited access to credit.

For more information about Alter Modus please visit <http://www.altermodus.me/>

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