

EFSE and Crystal MFI to support rural entrepreneurs in Georgia

New USD 3 million loan will finance up to 4,500 new loans in the agricultural sector

Luxembourg and Kutaisi, 2 December 2015 - The European Fund for Southeast Europe (EFSE, the Fund) adds Crystal MFI to its roster of partner lending institutions in Georgia. This new partnership with a microfinance institution (MFI) bolsters the Fund's mission to support agricultural producers and micro businesses in the rural regions of Georgia. The EFSE's USD 3 million loan will be on-lent by Crystal MFI to finance approximately 4,500 additional loans to farmers and micro/small rural businesses. This is the EFSE's first investment in a Georgian MFI and it will broaden the Fund's outreach to a traditionally underserved segment of the economy. In parallel to the EFSE's investment, the EFSE Development Facility will be supporting Crystal MFI with technical assistance in the areas of corporate governance, management capacity building as well as promoting youth entrepreneurship.



With strong roots in humanitarian and NGO work, Crystal MFI is the second-largest microfinance institution in Georgia and dedicated to servicing the needs of micro entrepreneurs and low-income families in the country. Based in Kutaisi, Crystal has an extensive regional presence and is particularly active in agrilending.

“We are pleased to welcome Crystal MFI, one of the few remaining traditional MFIs in Georgia, into our network of partner lending institutions,” says Monika Beck, chairperson of the Board of EFSE. “With its clear commitment to the EFSE'S final target group and a strong focus on agriculture, Crystal MFI is a perfect fit to build further momentum in our mission to provide much-needed financing to entrepreneurs in the more remote areas of our target countries.”

“We are very pleased to start a partnership with one of the leading international investors and thus improve our capabilities to support micro enterprises and the rural sector in Georgia,” said Malkhaz Dzadzua, CEO of Crystal. “We are especially proud that Crystal is the EFSE's first partner MFI in Georgia, and we are confident

that this is just the beginning of a long-term and mutually beneficial partnership. The technical assistance provided by the EFSE Development Facility will be instrumental in improving our corporate governance and management capacity, and will enable us to deliver better and more targeted services to rural micro-entrepreneurs and smallholder farmers.”

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 Crystal MFI

JSC MFO Crystal is one of the leading Georgian microfinance institutions (MFIs) and is dedicated to the micro and small business sectors with the goal of achieving sustainable economic development. Crystal's mission is to support local micro entrepreneurs and farmers in realizing their business potential, reaching financial stability and elevating living standards.

Mainly focused on rural micro-entrepreneurs and smallholder farmers, Crystal started its pilot microlending project in 1998 as a non-profit organisation with USD 10 thousand loan fund. Today, after 17 years of successful growth, Crystal effectively manages USD 50 million in total assets with a gross loan portfolio of USD 40 million. Crystal serves more than 44 thousand active borrowers, 65% of which are rural clients. More than 90% of its funding comes from international financial markets and MIVs.

Headquartered in Kutaisi (West Georgia), Crystal operates across the whole country through a network of 30 branch offices. At 9% market share, Crystal is the second largest non-bank microfinance institution among 70 registered MFIs in Georgia.

Crystal strictly follows responsible lending and best international microfinance practices in its relationship with its clients. Crystal has received several prestigious international awards related to transparency and high standards, including S.T.A.R. MFI status by MIX in 2013 (Socially Transparent and Responsible MFI), the highest "Platinum" level award for Social Performance Reporting by MIX in 2012, and the SMART Award for its "Plain language loan contract for clients" tool.

For more information, please visit www.crystal.ge

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