

EFSE loans EUR 43 million to nine key micro and small business lenders in Western Balkans in response to COVID-19 crisis

Long-term funding to stabilise local financial infrastructure, bolster micro and small enterprises, combat economic effects of pandemic

Luxembourg, 25 June 2020 – In response to the COVID-19 crisis, the European Fund for Southeast Europe (EFSE) has provided a total of EUR 43 million in long-term loans to nine key microfinance and small business lenders in Bosnia and Herzegovina, Montenegro, and Kosovo. The funding will be on-lent to micro and small enterprises (MSEs) to help this vital economic sector overcome crisis-related challenges and continue providing employment and income generation to the region in the long term.

MSEs are the backbone of the economy in Southeast Europe. Yet since the outbreak of the novel coronavirus, the majority of the region's MSEs have reported severe hindrances to their business continuation, including suspended operations, drastic declines in revenue, and cancellation of contracts. The new funding from EFSE will boost the capacity of MSE finance providers to support distressed entrepreneurs while maintaining the institutions' ability to continue sustaining livelihoods and business survival for hundreds of thousands of effected people.

The senior loans have been provided to nine longstanding EFSE partner institutions:

- MCC EKI, Bosnia and Herzegovina (EUR 8 million)
- MCC Mikrofin Sarajevo, Bosnia and Herzegovina (EUR 7 million)
- MF Banka, Bosnia and Herzegovina (EUR 7 million)
- MFC Partner, Bosnia and Herzegovina (EUR 5 million)
- MFI Alter Modus, Montenegro (EUR 5 million)
- MCF MI BOSPO, Bosnia and Herzegovina (EUR 3 million)
- Kreditimi Rural i Kosoves, Kosovo (EUR 3 million)
- KEP Trust, Kosovo (EUR 3 million)
- Agjencioni për Financim në Kosovë, Kosovo (EUR 2 million)

EFSE Board Chairman Christoph Tiskens said: "EFSE has its foundations in bolstering the crucial financial infrastructure that provides micro and small enterprises with the resources they need to grow and succeed. In times of crisis, especially where entrepreneurs are among the hardest hit, it is at the very core of EFSE's mission to serve as a steadfast partner to the hardworking local financial institutions who serve MSEs. I would like to extend particular thanks to our public investors in their speedy collaboration and shared vision. It is through partnership – with dedicated financial providers, their clients, and high-impact supporters like the EU and BMZ – that we as a community will combine our strengths to withstand this crisis."

About EFSE

An impact investment fund established in 2005, the European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe and the Eastern Neighbourhood Region by investing in the success of micro and small enterprises as well as improved living conditions for private households. As access to financial services is key to developing this segment, EFSE focuses on helping local financial sectors strengthen their ability to provide responsible financing for this target group. Alongside its investment activities through local partners, EFSE multiplies its impact through the EFSE Development Facility, which provides technical assistance, training, and other nonfinancial support to entrepreneurs and institutions.

EFSE was initiated by KfW Development Bank with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission. As the first public-private partnership of its kind, EFSE draws its capital from donor agencies, international financial institutions, and private institutional investors.

Finance in Motion GmbH, Germany, serves as EFSE's advisor and Hauck & Aufhäuser Fund Services S.A., Luxembourg, acts as manager.

For more information on the European Fund for Southeast Europe, please visit: www.efse.lu

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