

EU4Business-The EU Local Currency Partnership Initiative: the European Fund for Southeast Europe (EFSE)

Period of implementation: 20.12.2018 - 20.06.2039

EaP countries:

Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine

EU contribution: € 50 320 000

Implementing organisation(s):

KfW

Project website: efse.lu

Project description:

The Fund aims to foster economic development and prosperity through the sustainable provision of additional development finance, notably to micro and small enterprises (MSEs), as well as to private households, via qualified local financial institutions.

The EFSE's objective is to develop local financial markets following sustainable and market based principles, set loan standards, reduce shortage of medium and long term financing, and implement rules of responsible finance. In the Eastern partnership countries, the Fund has financed sub-loans to end-borrowers of an average loan size of approximately €10 000 and expects to continue this. The Fund is projected to support an additional 74,000 MSMEs or private households with financing to reach a total accumulated number since inception of the Fund in the Eastern Partnership countries of around 250,000 beneficiaries by 2037. The Fund expects to disburse an additional total volume of €1 billion of sub-loans to MSMEs or private households in the Eastern Partnership countries. In terms of numbers, the share of micro loans will be clearly dominating.

Expected results:

The action will address the key areas of vulnerability for businesses in the Eastern Partnership countries by:

- Providing access to medium term credit in Local Currency for underserved MSMEs and low-income households without exposing them to foreign currency risk.
- Improving access to finance and job stability/creation.
- Increasing in local banks' lending to MSMEs and low-income households, thereby sustainably improving their access to finance.
- Leveraging public and private capital (catalytic effect).
- Strengthening inclusion of local financial market.



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