



EUROPEAN FUND FOR SOUTHEAST EUROPE

EFSE – An investor's perspective

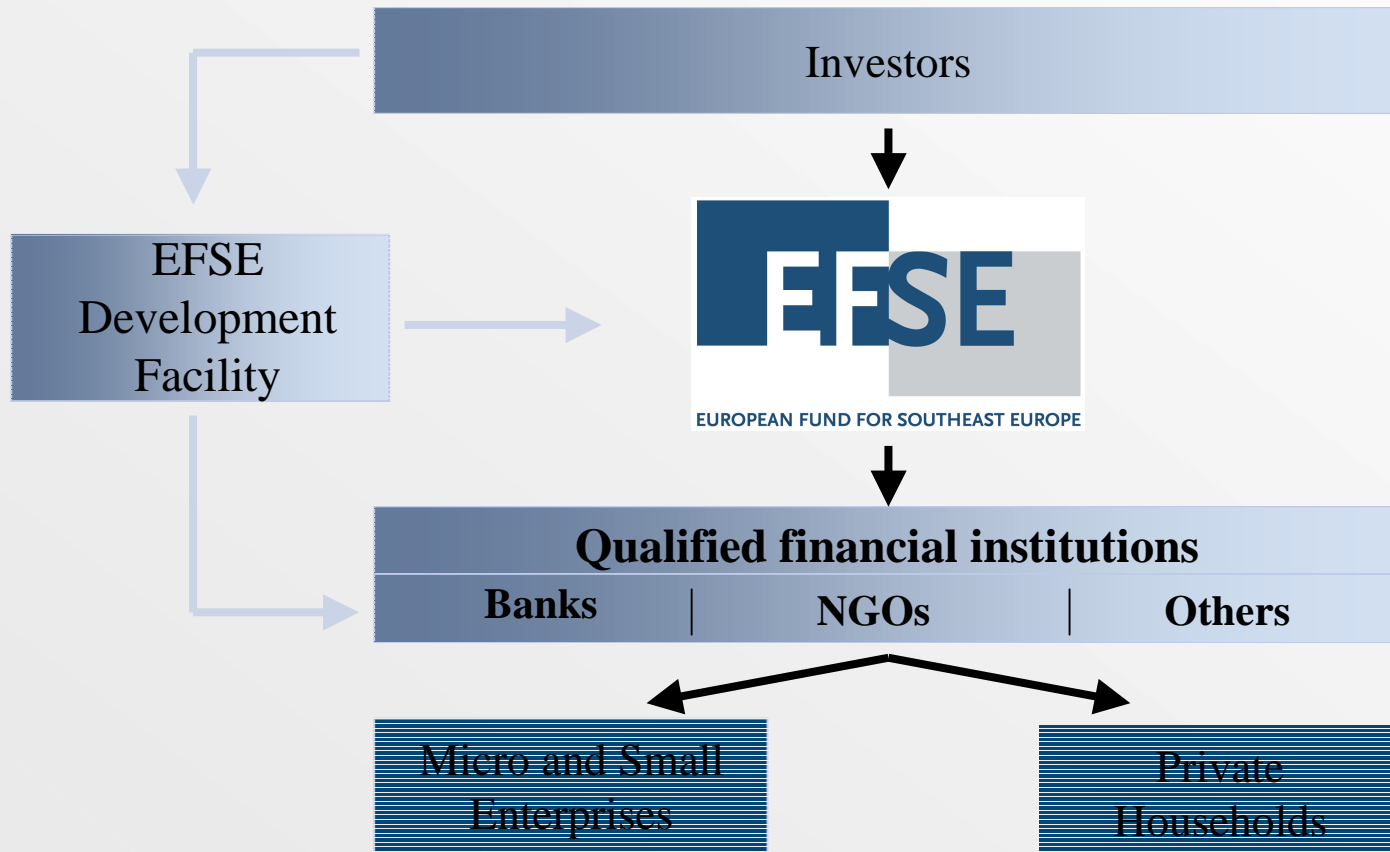
Bern, 15 June 2007



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1. EFSE - overview

Working Mechanism

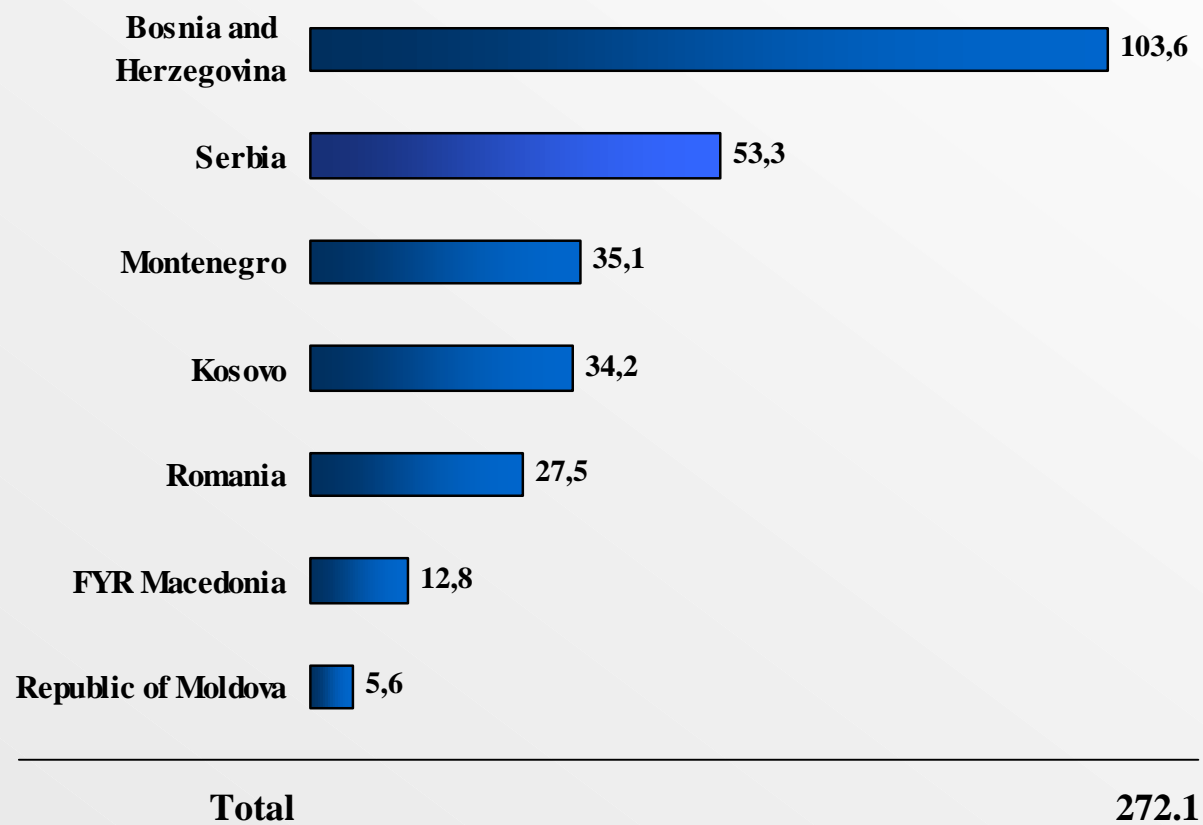


EFSE – First Class Shareholders and Efficient Private Management

- **Shareholders:**
 - **Public Investors:** EU (EIF), German, Swiss, Austrian Government, (Kosovo, Montenegro, Bosnia and Herzegovina, Serbia)
 - **International Finance Institutions:** IFC, EBRD, FMO, KfW, (EIB)
 - **Private Investors:** Bankakademie, Credit Cooperatíf, Bankhaus Oppenheim, Deutsche Bank AG
- **Structuring Investor / Promoter: KfW**
- **Advisory Group**
- **Funds Manager: Oppenheim Pramerica Luxembourg & Bankakademie Frankfurt**
- **Administration Agent: Citibank Luxembourg**

Investment Portfolio (March 2007)

In EUR million



Development Performance (March 2007)

Number of active borrowers

54,048

Average loan outstanding to micro and small enterprises

4,002

Loans to micro and small enterprises below EUR 10,000

92%

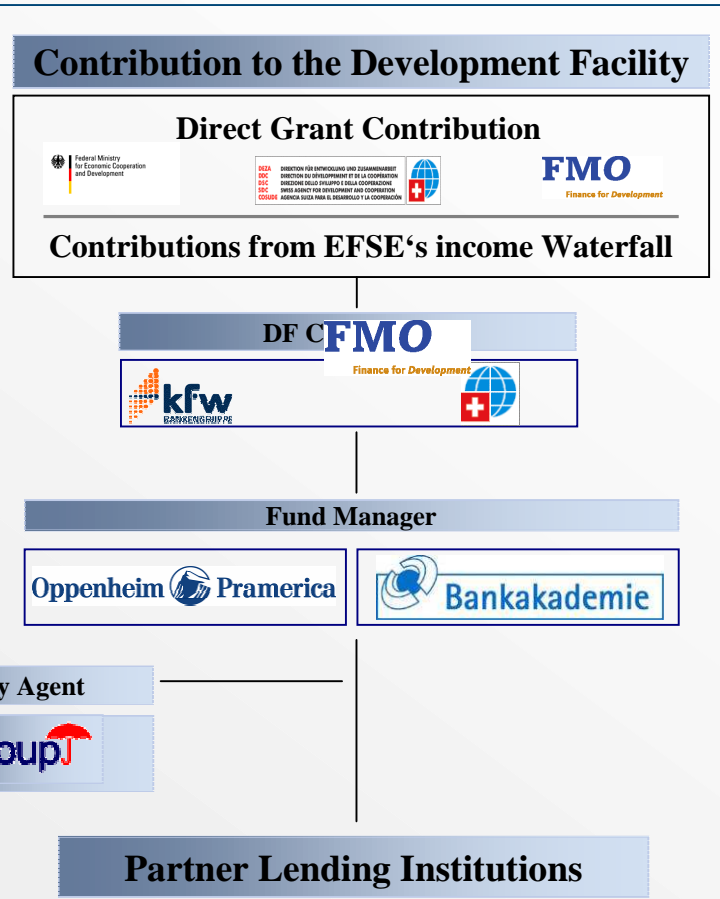
Development Facility

Complementary non-financial services:

- Technical assistance (TA) for PLIs
- Research & Development / Impact Studies

Principles of TA:

- Enlarging outreach and addressing risk
- Focus on key processes
- Cost sharing by PLIs
- Development of TA packages
- Cooperation with other Donors
- Transparency





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2. FAER and LAM

Transformation and support

Key issues to qualify for an investment

- Performance
 - Lending operations and portfolio quality
 - Operating costs and profitability
- Management and governance
 - Management capacity
 - Board level guidance
 - Transparency (& reliable audit)
- Vision
 - Target group orientation
 - Strategic planning
 - Long term vision: graduation and transformation

Vision – growth and commercial refinancing?

Taking on commercially priced debt has to fit with the MFI's vision

Dimensions

- Increase efficiency
- Passing on higher funding costs to clients
- Realising the full (rural) market potential
- Fostering growth, scaling up
- From passive to active marketing
- Management attitude
- Long-term vision

Action plan FAER and LAM

- Raise PF yield
- Product development
- Growth by minimising cash
- Maintain PAR – Improve analysis and monitoring
- Incentive system
- Efficient MIS
- Maintain low operating costs
- Merger (equity, scale-up)

EFSE TA support



(completed)

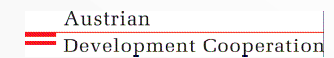
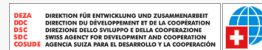
- Exposure to EFSE partner MFI

(under implementation)

- Support in product design
- Support in strategic planning (incl. merger preparation)

(potentially)

- Credit operations
- Management tools and capacities
- In-house market study
- Facilitation of the merger process
- Marketing and sales training
- Internal control and audit training



Public Private Partnership for Development Finance in Southeast Europe

