

# EFSE promotes the power of local currency financing in Ukraine

## “Local Currency for Local Success: Ukraine Edition” event connects regional financiers, regulators, and investors to advance responsible finance in Eastern European Neighbourhood Region

**Kyiv and Frankfurt, 4 March 2021** – On 4 March, the European Fund for Southeast Europe (EFSE) brought together local and regional leaders and authorities from the financial sector for an online conference on the role of local currency lending in fostering sustainable economic growth. At the event, titled “Local Currency for Local Success: Ukraine Edition”, over 60 participants tuned in from several countries in the E.U. Eastern Neighbourhood Region and beyond for insights and exchange on how local currency financing supports business development, empowers entrepreneurs, and protects them from exchange rate risks – an especially relevant safeguard in the uncertain times brought about by the COVID-19 pandemic.

Mr Oleg Churiy, former Deputy Governor of the National Bank of Ukraine, joined the main panel on topics ranging from policy considerations for de-dollarizing the banking sector to facilitating local currency lending on a practical level for financial institutions. Attendees included high-level central bank representatives from Armenia, Georgia, Moldova, and Ukraine, as well as from the EU Directorate-General for



Neighbourhood and Enlargement Negotiations. The discussions and keynote addresses were supplemented by an interactive Q&A session for direct exchange between participants.

Local Currency for Local Success: Ukraine Edition is part of an event series within EFSE’s Power of Local Currency campaign, which seeks to promote the awareness and practice of local currency lending across the European Eastern Neighbourhood Region. In line with its mission to promote sustainable development through responsible finance, the fund itself provided local currency loans to partner institutions equivalent to EUR 190 million in 2020. EFSE is supported in this endeavour by the European Union, which provided generous contributions to the fund for this purpose under its EU4Business initiative.



EFSE Board Chairperson Dr Klaus Müller said in his opening address: “When entrepreneurs can finance their businesses using the same currency in which they make their income, they can invest responsibly in their future. They protect their cash flows from exchange rate fluctuations; they can plan more reliably; they can more securely grow and develop and continue their operations, contributing to overall economic health, employment, and prosperity. That is the power of local currency.”

Oleg Churiy also remarked on the benefits of local currency financing from a macro perspective. “A higher level of local currency financing is beneficial for the whole country. It improves monetary policy transmission and helps make the central bank’s monetary policy more effective, enabling the regulators to more easily achieve their targets for low, stable inflation.”

### **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](http://www.efse.lu)  
For more information on Finance in Motion, please visit: [www.finance-in-motion.com](http://www.finance-in-motion.com)

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