



Newsletter 01/2024

April 2024

Armenia • Georgia • Tajikistan • Ukraine

To empower MSMEs in rural areas and improve access to sustainable financial services – that is the mission of our regional project. Together with our partners, we have achieved great results.

With our partner financial institutions, we implemented several measures to improve credit processes and client communication. You can read about some results in this newsletter. In addition, we supported in developing tools and materials that facilitate the implementation of ESG strategies and requirements. Learn about one of these tools below.

The educational programmes on entrepreneurial literacy were established in all project countries, with remarkable impact as Marhabo's journey shows. In Tajikistan we also offer a programme on financial literacy. The content and the materials have been developed together with our partners to best meet the participants' needs. The Business Games offered by German Sparkassenstiftung are part of all trainings.

We would like to thank our partners for their reliance, commitment, and enthusiasm.

Our 2023 results in figures



Access to finance

Automized loan approval process

Improved client communication

From MFI to Microbank

Better access to finance for legal entities



Entrepreneurial literacy

37 local trainers

6 ToT

30 trainings conducted

809 satisfied participants



Financial literacy

15 local trainers

2 ToT

15 trainings conducted

432 satisfied participants

ESG

3 Risk Radar

7 Sustainable Finance Compasses

4 ESG transition plans

ESG tools and materials



Voices from Armenia

In collaboration with German Sparkassenstiftung, we have developed a new scoring system to enhance our lending processes. It facilitates a

swift automated assessment of a client's creditworthiness. Depending on the decision, a check by the loan officer will still be possible. Approximately 80 % of our customers will be able to benefit from the improved approach. By making

our internal processes more efficient, we can focus on customer relationship management, product development, and monitoring.



Armen Gabrielyan, CEO and President, Farm Credit Armenia UCO

In 2023, we faced a transformative year, marked by the merger with SEF, one of Armenia's largest credit institutions. How to communicate the changes to employees, 35,000 clients, and the public? We wanted to ensure that they understood the benefit of what was happening. DSIK supported us to elaborate a detailed communication plan. It helped us to avoid stressful situations and share our vision of dynamic growth for our clients in rural areas and responsible finance. A transformation plan for sustainable finance has already been developed.



Mariam Yesayan, CEO, AREGAK UCO

Read the full interviews [here](#):



A Tool from Georgia

Financial institutions have a direct or indirect impact on the environment throughout their core activities. Greenhouse Gas (GHG) emissions are produced not mainly through their own operational activities, but by financing sectors that generate GHG emissions. This type of emissions is known as Financed Emissions.

For calculating Financed Emissions, the National Bank of Georgia and German Sparkassenstiftung have developed a tool, based on the international PCAF-standard (Partnership for Carbon Accounting Financials). The Financed Emission Tool helps financial institutions to analyse their credit portfolios, uncover climate change risks, and make environmentally friendly strategic decisions.



The tool was introduced to the financial sector in a joint workshop. Financed Emissions Tool, methodology, and detailed results can be found on the [web page](#) of the National Bank of Georgia.



A Story from Tajikistan

Marhabo Solieva's journey from sewing enthusiast to successful entrepreneur began with entrepreneurial literacy training supported by German Sparkassenstiftung.



Marhabo's journey: turning passion into a business

The training helped her gain essential skills such as managing a business, understanding customer needs, planning finances, and calculating costs effectively. Today she runs a successful family business with her daughter. She has been able to hire three employees. Her story proves that education and determination lead to success.

Watch out more stories [here](#):



New opportunities in Ukraine

A new version of the Law on Credit Unions came into force in Ukraine in 2023. It expands the range of financial services that credit unions can offer their members. In addition to individuals, as previously provided, members can now include a defined list of legal entities.

For the MSMEs served by our partner financial institution Anisia, this means that in future they will be able to separate their business and private lives when using financial services. This increases independence and security for the families.

A further advantage of the new version of the law is that credit unions can now finance themselves from other sources in addition to their members' funds and be active in selected other business

areas. Credit unions are supervised by the National Bank of Ukraine.

We supported Anisia in the legal and technical preparations for the implementation of the new law. This also included the development of a new scoring model for lending and the optimization of credit processes.



Our regional project

Socio-Ecological Transformation of the Rural MSME Sector and Sustainable Financial Services

Goal

Improve access to a future-oriented, sustainable financial market for the population and MSMEs in rural areas and strengthen the sustainable use of demand-oriented financial services
Improve the financial, entrepreneurial, and ecological competences

Countries

Armenia, Georgia, Tajikistan, Ukraine

Duration

1.1.2023-30.9.2025 (first main phase)

Partners on side

- National and Central Banks of the countries
- Commercial banks and MFIs with a strategic focus on MSMEs in rural areas
- Ministry of Labour, Migration, and Employment (Tajikistan), Associations of entrepreneurs

Partner in Germany

- Ostdeutscher Sparkassenverband
- Sparkassenverband Westfalen-Lippe
- Sparkasse Elbe-Elster, Finsterwalde

- Sparkasse Märkisches Sauerland Hemer-Menden, Hemer
- Sparkasse Muldental, Grimma

The project is funded by the Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany (BMZ).



Armenia



Georgia



Tajikistan



Ukraine



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