

Dutch Good Growth Fund



Ministry of Foreign Affairs of the Netherlands

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SEF Armenia

SEF was established in 1997 as one of the first providers of small business development loans in Armenia. Currently SEF manages a loan portfolio of USD 22 million with an outreach of 28,000 clients in all regions of Armenia. SEF has a broad rural presence and focuses on lending to small businesses and rural farmers. The portfolio is allocated to agriculture (55%), business loans (18%) and consumer loans (27%). Recently SEF launched an SME product line and SME loans now make up 12% of the overall portfolio. SEF focuses on the lower segment of SME clients, e.g. loans between USD 5 thousand and 50 thousand, which are typically overlooked by the established SME finance providers in the market. SEF's primary SME target segment are rural farmers who seek medium to long term funding to finance the purchase of secondary market agro machinery. The second target group are current and new SME clients in the capital city, who seek fixed assets financing, mainly related to renewal of production and trade equipment and vehicle purchase. In addition SEF provides funding in local currency to more vulnerable SME clients who are not able to diversify their income sources to manage foreign exchange risk.

Sector(s)

Agriculture, agri-business, business- and consumer loans.

Amount Invested

USD 4 million / EUR 3.5 million. Disbursed and repaid in the local currency, Armenian dram.

Manager of the Financial Institution

SEF is a microfinance institution and SME lender headquartered in Yerevan, Armenia with 20 branches across most regions of the country.

Impact

The expansion of SMEs in Armenia is hampered by the current lack of affordable local currency funding resulting from the on-going currency devaluation. By providing much needed local currency funding the DGGF loan will enable SEF to grow its SME portfolio and support SME clients vulnerable to FX risk, which is especially an issue in the rural areas. The DGGF loan will be allocated to the lower SME segment and small farms to finance their acquisitions of equipment, agri-machinery or vehicles. With this transaction SEF is expected to finance more than 300 SMEs with a significant outreach to DGGF target segments of women and young entrepreneurs.

Technical Assistance

DGGF provides support from the SC&BD program to enable SEF to optimise its SME products, to develop its SME lending methodology and to build the capacity of SEF staff to serve SME clients.

Website: <http://sefmicro.org/>