



GPI SME Finance Subgroup: 2015 Work Plan

Objective of the Subgroup:**Implementation of the FIAP**

The **Financial Inclusion Action Plan** was approved by the G20 Leaders in 2014 to advance financial inclusion through 10 areas of action over and sets out the following key actions to increase access to finance for formal and informal micro, small and medium enterprises in emerging and developing economies to stimulate business and entrepreneurial activity for income, job creation and poverty reduction:

1. Accelerate and replicate successful policy reforms that facilitate the expansion of financial services to SMEs
2. Establish the SME Finance Forum as global center for good practice knowledge exchange and promotion
3. Improve financial access through the SME Finance Compact, SME Finance Initiative, and key development achievements

It further asks to integrate the following cross-cutting themes

- innovation;
- women's economic empowerment;
- data harmonization;
- cooperation with the private sector; and
- outreach and promotion

into the yearly work plan building upon the previous activities.

Further, the Sub-groups will strengthen the collaboration with other G20 workstreams such as the IIWG but also other relevant initiatives in particular the G7 Deauville Partnership and its 2015 work on financial inclusion to support the overall effort to avoid duplication and to enhance efficiency and effectiveness.

Moreover, the Subgroup is going to ensure an effective dialogue with the G20 outreach groups such as B20, T20, Y20, L20 and C20, by taking into consideration their important role to inform the GPI on the views of various stakeholders and hence enrich and deepen our discussions.

Subgroup Structure

- Co-chairs (countries): Germany, Turkey, Korea
- Countries participating in subgroup work (non-G20 and G20): Non-G20: Malaysia, The Netherlands, Switzerland, G20: Australia, Argentina, Brazil, Canada, China, France, Italy, India,

Indonesia, Japan, Mexico, Russia, Saudi-Arabia, South Africa, Russia, United Kingdom, United States of America.

- Subgroup Implementing partners: Alliance for Financial Inclusion (AFI), Consultative Group to Assist the Poor (CGAP), World Bank/International Finance Cooperation (IFC), OECD, IFAD,
- Affiliated Partners: Women's World Banking (WWB), Global Banking Alliance for Women (GBA), Better Than Cash Alliance (BTCA, ILO, Child and Youth Finance International (CYFI), Microinsurance Network.

Key Outcomes

1. Realizing access to finance for SMEs at the country level: Implementing the SME Finance Compact in particular in LICs

SME Finance Compact

The implementation of the SME Finance Compact launched in 2012 is ongoing with the Alliance for Financial Inclusion SME Finance Working Group established in 2013 to support peer learning amongst regulators, identify regulatory and policy challenges, develop data indicators for SME finance and document successful policy approaches, as an important initial step and to support further activities under the SME Finance Initiative and the Financial Inclusion Support Framework. The Financial Inclusion Support Framework (FISF) of the World Bank Group includes actions to improve SME access to financial services in the design of the 7 initial country programs (Indonesia, Rwanda, Mozambique are launched, and a further 4 are in preparation), which will help accelerate the design and implementation of SME finance initiatives, policy reforms, and regulatory measures. The sub-group continued expansion of the SME Finance Initiative in 2014 which will seek to add at least one new investment partner and expand its geographic range of activity during 2015 .

The G20 GPMI in 2015 will promote the development of innovative models and approaches to address SME finance challenges faced by Low Income Developing Countries (LIDCs), and provide a platform for countries which are raising the focus on SME access to finance, including through:

A September workshop session during the GPMI Annual Forum to showcase progress made by G20 and non-G20 countries in line with the SME Finance Compact, including public and private sector representatives.

A workshop report would be prepared as an SME Finance Compact output, synthesizing the models and lessons shared by countries for the workshop. This could also draw from previous analytical work carried out in cooperation with IFC, MFW4A and G20 partners.

A Review of options for scaling-up support to innovative support to SME finance and facilitating new partnerships to implement the SME Finance Compact in 5-10 further developing countries, in particular LIDCs.

Joint Action Plan of GPMI SME Finance Sub-group and IICG on SMEs

The G20 Investment and Infrastructure Working Group (IIWG) and the G20 GPFI SME finance Sub-group have both been working on topics related to the promotion of SME in emerging and developing countries that are ranging from supporting improvements in investment climate, facilitating financial intermediation, building stable financial systems in countries providing access to finance for SMEs in accordance with responsible finance principles and deepening and sharing knowledge in specific areas.

In order to avoid duplication of efforts and increase cooperation of G20 workstreams the SME finance Sub-group will work together with the IIWG to identify topics that should be addressed in joint effort combining the relevant expertise and develop a joint action plan which tables agreed topics and joint activities to be carried out and the respective timeline. It will become part of the work plan of both IIWG and SME Sub Group.

The Joint Action Plan will provide a framework to (a) facilitate a dialogue between the G20 GPFI SME finance Sub-group and the G20 IIWG, (b) extend successful G20 endorsed reforms and policy measures in G20 and non G20 countries in order to increase the availability of finance for SMEs to grow and create jobs, and (c) advance the agenda for SME finance across different G20 work streams with a focus on LIDCs, including additional work from implementing partners and International Organizations (IOs), with the aim of leveraging the G20 for greater investments in and by SMEs. It will be supported by IOs currently active in supporting the work of the IIWG and the GPFI, such as AFI, IFC, the OECD and other relevant implementing partners.

The Joint Action Plan will rest on two pillars (1) moving to country level implementation on the basis of previous diagnostics against international best practices in selected areas of financial markets infrastructure (2) deepening the knowledge and policy agenda in topics with strong potential for improving SME access to finance in LIDCs such as closing the SME finance data gaps; accelerating SME finance through digital finance

Timelines and process for reporting on progress against the activities will be spelt out in the Joint Action Plan.

Innovation in Agricultural Finance

The SME finance Sub-group will prepare Issues Papers on selected topics for the roundtable workshop in September Istanbul preceding the GPFI Annual Forum. The Issues paper will address (i) agricultural insurance, (ii) value chain finance, (iii) financing for women in the agricultural sector, (iv) ICT solutions for agricultural finance, and (v) smallholder demand for financial services. Following -up to the conference: the issues papers will be revised to reflect the outcome of the discussions. Based on this a synthesis report will be produced that links the five thematic topics to previous work on agricultural finance by the G20, namely the 2011 and 2012 reports.

Financial Inclusion and Youth

CYFI will promote the new focus on youth entrepreneurship within the SME Finance Subgroup agenda in coordination with the other Subgroups, and leveraging the various events in the pipeline culminating with the GPF Forum.

CYFI aims to contribute to the SME Finance Subgroup, and GPF Forum, by launching a Global Platform for young entrepreneurs during the September meetings.

The launch and related topics addressed at the event will build on outcomes from Izmir's workshop in June. The event will gather together young entrepreneurs, public and private sector representatives from GPF member countries and other countries, with a particular focus on LIDCs to ensure alignment with the SME Finance Compact agenda.

The event will focus on: i) the creation of a global community for young entrepreneurs and practitioners; ii) its relevance for creating opportunities on access to finance, capacity building and data collection; iii) models for the implementation of a national platform for coordinating youth entrepreneurship nationally; iv) connect young entrepreneurs with potential funding partners and opportunities.

2. Scaling up engagement with private sector to deliver innovative financial inclusion solutions to help closing the SME finance gap

Private sector engagement strategy

As asked for by the FIAP and the Turkish Presidency the SME Finance Sub-group will lead and scale-up engagement with the private sector, in order to better harness the potential investment, capacity and reach of financial service providers. Led by the SME Finance Forum, in coordination with the other sub-groups and the B20 Financing Growth and SMEs and Entrepreneurship working groups, the SME finance Sub-group will, in 2015, develop a private sector engagement strategy together with its implementing and affiliated partners which will be presented at the GPF Forum in September and lay the ground for future action. Lessons learned from the SME Finance Challenge and impact reached by the winning proposals will also be presented at the GPF Forum.

Additionally, the SME Finance Sub-group will initiate and help structuring a close cooperation of the GPF with the AFI Global Public-Private Dialogue Platform (PPD) to facilitate a systematic dialogue and inputs from the private sector in the key areas of its focus.

Against this background AFI leaders will hold at its 2015 GPF in Maputo, Mozambique a high-level public-private consultation on SME Finance together with senior private sector executives and representatives from the GPF. Following that session, a representative from AFI (a member), together with the AFI ED and a senior representative from the private sector (one of AFI's private sector strategic partners) will be invited to report back at the GPF Annual Forum in September the key outcomes of the GPF SME Finance session, which will then be discussed and incorporated where appropriate into the GPF's SME strategy and work stream.

SME Finance Forum conversion

The sub-group will also assist over this and the coming presidencies, the transformation of the SME Finance Forum into a global membership body for private and public financial institutions (banks, non-bank finance companies, development banks, fintech companies, etc). This will provide both a sustainable legacy for the Sub-group's work and a permanent platform for public-private collaboration in SME Finance knowledge sharing, networking and good practice promotion.

SME Finance Innovation workshop

Workshop to be held June 1-2, 2015 in Izmir to focus on:

Financing start-ups, women or youth owned enterprises, non-traditional models for financing entrepreneurship bank financial services providers , alternative data sources, crowdfunding e, e-commerce and supply chain, , long term financing and regulatory perspectives on promoting innovation for SME finance.

It will bring bankers, investors and fintech companies, mostly from private sector, together with policy makers to discuss the hands-on practices and enabling environment reforms that overcome previous obstacles to success in this area.

Timeline of Events and Outputs

Date	Event	Location	Activities
March 9-17, 2015	Global Money Week	<i>Global – advocacy and social media campaigns in all participating countries</i>	CYFI proposal to coordinate a world-wide awareness initiative at the Global Money Week
April 2015	Spring Meetings – Financial Inclusion Seminar	Washington DC	G20 Turkish Presidency to be featured
April 28, 2015	G7 Deauville Partnership High Level Conference on Responsible Financial Inclusion for Social Inclusion and Stability	Berlin, Germany	Discussion and Action Plan on Responsible Finance, SME finance and digital finance in the region, outreach to G20
May 25-27, 2015	AFI SME Finance Working Group (SMEFWG)	Kuala Lumpur, Malaysia	AFI peer learning activities
June 1-2, 2015	GPFI Workshop: SME Finance	Izmir	Focus on “Financing Entrepreneurship-Innovative Solutions”

June 3, 2015	GPI Meeting	Izmir	Outcomes of the workshop, review of the Subgroups' work and the way forward
June 24-26	IFI – DFI SME Working Group / SME Innovation Challenge	London	IFC-EBRD co-hosted
September 1-4, 2015	AFI Global Policy Forum (GPF)	Maputo, Mozambique	G20 Turkish Presidency will also organize a "Side Event on SME Finance" Engagement with the LDICs for SME Finance Compact
September 7-9, 2015	Responsible Finance Forum VI Evidence and Innovation for Scaling Responsible Digital Finance	Antalya	Engagement with policymakers, financial service providers, and researchers in an evidence-based discussion on consumer protection measures, financial education approaches, the design and delivery of financial products and services, and regulatory frameworks and codes of conduct
September 9, 2015	SMEs and Agrifinance Roundtable	Antalya	Roundtable to build upon and update on the agrifinance work produced for the G20 in 2011 and 2012 – to present findings of new issues notes that are part of the 2015 workplan.
September 10, 2015	SME Finance Compact Showcase / Progress Workshop	Antalya	Showcase progress made by G20 and non-G20 countries in line with the SME Finance Compact. Produce recommendations for further G20/GPI support for country-level work.
September 10, 2015 - along the SME Finance Compact	Ye! Global Launch	Antalya	Event's concept note and proposal attached
September 11-12, 2015	GPI Forum and Plenary	Antalya	Main theme is Private Sector Engagement

November 2015	SME Finance Forum , Global Membership launch	Antalya	SME Finance Forum Global Membership launch
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Output	Release date
Agrifinance roundtable workshop including issues papers/synthesis report	September/November
Joint Action Plan of GPFI SME Finance Sub-Group and IIWG on SMEs	For Finance Ministers' Meeting (final)
GPFI Private Sector Engagement Strategy	GPFI Forum
Partnerships / Programs linked to the SME Finance Compact	GPFI Forum
Youth Entrepreneurship Mapping (regulation, practices)	GPFI Forum
Alternative data in SME finance	Izmir for presentation and GPFI Forum for final paper

Annex / Attachments (To be provided):

- 1) Note on Ye! Global Launch
- 2) CYFI's proposal of contribution to GPFI in promoting financial inclusion for Youth
- 3) National Financial Inclusion Strategies and the SME Finance Compact (WB) and Annex
- 4) G20 GPFI SME Finance Sub-Group – Agricultural Finance – Proposed Work for the Turkish Presidency
- 5) Concept Note SME Finance Compact
- 6) SME Finance Forum Annual Report 2014
- 7) Draft IIWG-GPFI Joint Action Plan on SME finance