

GPIFI Subgroup: SME Finance

2018 Work Plan

Objective of the Subgroup:

The SME Finance Subgroup focuses on improving SMEs access to finance both in G20 and non-G20 countries, including low-income developing countries.

*To achieve this goal, the SME Finance Subgroup will work on the action areas defined in the **2017 G20 Financial Inclusion Action Plan**:*

***Action Area 1:** Promote national/global policy reforms (and support implementation efforts) that facilitate the expansion of financial services to SMEs in G20 and non-G20 countries via the implementation of the G20 Action Plan on SME Financing, the G20 High-Level Principles for Digital Financial Inclusion, the G20/OECD High-Level Principles on SME Financing, and the SME Finance Compact via leverage of the SME Finance Forum.*

***Action Area 2:** Identify and promote institutional-level good practice, including specific policy and reporting reforms specifically targeted at helping SMEs from particularly difficult and/or underserved segments, including women entrepreneurs, youth entrepreneurs, rural entrepreneurs, forcibly displaced persons and other vulnerable groups.*

Subgroup Structure

- **Co-chairs (countries):** Germany, Turkey
- **Countries participating in subgroup work (non-G20 and G20):** Argentina, Brazil, Canada, Indonesia, Italy, Netherlands, Russia, Saudi Arabia, Switzerland and USA
- **Subgroup Implementing partners:** Alliance for Financial Inclusion (AFI), IFAD, OECD, SME Finance Forum and World Bank/International Finance Corporation (WBG)
- **Affiliated Partners:** Women's World Banking (WWB), Global Banking Alliance for Women (GBA), Child and Youth Finance International (CYFI), Microinsurance Network and World Business Angels Investment Forum (WBAF). In addition, the Subgroup benefits from the support of, and supports, the Office of Her Majesty Queen Máxima of the Netherlands, the UN Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA) and Honorary Patron of the GPIFI.

The Subgroup will continue to work in close collaboration with other GPIFI Subgroups as well as the Temporary Steering Committee on Financial Inclusion for Forcibly Displaced Persons, and with other G20 groups, Implementing Partners and with non-G20 countries and the private sector, as appropriate.

Key Outcomes

Key outcomes for the Subgroup during 2018 will include:

1. Policy guide - Use of alternative data to enhance credit reporting

Under the German Presidency in 2017, the SME Finance Subgroup has endorsed the GPIFI report "Alternative Data Transforming SME Financing". Based on this work, the SME Finance Subgroup will support Argentina's Presidency to develop in collaboration with the International Committee on Credit Reporting (ICCR) policy guidance to regulators and policymakers on the application and use of alternative data to enhance the creditworthiness of informal SMEs and individuals.

It will distil key policy tools, guidelines and actions and shall cover policy opportunities, such as:

- a) improving availability and accuracy of information from government databases
- b) expanding credit information sharing
- c) enabling responsible cross border data exchanges,
- d) balancing integrity, innovation and competition.

On-going Activities of the GPFI SME Finance Subgroup

Further, the SME Finance Subgroup will continue to work on activities that have been started in 2017 and will start to work on the implementation of the updated 2017 G20 Financial Inclusion Action Plan.

2. G20 Action Plan on SME financing

The Implementation Framework of the G20 Action Plan on SME Financing that was adopted at the 2016 Hangzhou Summit, has been rolled out in 2017. In 2018, the Subgroup will continue its outreach activities to non-G20 countries to disseminate the knowledge and the approach to encourage its implementation in their country and to join the SME Finance Compact. The implementation of the SME Finance Compact is ongoing in partnership with the Alliance for Financial Inclusion (AFI) and the World Bank Group. Under the SME Finance Compact, several AFI member countries announced their commitment to include SME Finance in their National Financial Inclusion Strategies, as a priority area. In this context, willing AFI SME Finance Working Group members will be encouraged to implement the Action Plan and to undertake the self-assessment to identify and prioritize areas of reform.

3. Data Harmonisation

At both the national and financial institution levels, there are a number of data collection exercises on SME finance that would benefit from better coordination, with a view to a process of harmonization of definitions and methodologies at the national and DFI levels.

In 2017, in a first step an overview/stocktaking of existing and planned multilateral initiatives in data collection on SME finance was conducted. This examined the “macro” sources of country-level data available. This initial step already revealed substantial data gaps in critical areas, and the lack of regular, comprehensive data supply on SME finance from most countries. The OECD Scoreboard on Financing SMEs and Entrepreneurs is an example of international efforts to increase transparency and improve coordination on definitions across a broad range of countries and indicators¹. The next phase of the work, undertaken since the Berlin meeting, has focused on “micro” level data collection by development finance institutions from individual banks and other lenders/financiers. This work will be reported back to the GPFI at the February meeting in Buenos Aires.

Based on the results of the stocktaking, the GPFI will produce suggestions for review and approval during the Argentine presidency, for how data resources could be improved through coordination of activities by major collectors. This will include how gender, youth and other key cross-cutting information on SME access to finance can be expanded through this data coordination. In the longer run this work will consider how harmonization of collection methods might be supported through the G20 and its implementing partners.

¹The OECD Scoreboard currently covers 43 countries from most major regions of the world.

4. Financial Inclusion and Youth and Women

In 2015, the SME Finance Subgroup, together with its Affiliated Partner Child and Youth Finance International (CYFI) launched a Global Platform for young entrepreneurs called Global [Ye! Community](#). Since 2016, CYFI is handing out the Ye! Global Youth Entrepreneur Awards supported by the GPFI SME Finance Subgroup.

In 2017, CYFI and the SME Finance Forum began a stocktaking of successful practices in financing young entrepreneurs. In 2018, this stocktaking will be completed, including recommendations for how good practices can be encouraged through policy reform and other G20-backed initiatives.

Further, the SME Finance Subgroup will conduct some research on the elements of an enabling environment that promotes the emergence and scaling up of DFS technologies for agriculture with focus on women and youth.

5. Access to finance for FDP-run SMEs

The Subgroup will contribute to the development of the G20 Roadmap on Financial Inclusion of Forcibly Displaced Persons (FDPs). It will further start to look at the contributions FDP-run small businesses and start-ups to economic development of refugee and host communities and develop recommendations on how to address existing barriers that hinder access to finance for FDP-run SMEs.

6. Insurance for SMEs

Building on the work of the SME Finance SG on “Climate Smart Financing for Rural MSMEs” the Subgroup aims to further analyse the insurance needs of SMEs. Access to insurance for SMEs is limited, as is data regarding this topic. There are some insurance products available that in principle can be accessed by SMEs, such products are scarce and often not tailored to their specific needs. Insurance markets for SMEs are in many countries non-existent and consequently, little is known about the insurance needs of this target group and the best way to serve them.

The Subgroup aims to gain a better understanding of SMEs’ insurance needs by conducting a stocktaking of SME insurance products, models and good practices focusing on digital technologies to overcome access challenges.

Timeline of Events and Outputs

Date	Event	Location	Activities
6 February 2018	GPFI Workshop	Buenos Aires, Argentina	Session on alternative data and improving creditworthiness
7 February 2018	GPFI Meeting	Buenos Aires, Argentina	Subgroup Meeting
May 15-16, 2018	Regional Africa SME Finance Forum	Nairobi, Kenya	Topics include: blockchain & SME finance, incumbent and "challenger" banking, electronic payments and remittances, and youth entrepreneurship finance
2.-3. July 2018	GPFI Forum	Saudi Arabia	Tbd.
4 July	GPFI Plenary	Saudi Arabia	Subgroup Meeting

tbd	Ye! Global Youth Entrepreneur Awards	Tbd.	
24-25 October	GPFI SSBs Conference	Basel, Switzerland	
5.-7. November 2018	Global SME Finance Forum	Madrid, Spain	

Topic/Work Stream	Output	Release Date
1. SME Finance 2018 Work Plan	2018 Work Plan	March 2018
2. Use of alternative data to enhance credit reporting	Policy Guide - on the application and use of alternative data to enhance the creditworthiness of informal SMEs and individuals	July 2018
3. Financial Inclusion and Youth	Stocktaking Report of financial products for youth entrepreneurs	June 2018
4. Data Harmonisation	Stocktaking Report: Data enhancement and coordination in SME Finance	June 2018
5. Financial Inclusion of Women and Youth	Policy Paper with recommendations to improve financial inclusion of women and youth in agriculture through digital financial services	June 2018
6. Insurance for SMEs	Concept Note/ Outline	July 2018
7. Access to Finance for FDP run SMEs	Contribution to respective Cluster of G20 Roadmap on financial inclusion of FDPs	Tbd.

Annex/Attachments:

<p>1) Presidency's background note on the deliverable for the GPFI SME Finance Subgroup: Use of alternative data to enhance the creditworthiness of informal SMEs and individuals</p> <p>2)</p>
