

SME Finance Forum Annual Report 2014



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DONORS



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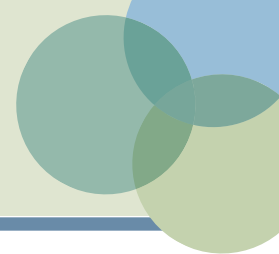
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Acronyms and Abbreviations



ABAC	Asia-Pacific Economic Cooperation Business Advisory Council
AFI	Alliance for Financial Inclusion
APEC	Asia-Pacific Economic Cooperation
BPI	Bank of the Philippine Islands
CEO	Chief Executive Officer
CO2	Carbon dioxide
DFI	Development Finance Institution
EFA	Equity for Africa
EFL	Entrepreneurial Finance Lab
EFSE	European Fund for Southeast Europe
EFSE-DF	European Fund for Southeast Europe Development Facility
FMO	Dutch Development Bank
FX	Foreign exchange
GBF	Grassroots Business Fund
GHG	Greenhouse gases
GPFI	Global Partnership for Financial Inclusion
I3N	Intellect Impact Investor Network
IFC	International Finance Corporation
IFI	International Financial Institution
MCF	Multi-Purpose Credit Facility
MSME	Micro, Small and Medium Enterprise
NGO	Non-governmental organization
SEF	Sustainable Energy Finance
SME	Small and medium enterprise
SMME	Small, Micro, and Medium Enterprise

Foreword



This donor report for the year 2014 has been an important one for small and medium enterprise (SME) finance. Indeed, it has been a year of strong growth for the SME Finance Forum in particular.

Key Forum-sponsored events last year included: the Development Finance Institutions/ International Financial Institutions (DFI/IFI) event in The Hague, the Chief Executive Officer (CEO) Roundtable in Istanbul, G-20 events in Australia, a number of events where financial institutions, Fintechs (a business area where new uses of technology and innovative business models encourage new approaches to payments, banking, lending, scoring, factoring), and IFIs/DFIs convened to learn about cutting-edge developments in the field. Two clear patterns emerged from these events. First, there has been a broadening and deepening in the reach of the SME Finance Forum, both geographically and in terms of bringing in new players. Second, and related, is the establishment and/or deepening of key partnerships.

These developments are also reflected in the SME Finance Forum's online presence. Online offerings have been expanded, with growing numbers of active users on its platform, more followers on social media, and lively daily exchanges on the LinkedIn community. This is not just about the numbers, but rather about stepped-up engagement, organic growth, and the quality of interaction. The vibrant mix of technology start-ups, financial institutions of all shapes and sizes, and DFIs/IFIs coming together from all corners of the world suggests that the field is at an exciting juncture. Indeed, it has the potential to dramatically change the landscape of small and medium enterprise finance.

If 2014 was important for the Forum in building activities and outreach, 2015 will be pivotal.

With the encouragement of our founding donors, we have begun introducing a global membership network structure to the SME Finance Forum, with a “re-launch”

event planned for the end of 2015 in Turkey. We hope to build a diverse, inclusive membership that will range from some of the biggest, longest-established multinationals to the smallest, youngest innovators (or “disruptors”)—and everything in between. Banks, non-bank financial institutions, development banks, and Fintech firms from around the world are being invited to become SME Finance Forum “founding members.” Ultimately, member dues will support core operations indefinitely.

These core operations will include all of the public knowledge-sharing services we now provide through our Web site, LinkedIn group, and regular public events. In addition, we will be adding new members-only services, such as benchmarking and detailed contact brokering/peer exchange facilitation.

Building on the previous three years of work, we are now beginning the real work of developing a viable institution that can stand on its own feet. However, none of this would be possible without the support of our donors – the Canadian Department of Finance, the German Federal Ministry for Economic Cooperation and Development, the Korean Ministry of Strategy and Finance, the Netherlands Ministry of Foreign Affairs, the U.K. Department for International Development and the U.S. Agency for International Development.

As we begin the transformation into a sustainable public-private entity, we are grateful for the support we have received from public donors who have played a critical role in establishing the Forum. We are also grateful for the vital and continued support of donors in the transition to a membership network structure. We thank donors for their continued commitment to the issues we all care about and the opportunity to provide an important contribution to the global economy through our combined support for SMEs.

Matthew Gamser
CEO, SME Finance Forum

2014 YEAR IN REVIEW

Small and medium enterprises (SMEs) are crucial for job creation and economic growth. However, globally, approximately half of small businesses are constrained from getting off the ground or growing because of limited access to capital. The G-20 created the SME Finance Forum in 2012 to accelerate financing for SMEs. Since then, the Forum has brought together banks, financial technology companies, and development finance institutions to share knowledge, spur innovation, and promote the growth of SMEs. The International Finance Corporation (IFC) manages the Forum for the G-20's Global Partnership for Financial Inclusion (GPFI).

Since its inception, the SME Finance Forum has worked in three main areas:

- **Knowledge-sharing:** Through knowledge-sharing the Forum helps others build on good practices in SME finance and avoid duplication.

- **Convening:** The Forum supports regional and global events and webinars that bring together financial institutions, technology companies and policy-makers.
- **Policy change:** The Forum uses its linkages with development finance institutions and policy-makers to inform SME policy. In addition, it facilitates closer interaction between private and public sector players to help create a more conducive policy and regulatory environment for SMEs.

In all of these areas, we extended the scope and impact of our work through strategic partnerships with a range of organizations around the globe. Our partners are working hard to strengthen the business environment, offer innovative financial products and services, and/or provide cutting edge technology solutions for SME finance.

This annual report provides a glimpse of the progress made by the SME Finance Forum in 2014.



Knowledge-Sharing

Website and Social Media

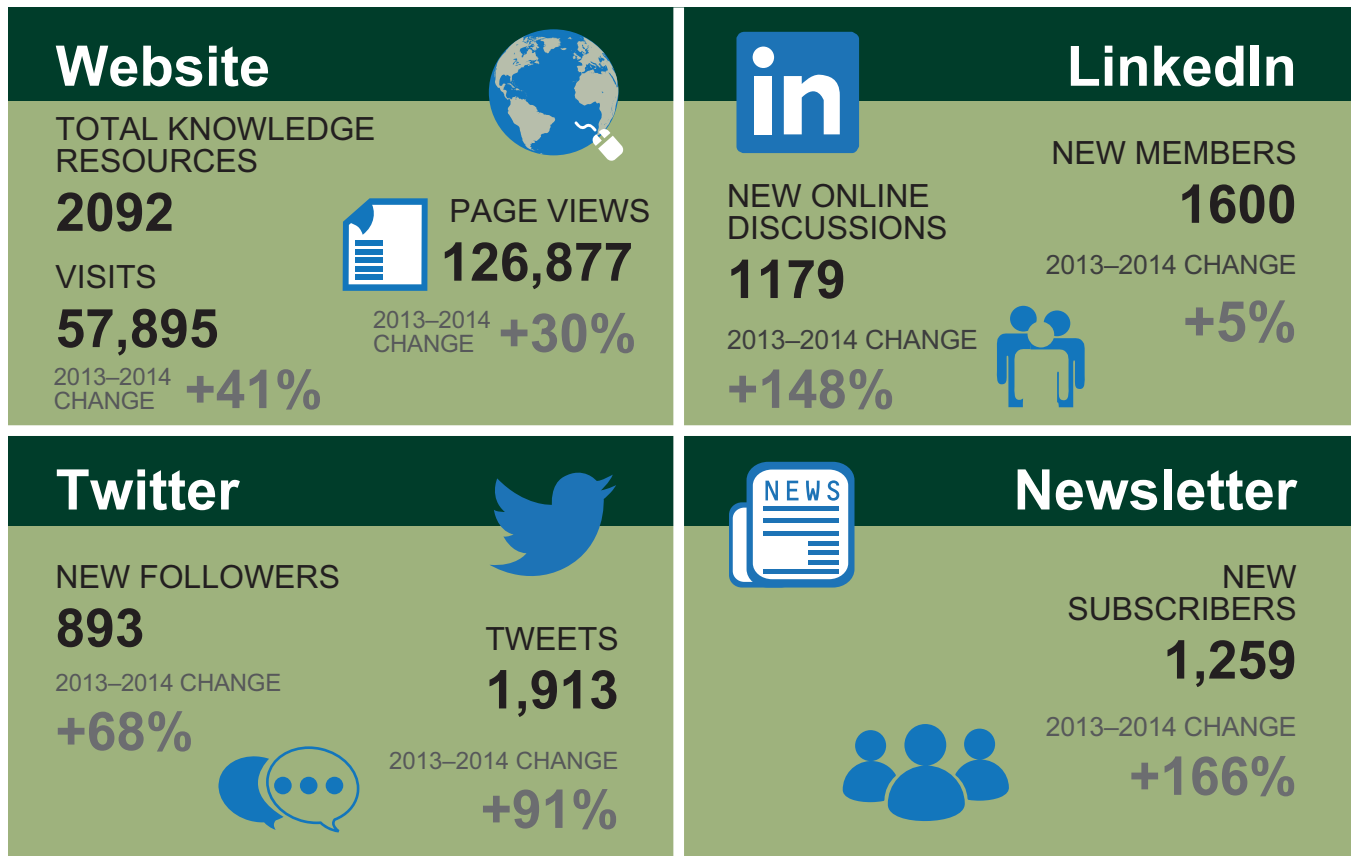
The SME Finance Forum focuses heavily on online knowledge-sharing to reach a geographically dispersed audience in a cost-effective way.

- **Website:** The Forum’s website contains 2,100 publications, news, events and good practices for SME finance from more than a hundred sources. In 2014, it logged over 57,000 visits and 126,000 page views.
- **LinkedIn:** The SME Finance Forum LinkedIn group expanded to include 3,400 members. They are a diverse group both in terms of regional and professional background. The top five member countries include:

Bangladesh, Kenya, Nigeria, the United Kingdom and the United States. Based on the information reported by members, 28 percent work in financial services, 17 percent in banking and 14 percent in international organizations. Most of the members are mid to senior-level professionals of their organizations. The LinkedIn group logged around 100 discussions per month in 2014.

- **Twitter:** This year the Forum acquired 900 new followers and posted 1,900 tweets. The Forum team regularly issues live tweets from various SME Finance Forum events to expand its reach.
- **Newsletter:** The SME Finance Forum’s monthly newsletter reaches over 1,700 subscribers, up from 500 in 2013.

2014 Online Outreach



Research and Publications

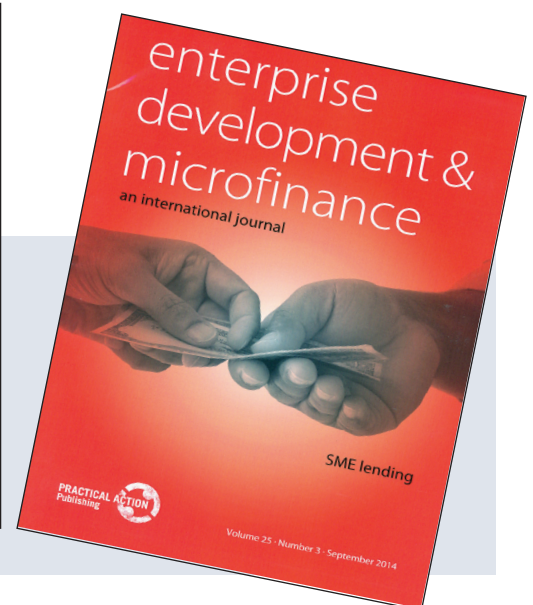
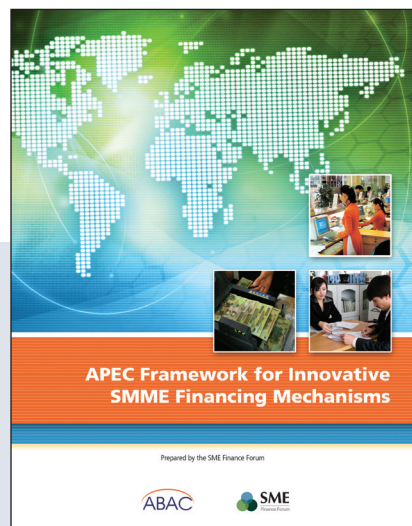
In an effort to address knowledge gaps, the SME Finance Forum supports relevant research regarding access to finance for SMEs. The Forum works with a wide array of partners to compile good practices and lessons learned in SME finance. Research and publications we supported in 2014 included, among others:

Under the aegis of the G-20's Global Partnership for Financial Inclusion, the Forum published a compendium of 20-plus case studies about policy initiatives that promote SME growth. The cases from 15 countries cover a wide range of areas from credit guarantees, to e-money regulation, and the securitization of intellectual property rights. The report entitled, “**Enhancing SME Access to Finance: Case Studies**,” was shared with the GPFI community and posted on its website: http://www.gpfi.org/sites/default/files/documents/SME_case_study_report.pdf

The Forum joined forces with the Asia-Pacific Economic Cooperation (APEC) Business Advisory Council (ABAC) to work on a report titled “**APEC Framework for Innovative Small, Micro, and Medium Enterprises**

(SMME) Financing Mechanisms.” The report provides an overarching picture of the broad range of SME financing options that exist in the Asia-Pacific region, highlighting alternative and innovative financing mechanisms that expand options for SMEs. In addition to traditional bank financing, it encourages economies to examine alternative financing options for SMEs. In addition, it urges countries to embrace policy and regulatory reforms needed to support the growth of innovative financing mechanisms, such as micro-finance, angel and seed investments, internet trade financing, venture capital, crowd funding and the junior/venture exchange. The key findings were presented to APEC leaders in Beijing in November 2014. The report is available on the SME Finance Forum website at: http://smefinanceforum.org/sites/default/files/media/node-files/ab/500007_abac_report_layout_low.pdf

Matt Gamser, the CEO of the SME Finance Forum, edited and wrote the introduction to the September 2014 issue of the *Enterprise Development and Microfinance Journal* – “*SME Lending*”. This issue focused on the progress made in supporting the financial needs of small businesses, as well as success stories in graduating businesses from microfinance to SME loans.

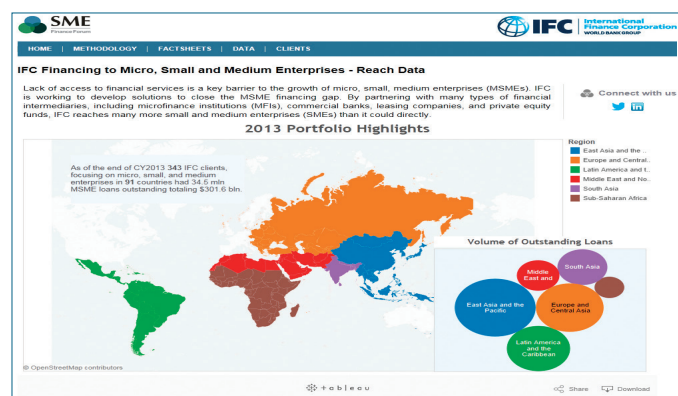


The following publications are currently in progress:

- The Forum is working with financial institutions to document successful SME banking models. One of the first cases is being developed in partnership with SekerBank Turkey.
- The Forum is conducting a joint study with IBM on data-driven solutions for financing SMEs in emerging markets. Banks often find it difficult to lend to small businesses due to the lack of information about their creditworthiness. SMEs are now increasingly leaving a bigger digital footprint fueled by a sharp increase in the usage of mobile phones, online payment systems and social media. The study will examine how lenders are tapping into this large array of real-time digital data to gain valuable insights and, in turn, extend finance to under-served businesses. The study is being funded by the Silicon Valley Community Foundation (SVCF, through the intermediation of the eBay Foundation

Data

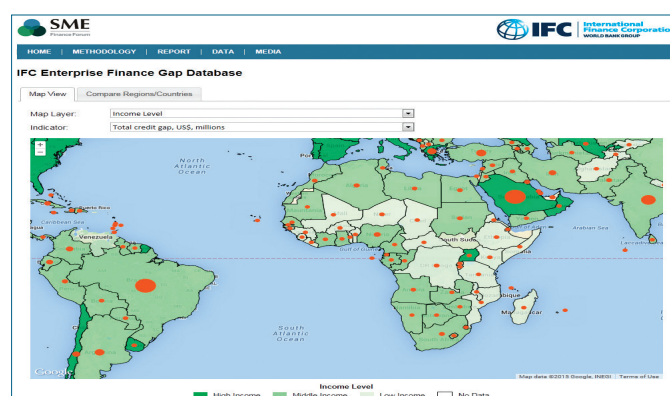
The SME Finance Forum has leveraged partnerships to make data about small and medium enterprises “open,” that is, freely available and readily accessible to the public. This data can be used by researchers as well as by public and private sector decision-makers to gauge the demand, supply and impact of SME finance. It can also be used to analyze trends and compare countries and regions.



The Forum has worked closely with the International Finance Corporation to create several SME data websites with interactive graphics, maps and charts. These are based on the following data sets:

- **Micro, Small and Medium Enterprise (MSME) Country Indicators** provide a global snapshot of MSMEs in 132 world economies. It helps users find answers to questions such as: How many MSMEs are there in a given country? What share of employment do MSMEs provide? What is the firm size breakdown within the MSME sector? The dataset also shows the relationships between the number of MSMEs and income per capita, business regulatory environment, access to finance, and informality.
- The **IFC Reach Data** (<http://ifcreach.smefinanceforum.org>) is based on portfolio reporting from 2004 to the present, drawing from IFC’s 268 client financial institutions from 84 countries, and detailing the number and quality of loans made to MSMEs.
- **IFC Enterprise Finance Gap** study (<http://financegap.smefinanceforum.org>), which examined the unmet financing needs of MSMEs in emerging economies.

In addition, the SME Finance Forum has established partnerships with the UN Foundation’s Data2X as well as the World Bank’s Women, Business and the Law team with an aim to providing gender-disaggregated data, especially pertaining to women-owned businesses.





Networking and Convening

The SME Finance Forum convenes global and regional knowledge-sharing workshops to promote collaboration between bankers, policy-makers and financial technology providers. Participants can keep abreast with the latest developments, connect with peers and cultivate business opportunities. These events are often organized in conjunction with partner organizations that are pioneers in the SME finance arena.

In May 2014, the Forum hosted the **CEO and Senior Leaders' Roundtable** in Turkey with CapitalPlus Exchange. Over 100 participants from 63 organizations (banks, development finance institutions, and Fintech providers) across 36 countries came together to share good practices and further a shared goal of increasing access to finance for small businesses in developing markets. Attendees left the Roundtable with new ideas their organizations could implement, including customer service initiatives for SMEs, mobile banking innovations, non-financial services, and broader supply-chain partnerships.

In June 2014, the SME Finance Forum and the Dutch Development Bank (FMO) co-hosted the annual **IFI/DFI Working Group Meeting on SME Finance** in the Netherlands. The event brought together important stakeholders from the world's international development community to share strategies and action plans, as well as to reflect on what works in SME finance. Recipients of the G-20 SME Finance Challenge grants gathered for a one-day meeting immediately preceding this event.

The SME Finance Forum partnered with the Microfinance Center for their 17th Annual Conference titled, **The New World of Financial Inclusion: What Role for Microfinance?** The event took place in May 2014 in Turkey and drew a crowd of almost 500 microfinance practitioners, investors, policy-makers, and private sector representatives. The Forum organized a panel on "Innovations in SME Finance", which was moderated by CEO Matt Gamser.

The Forum hosted a **one day workshop on innovation in digital financial inclusion during the GPFI Plenary** that took place in Perth, Australia in August-September 2014. The event included demonstrations and presentations from eight Fintech companies working on expanding financial inclusion, particularly for small businesses.

The Forum facilitated peer learning by mobilizing expert speakers for partner events, such as **the Alliance for Financial Inclusion (AFI) SME Finance working group meeting** in Yogyakarta, Indonesia in May 2014, and the Commonwealth Secretariat's event on **Upgrading Sector Approaches to Women's Economic Empowerment** in New York in March 2014.

The Forum continued to host its monthly **SME Finance Innovators series**, which invites Fintech firms to present and demonstrate their products and business models. In addition, the Forum organized several **panel discussions on financing women entrepreneurs** with the United States Agency for International Development (USAID) Women-led SMEs program, as well as quarterly working group meetings on women's finance with industry practitioners.

"The SME Finance Forum has a chance to become a key meeting place and learning platform for small business and better forms of finance." – Harold Rosen, CEO, Grassroots Business Fund

"We need a champion that cuts across borders." – Lois Sankey, Head of Agrifinance, Diamond Bank

"I think there is a key role not only in creating and demonstrating best practice and sharing knowledge but also in terms of working with governments in emerging markets." – Peter Hinton, Emerging Markets Specialist, CapPlus Exchange



Policy and Advocacy

The SME Finance Forum actively participates in several regional and global networks to inform SME finance policy. It also acts as an honest broker in bringing together private and public sector players to inform policy.

The Forum supports the work of the **SME Subgroup of the Global Partnership for Financial Inclusion**. The GPMI is an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders to carry forward work on financial inclusion. The SME Subgroup focuses on identifying, scaling up, and improving the policy environment for successful models of SME financing. It also funds the winners of the SME Finance Challenge. In addition, it shares SME finance data, research and good practices. The Subgroup devotes special attention to three focal areas: improving SME access to finance in the poorest countries, improving access to finance for agricultural SMEs, and promoting access to finance for women entrepreneurs.

The Forum is a partner for the **AFI SME Finance Working Group**. The AFI network includes central banks and regulatory agencies from more than 90 countries around the world. Launched in September 2013, the Working Group promotes peer learning regarding country experiences and policy solutions for SME finance. Initial topics identified as priorities for the SME Finance Working Group to examine include:

- National coordination and leadership for SME finance policy;
- Impact of global standards on SME access to finance;
- Access to finance for women-owned SMEs;
- Access to finance for SMEs in rural areas;
- The role of credit bureaus in improving SME access to finance;

- The role of collateral in SME access to finance;
- Provision of financial education for SMEs; and
- Data indicators for SME finance.

In 2014, the SME Finance Forum partnered with the **APEC Business Advisory Council (ABAC)** to support its SME finance agenda. APEC/ABAC prioritized the following four areas to enhance the global competitiveness of Asian SMEs: (i) enhancing SME access to finance; (ii) promoting innovative growth; (iii) assisting the internationalization of SMEs and their integration into the global value chains; and (iv) sustaining the momentum of women's economic empowerment. The Forum worked with ABAC to provide an overview of SME financing mechanisms in the Asia-Pacific region, as well as policy and regulatory reforms needed to support innovative financing.

Matt Gamser, the CEO of the SME Finance Forum, was appointed in 2014 to the **World Economic Forum's Global Agenda Council on the Future of Financing & Capital**. The Council aims to provide thought leadership to industries that channel financing and capital into the real economy with a particular focus on finance for SMEs. The group will investigate and propose transformative solutions for advancing this issue in the immediate future and long term as well.



The G-20 SME Finance Challenge Program

The G-20 SME Finance Challenge Program, which is administered by the Forum, continued to achieve good results in 2014. The 13 Challenge winners that received grants have gone on to provide financing and technical assistance to more than 87,000 SMEs. As of December

2014, the 13 Challenge winners disbursed or facilitated a total of US\$ 1 billion in funding for SMEs. In addition, several Challenge winners have developed innovative SME finance tools and provided training to SMEs.

Table 1. Challenge Winner Project Summaries

	Project	Description	Region/ Country
1	Bank of the Philippine Islands	Providing sustainable energy finance for SMEs	Philippines
2	Barefoot Power	Providing micro-supplier credit for LED lighting systems	Africa, Latin America and the Caribbean and Central Asia
3	BidNetwork	Preparing emerging market entrepreneurs for investors	Global
4	Building Markets	Providing credit guarantees to SMEs in post-conflict economies and enabling them to bid on international donor projects	Liberia and Mozambique
5	Capital Tool Company/TREFI	Providing scalable finance solutions without the costs and risks	Latin America and the Caribbean
6	Entrepreneurial Finance Lab	Providing an automated SME credit risk profiling tool	Global
7	Equity for Africa	Financing equipment to help small entrepreneurs grow	Africa
8	European Fund for Southeast Europe	Providing training and loans to SME finance institutions	Europe and Central Asia
9	Grassroots Business Fund	Reaching underserved agricultural SMEs	Africa, Asia and Latin America and the Caribbean
10	Intellectap/Sankalp	Providing support and channeling impact investment to social enterprises	India
11	Medical Credit Fund	Providing loans to private health sector SMEs in Africa	Africa
12	MFX Solutions	Eliminating currency risk for international SME lenders	Africa
13	ResponseAbility	Leveraging local equity firms to finance high-impact SMEs	Global
14	Root Capital	Pioneering finance for rural communities	Latin America and the Caribbean, Africa



Most of the Challenge winners continue to make good progress and meet the conditions of disbursement. Seven projects have already been completed. All the completed projects have fully achieved the performance targets against which grant funding was fully disbursed. Out

of the six ongoing projects, three are on track while the remaining three have lagged behind. A corrective action plan has been set up and their implementation timeframe has been extended to allow sufficient time to achieve their targeted results.

Table 2. G-20 SME Finance Challenge – Project Status

Project	Maximum potential award (in US\$)	Disbursement as of December 2014 (in US\$)	Status
Bank of the Philippine Islands	1,240,57	2744,343	Completed/ Goals met
Barefoot Power	2,000,000	2,000,000	Completed/ Goals met
BidNetwork	2,000,000	2,000,000	Completed/ Goals met
Building Markets	2,000,000	2,000,000	Completed/ Goals met
Capital Tool Company/TREFI	1,500,000	1,262,609	Ongoing/ Corrective action plan
Entrepreneurial Finance Lab	2,403,200	2,403,200	Completed/ Goals met
Equity for Africa	1,400,000	1,194,000	Ongoing/ Corrective action plan
European Fund for Southeast Europe	1,000,000	625,500	Ongoing/ Corrective action plan
Grassroots Business Fund	2,500,000	2,500,000	Completed/ Goals met
Intellectap/Sankalp	1,500,000	1,500,000	Completed/ Goals met
Medical Credit Fund	2,500,000,1,875,000	Ongoing/ On track	
MFX Solutions	1,000,000,750,000	Ongoing/ On track	
ResponseAbility	No grant requested	No grant requested	
Root Capital	1,995,932	926,241	Ongoing/ On track
Total	21,039,704	19,780,893	

The Forum has engaged an independent consulting firm, Enclude, to conduct an evaluation of the SME Finance Challenge Program. Twenty-two firms responded to the Expression of Interest, five were shortlisted and the winning bid was selected from that pool. The evaluation is expected to be completed by June 2015.

The assessment of Entrepreneurial Finance Lab (EFL) tools is currently underway. The expert evaluator has recently visited each of the four partner financial institutions of EFL and is currently working on data analysis. The preliminary finding is expected by late June 2015 and the final result is expected toward October 2015.

Budget and Expenditure

The activities of the SME Finance Forum have been made possible by the generous contribution of the following donors:

- Canadian Department of Finance;
- German Federal Ministry for Economic Cooperation and Development (BMZ);
- Korean Ministry of Strategy and Finance;
- Netherlands Ministry of Foreign Affairs;
- U.K. Department for International Development; and
- U.S. Agency for International Development.

In the first quarter of 2014, the Korean Ministry of Strategy and Finance provided an additional US\$300,000 in funding to support the Forum's operations.

The expenditure of the Forum during 2014 amounted to US\$1.67 million. In addition, US\$6.71 million was disbursed to the Challenge winners during the same period. The cost breakdown is indicated in the below table.

Table 3. 2014 Expenditure (in US dollars)

G-20 SME Finance Challenge Grant Disbursements	6,707,147
Staff	933,559
Consultants/ Consulting Firms	421,979
Travel	243,318
Workshop	34,421
Miscellaneous	40,090
TOTAL (excluding grant disbursements)	1,673,367

Way Forward: Setting Up a Membership Network

During 2015, the SME Finance Forum is transforming into a global membership organization to ensure its long-term sustainability. Membership is open to banks, non-bank financial institutions, development finance institutions, and Fintech companies. Members can be private companies, public companies, or public-private joint ventures. The Forum will be re-launched formally in November 2015 at a G-20 leadership meeting in Turkey. Through tiered membership dues (\$5,000 - \$25,000/year) based on asset size, the Forum hopes to build a diverse, inclusive membership that will range from some of the biggest, longest established multinationals to the smallest, youngest innovators – and in between.

The Forum will continue to offer all the public services it has initiated. In addition, it will introduce new value-added services for members, including contacts brokering, customized data analysis, and exchange visits to high-performing peers.

Currently, the SME Finance Forum is in the final stages of finalizing a partnership with CapitalPlus Exchange which launched the Small Business Banking Network (SBBN) in 2010. The SBBN was the first industry network for SME banks from emerging countries. Since its inception in 2010, its membership has grown to include 60 financial institutions. Through this partnership agreement, the SBBN will be phased out within the first half of 2015 and its membership will be merged with that of the SME Finance Forum. The CapPlus team will also partner with the SME Finance Forum to support the expanded network, helping to provide peer learning services, webinars, forums and high-level meetings.

ANNEX

Bank of the Philippine Islands - Philippines

Providing sustainable energy finance program for SMEs



The Sustainable Energy Finance (SEF) program, developed by the Bank of the Philippine Islands (BPI), the third-largest bank in the Philippines, addresses the difficulty SMEs have in accessing credit to finance investments in sustainable energy projects. The G-20 grant was awarded to BPI to scale up its SEF program that focuses on Energy Efficiency and Renewable Energy projects. For Energy Efficiency projects, BPI's SEF program extends loans to SMEs that need to purchase energy efficient equipment. The loans are partly secured by savings that the investment in sustainable energy will produce, thereby minimizing the collateral requirements for financing. Therefore, SMEs can make investments in more productive technologies that also use less energy. For Renewable Energy projects, BPI's SEF program assists clients to verify the technical accuracy and viability of their project and ensure success in clean energy production. Under the SEF program, BPI provides free technical assistance to SMEs to identify sources of energy savings, assesses the feasibility of energy efficiency or renewable energy projects, also structures the proper financing scheme to ensure project viability, profitability and overall success.

BPI's objective was to use Grant funding to expand its loan portfolio of energy efficiency and renewable energy projects by US\$50 million by the end of 2014, along with an annual greenhouse gas reduction expected of between 100,000-150,000 tons of carbon dioxide (CO₂). BPI exceeded most performance targets set in the grant

agreement by several folds. Total SEF loan amount disbursed, as of the end of 2014, amounted to \$503M with corresponding reduction in greenhouse gas emission at approximately 852,000 tons. BPI has subsequently been invited to international events to share its experience regarding the successful implementation of the SEF program. Preparations are underway for market studies in select industries, such as solar energy for small scale and commercial and industrial scale projects and agricultural financing focusing on crops that will be most competitive in the context of the formation of the ASEAN Economic Community in late 2015.


The commitment of SMEs to implement the sustainable energy projects was one of the biggest challenges of the SEF program. Through the program, business decision-makers were made aware of the advantages of investing in sustainable energy projects and were provided free technical assistance in the form of walk-through audits and project feasibility study evaluation. Despite the initial reluctance of SMEs to engage in green projects, because of the substantial upfront costs, longer return on investment, and higher risks in adopting new technology, BPI observed marked improvement in the level of interest and change in mindset among the potential stakeholders. Business owners, young and old, and big and small, have shown interest in pursuing sustainable energy projects. . These business leaders appreciated the fact that they have achieved shared value by meeting corporate social responsibility commitments, helping to save the environment and improving business efficiency. The end result is higher profitability and overall business success.

Table 4. Bank of the Philippine Islands Performance Indicators

Performance Indicators	June 2014 Target Cumulative)	Actual (Cumulative)
Value of SME loans disbursed	\$50 million	\$121.6 million
Number of SME loans disbursed	50	60
Number of in-house training events and workshops	5	24
Number of SMEs receiving technical assistance	100	175

Barefoot Power – Africa, Central Asia, Latin America and the Caribbean

Providing micro supplier credit for LED lighting systems

 Barefoot Power takes a trade finance approach in providing access to finance for its supply chain partners in off-grid lighting and energy products. The supply chain is characterized by a variety of SMEs ranging from large importers to small businesses providing last mile services (an artery – capillaries effect). Limited access to trade finance across the supply chain is regarded to be the biggest challenge in scaling up off-grid lighting and energy access in Africa. Barefoot Power channeled its G20 grant to create a series of risk sharing mechanisms for 60 – 90 day loans to its supply chain partners across Africa.

Barefoot Power has met and exceeded the key impact targets for the \$2 million G-20 grant:

- Over 1.16 million people across 14 countries in Africa now have access to better and cleaner lighting (against a target of 1 million).

- The grant facility has enabled \$6.9 million in financing for 1,662 SMEs in the off-grid lighting supply chain. Financial inclusion is a key element in the scaling up of off-grid lighting in the rural areas. In this context, the credit facility has played a significant role in attaining this objective. More importantly, 1,198 SMEs registered a growth in revenue of more than 20 percent as a result of the facility (versus a target of 260). As such, the program has achieved two objectives: fostering financial inclusion with new SMEs coming into the fold, as well as increasing their incomes.
- Some 23,288 million/tons of greenhouse gases (GHG) were avoided with the transition from kerosene to cleaner lighting, as against a target of 20,000 tons.

Table 5. Barefoot Power Performance Indicators

Performance Indicators	December 2014 Target (Cumulative)	Actual (Cumulative)
Number of technicians trained that are providing service and maintenance service	850	419
Value of loans/financing provided to local SMEs/distributors	\$7,000,000	\$6,998,000
Number of financial institutions implementing under the facility	53	12
Number of SMEs/importers benefiting from the grant facility	468	1662
Number of loans disbursed	185	204
Number of Barefoot Power-approved solar lanterns sold through grants	200,000	232,643

BidNetwork – Global

Preparing emerging market entrepreneurs for investors



BiDNetwork provides an online platform (BidX Platform) that enables investors to access bankable business proposals from emerging market entrepreneurs. BiDNetwork uses the G-20 grant to further improve and expand its platform by developing new functionalities, such as multi-community, the function that allows entrepreneurship centers, venture capitalists, banks, non-governmental organizations (NGOs) and business schools in developing countries to create their own online entrepreneurship communities. It also supports investors through a function that allows them to register, search and contact entrepreneurs directly. As of June 2014, BiDNetwork matched entrepreneurs to more than 100 coaches to leverage their expertise in finance, marketing, management, as well as to advise on business plans and prepare new businesses for investor interest. BiDNetwork supported 78 new businesses to develop finance-ready plans. Fourteen businesses were financed in the first half of 2014, six of which are women-owned businesses. The fourteen businesses leveraged US\$1.7 million in further financing. The BidX business plan competition service based on the SkipsolLab platform was also launched.

Table 6. BidNetwork Performance Indicators

Performance Indicators	2014 Target (Cumulative)	December 2014 (Cumulative)
Approved business plans from SMEs	687	558
SMEs coached	693	521
SMEs financed	160	155
Women-owned SMEs financed	44	53
Amount financed	\$22,581,997	\$19,880,775

Building Markets – Liberia and Mozambique

Providing credit guarantees to SMEs in post-conflict economies and enabling them to bid on international donor projects



SMEs seeking to bid for donor procurement contracts in post-conflict/post-disaster economies are at a disadvantage due to their lack of access to finance. This inhibits them from delivering the goods and/or services called for by donor procurement contracts. Building Markets (formerly known as the Peace Dividend Trust), a non-profit, non-governmental organization, seeks to lower this barrier by using loan guarantees to allow local banks to provide lines of credit to SMEs, thereby enabling them to bid on larger international contracts. This loan product is called Factor Finance for Procurement (3FP). The model does not choose the SMEs, but rather provides for the financing of local bidders to successfully compete.

Between January and June 2014, the program facilitated eight credit offers, totaling around US\$840,000 in loans, of which six were accepted by the client, totaling around US\$390,000. Building Markets assisted 44 businesses with credit advisory services and trained 159 individuals, representing 137 businesses in Liberia. Building Markets added a new hands-on advanced planning course to its training program in Liberia which has been well-received. Building Markets also initiated partnerships with partial credit guarantee providers, including USAID's Development Credit Authority (Liberia) and the Themban International Guarantee Fund (Mozambique).

Table 7. Building Markets' Performance Indicators

Performance Indicators	December 2014 Target (Cumulative)	October 2014 Actual (Cumulative)
Number of SMEs reached through credit counseling/ facilitation	180	358
Number of SMEs provided with credit guarantee	80	0
Value of credit facilitated as credit counselor to SMEs	\$61,000,000	\$27,772,000
Value of operating lines of credit guaranteed jointly with local partner banks	\$24,000,000	\$ 0
Number of procurement contracts facilitated	222	352

Capital Tool Company – Latin America and the Caribbean

Providing scalable SME finance solutions — without the costs and risks



Capital Tool Company won the G-20 SME Finance Challenge grant for its TREFI platform. The TREFI vision is that the relationship of SMEs with their suppliers and buyers holds the key to providing finance to SMEs at the right moment, in the right amount and at the right price. The TREFI platform provides tools, including risk management, invoicing, query management, and collection and finance to manage and facilitate the financial relationship between companies, while reducing risks and costs for the SMEs. Using these tools, TREFI captures the knowledge that companies have about each other. In this context, TREFI can establish risk in a timely and accurate manner, removing information asymmetry. By providing a financing platform, banks and capital markets may support SME with working capital at a greatly reduced cost and risk.

Capital Tool Company continues to make strong progress in key performance areas. As of December 2014, it incorporated another financial institution to the TREFI platform, bringing the total to six, and surpassing target for the period. The number and value of invoices increased substantially and stands at 856,000 and \$541 million respectively, surpassing expectations.

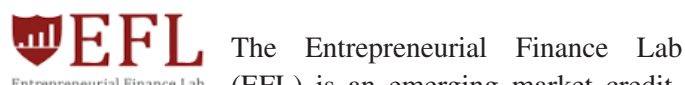
While Capital Tool Company has established the required structure to launch the capital market program, securing mezzanine funding continues to be a challenge. The company has secured funds for on-lending, and has identified a number of investors that have indicated an interest in participating in the mezzanine instrument. The primary challenge is that most investors feel the project is at an early stage and are hesitant to be the first ones to join. It was understood that this component would be challenging given the innovative approach. While implementation is behind the projected timeline, progress continues to be made.

Table 8. Capital Tool Performance Indicators

Performance Indicators	2014 Target (Cumulative)	December 2014 (Cumulative)
Financial institutions and corporate partners incorporated to platform	5	6
Number of loans disbursed	750,000	856,000
Value of loans disbursed	450,000,000	\$541,000,000
Number of SMEs benefiting from expanded access to financial services	4500	933

Entrepreneurial Finance Lab – Global

Providing an automated SME credit risk profiling tool



The Entrepreneurial Finance Lab (EFL) is an emerging market credit-scoring technology company that enables financial institutions to evaluate any SME regardless of credit and financial history or collateral. EFL uses psychometric principles and other non-traditional data to generate highly predictive credit scores by statistically relating entrepreneurial qualities such as intellect, business acumen, ethics, and attitudes and beliefs to business success and failure. EFL's technology can help banks responsibly increase lending to clients for whom a more conventional financial history and data are limited or unavailable.

EFL has fully achieved the performance targets set in the grant agreement, and the final tranche of the grant has been disbursed. Twenty-four banks are using EFL tools, and 201,000 psychometric tests have been completed across Latin America, Africa, and Asia. As a result, 110,536 SMEs have received bank financing for a total amount of US\$296 million— which would not have been possible without the EFL tool. Between 80 and 100 percent of those loans would not have been approved by the partner banks without the tool, for a variety of reasons including, but not limited to: (i) without EFL, all loans would require collateral. Only EFL loans are unsecured; and (ii) SMEs that were previously unbanked and had no credit history were unable to obtain loans. The average time for EFL to create a score is one hour, versus the original target of three hours.

Table 9. Entrepreneurial Finance Lab Performance Indicators

Performance Indicators	2014 Target (Cumulative)	2014 Actual (Cumulative)
Number of banks using the EFL tool	5	24
EFL score turn-around time	3 hours	3-5 minutes
Number of tests performed by financial institutions	6,000	201,000
Number of SMEs financed through financial institutions	500	110,536
Volume of loans using EFL tool	4,000,000	\$296,000,000

Equity for Africa — Africa

Financing equipment to help small entrepreneurs grow



Equity for Africa (EFA), a non-profit NGO, helps SMEs obtain financing to purchase equipment to grow their businesses. The innovation lies in EFA's capacity to standardize transactions, which reduces the need for extensive investments by the financial institution to evaluate financing deals. The model, which is similar to equipment-based leasing models, also provides more flexible lending terms for good customers and enhances repayment performance by simplifying repayment terms. EFA is making some headway in becoming the equipment financing solution for SMEs in Tanzania, specifically with progress related to its tailored management information system (MIS) system that will streamline processes across an extended branch network. EFA now has over 40 suppliers, providing a wide range of equipment including primary agricultural equipment, laboratory/

healthcare equipment, printing machines, maize millers, greenhouses, brick-making machines, drip irrigation, and so on. Notwithstanding these successes, EFA still fell below the original performance targets for three of the five metrics: (i) the value of leases disbursed; (ii) the number of leases disbursed; and (iii) the portfolio health metric, PAR 90. EFA has now submitted its corrective action plans aiming at improving the number of investments approved and disbursed, as well as improving the overall health of the portfolio.

In September 2014, EFA successfully launched its third office location in Mwanza, Tanzania and customer demand has been very strong. Mwanza is now averaging 4 approvals per month after only four months of operations. Further, based on the level of inquiries, approvals will increase further with additional local investment officer capacity. EFA will also re-launch the Arusha, Tanzania location in a higher-density area in the center of Arusha town in the next few months. This is expected to increase brand visibility and foot traffic, with an anticipated follow on improvement in loan approvals. EFA also held its first supplier co-marketing event in November 2014, which was enthusiastically received by suppliers and resulted in more than 1,800 attendees from the Arusha area, including national media coverage. The next supplier event, which will focus on agriculture, is planned for February 2015.

Based on preliminary figures as of end-2014, the portfolio health metric (PAR 90) had met targeted levels (less than 10 percent), while the approval and disbursement targets are substantially in line with the corrective action plan submitted in September. Separately, EFA is now implementing a table-based bookkeeping program on a trial basis as part of its capacity development program. This program may provide an innovative approach for its customers in obtaining basic financial data without the use of cumbersome paper-based systems.

Table 10. Equity for Africa Performance Indicators

Performance Indicators	2014 Target (Cumulative)	2014 Actual (Cumulative)
Number of Management Information Systems developed	1	2
Number of training sessions/ events	9	106
Value of loans >90 days overdue	10 percent	10%
Number of SME leases disbursed	296	143
Value of SME leases disbursed	\$6,420,000	\$2,100,000
Number of entities receiving leasing advisory services	693	1570

European Fund for Southeast Europe – Europe and Central Asia



Providing training and loans to SME financing institutions The European Fund for Southeast Europe Development Facility (EFSE DF) was created to support the EFSE's development finance mandate. It serves to enhance the long term development impact of EFSE's investments and to maximize outreach to MSMEs and low-income households that would otherwise have no access to financial services. The G-20 grant was used to advance local currency finance in the EFSE target countries. This includes 1) sector-wide campaigns to raise awareness on local currency issues, 2) research and studies on foreign exchange (FX) risks in the target region, 3) capacity building for individual financial institutions, and 4) covering part of the operating and legal costs associated with the establishment of an innovative local currency structure. The EFSE DF has successfully implemented the majority of the planned activities, given the demand driven nature of EFSE technical assistance – which requires a cost share from institutions – as well as the

need to build awareness on this topic. Key achievements include: providing individual capacity building support to two financial institutions, creating two client educational booklets - one on FX risks for SMEs and one on housing loans including FX risks (40,000 copies distributed in 6 countries so far), creating a video to accompany the housing brochure, organizing two workshops on local currency lending in Armenia and Macedonia with a total 110 participants. A study titled “The Development of a Local Currency Yield Curve Monitor” was completed in 2014. A three country study on ‘Risks and Opportunities of Foreign vs. Local Currency Lending in Georgia, Armenia and Serbia’ is ongoing.

Table 11. European Fund for Southeast Europe (EFSE) Performance Indicators

Performance Indicators	2014 Target (Cumulative)	2014 Actual (Cumulative)
Number of entities receiving advisory services	1	1
Number of workshops and training events	3	2
Number of financial institutions receiving in-depth advisory services	3	2
Number of participants in workshops and training events	100	95
Number of studies/reports (assessments, surveys, manuals, Phase I/ strategic option reports) completed	1	0
Number of project materials (booklets/reports) prepared	2	2
Number of local currency loans disbursed	760	1,672
Value of local currency loans disbursed	\$22,000,000	\$13,000,000
Value of financing facilitated	\$2,000,000	\$2,000,000

Grassroots Business Fund – Africa, Asia, Latin America

Building businesses that create sustainable economic benefits



The Grassroots Business Fund (GBF) is a socially-minded investor that strives to build businesses that create sustainable economic benefits for people with low incomes in Africa, Asia, and Latin America. Through its for-profit investment fund, GBF makes long-term equity, mezzanine equity, mezzanine debt, and straight debt investments. Additionally, GBF operates a nonprofit entity that provides clients with best-in-class business advisory services so that they can receive the information and expertise needed to overcome challenges.

With the G-20 grant, GBF intended to expand its operations in high-impact business financing in Kenya, Tanzania and Ghana. The expansion goals include: (i) the development of funding platforms in high-impact business supply chains in West and East Africa; (ii) the provision of financial and business planning assistance to investees in Kenya, Ghana and Tanzania; and (iii) the expansion/strengthening of GBF operations in Africa. GBF has fully achieved all performance targets set in the grant agreement. Four financing platforms have been developed and become operational (double the target). GBF disbursed 7,406 loans with a total value of \$11.03 million. In addition, GBF provided training to 10 high-impact businesses (including trade/farmer associations) that reached 33,125 farmers/entrepreneurs.

Table 12. Grassroots Business Fund Performance Indicators

Performance Indicators	2014 Target (Cumulative)	2014 Actual (Cumulative)
Number of financing platforms developed and operational	2	4
Number of loans disbursed by the financing platforms and GBF	60	7406
Value of loans disbursed	\$8,000,000	\$11,032,640
Number of high-impact businesses trained or capacitated by GBF	9	10
Number of farmers, artisans, entrepreneurs supplying to or distributing for trained SMEs	15,000	33,125

Intellectap — India

Providing support and channeling impact investment to social enterprises



The G-20 SME Finance Challenge grant funded two inter-connected initiatives run by Intellectap, a network firm of the Indian social venture capital firm Aavishkaar. The focus across both initiatives was on specific sectors comprising: agriculture, food and rural businesses; clean energy; education; health, water and sanitation; financial inclusion; and technology for development. The two initiatives funded by the grant are:

Intellectap Impact Investor Network (I3N) seeks to build a strong community of experienced “angel” investors who can provide equity capital of up to \$1 million in very early stage companies. I3N leverages the Intellectap ecosystem to bring a rich and carefully vetted deal pipeline to its members. These deals are showcased among members on a regular basis, and I3N encourages and facilitates co-investments to reduce ticket sizes and risk for investors.

Sankalp Forum, another Intellectap initiative, recognizes and supports innovative, sustainable, high-impact social enterprises. It builds an enabling ecosystem for early-stage businesses, channels impact investments, and engages more than 11,000 stakeholders globally through collaborative year-round initiatives. It mobilizes a community of entrepreneurs, investors, enablers and policy-makers to encourage innovation, facilitate scalability, and drive consensus on matters that aid social enterprise development.

Intellectap has fully achieved performance targets set in the grant agreement, and the grant was fully disbursed in March 2014. As a result, 211 SMEs were provided with capacity building support, and 20 SMEs now have access to financing with a total financing amount facilitated of US\$16 million.

Table 13. Intellectap Performance Indicators

Performance Indicators (Sankalp Forum)	2014 Target (Cumulative)	2014 Actual (Cumulative)
Number of micro, small and medium enterprises (MSMEs) receiving capacity-building support	80	210 (Includes Sankalp Finalists 2012 and 2013 + Sankalp Regional Finalists + 9 MSME Workshops + Mentoring Pit Stop in 2012 and 2013)
Number of investor inquiries in targeted sectors leading to an investment	14	15 (NationWide, Waterlife, LabourNet, Forus Health, Barrix, NationWide, Milaap, iKure, Ampere Bikes)
Number of entities receiving advisory services (enterprises presented)	63	140 (Includes, Sankalp Finalists 2012 and 2013, Regional Finalists 2012 + Mentoring Pit Stop 2012 and 2013+ Intellectap Investor's Forum)
Number of enterprises accessing investment/ financing	18	26
Value of financing facilitated	\$8.5 million	\$16 million

Medical Credit Fund — Africa

Facilitating loans to private health SMEs in Africa



The grant is being used by Medical Credit Fund (MCF) to enhance the provision of affordable quality healthcare services to low-income Africans by reducing the investment risks for lower and mid-tier primary healthcare providers and encouraging local banks to lend to the healthcare sector in Ghana, Kenya, Nigeria and Tanzania. MCF intends to: (i) train at least 480 healthcare professionals in administrative, business and quality improvement; (ii) reach at least 700 healthcare clinics across five sub-Saharan countries; (iii) assist at least 110 healthcare clinics to achieve one or more Safecare-level improvement(s); and (iv) facilitate at least 120 follow-up loans to primary healthcare providers, thereby facilitating at least \$3.5 million in financing disbursed to the clinics.

MCF has achieved all of the performance targets for the period, operating and providing technical assistance in four Sub-Saharan African countries (Kenya, Ghana, Nigeria and Tanzania), and training 1,769 medical professionals. Twenty-four clinics have achieved one or more level(s) of Safecare improvement(s). The number of follow-up loans approved by local banks reached 118, resulting in \$4.1 million in loans disbursed to MCF partner clinics. This amount exceeded the original target of \$3.5 million.

Table 14. Medical Credit Fund Performance Indicators

Performance Indicators	2014 Target (Cumulative)	2014 Actual (Cumulative)
Number of countries in Sub-Saharan Africa where MCF technical assistance project is operational	5	4
Number of trained medical professionals	480	1,769
Value (US\$) of loans disbursed to MCF partner clinics	\$3,500,000	\$7,535,041

MFX – Africa

Increasing investment flows by improving risk management within SME lenders



To increase investment flows to SMEs, lenders need to tap new funding sources such as local deposits and external debt. However, in accessing these new sources of funding, SME lenders assume more financial risks from fluctuating currencies, interest rates and market volatility. MFX Solutions, a company founded to provide hedging and currency risk management for SME investment vehicles, has developed a software package to help SME lenders manage market risks and thereby grow more quickly and safely. The Comprehensive Asset/Liability Management (CALM) Tool is a scalable platform that can help institutions at various levels of development monitor, stress test and mitigate financial risk. Through a team of regionally based staff, MFX is bringing this tool to African lenders where improved risk management can leverage new external funding flows.

As a result of the grant, MFX has been able to add people with both technical and language skills to the team, enabling them to serve French-speaking countries, thereby opening up robust MSME markets such as in Rwanda and Senegal. This flexibility has allowed MFX to bid on technical assistance and capacity-building projects which would have otherwise been beyond their ability to deliver. At the same time, MFX continues to enhance its product offerings. For instance, MFX has trained 156 participants from 26 MSME lenders. It has also developed 13 new training modules and/or tools. In addition, \$14 million in new financing has been facilitated at the trained lending institutions. In sum, 81,373 MSMEs have benefitted from expanded access to financial services.

Table 15. MFX Performance Indicators

Performance Indicators	June 30, 2014 (Cumulative)	June 30, 2014 Actual (Cumulative)
Number of trained MSME lender participants	80	153
Number of MSME lenders to receive in-depth onsite technical assistance	20	23
Lender staff reporting being satisfied or very satisfied with MFX technical assistance	59	101
Number of new training modules and tools developed and implemented	3	13
Value of financing facilitated at participant MSME lenders	\$2,200,000	\$14,228,487

Root Capital – Africa and Latin America and the Caribbean

Pioneering finance for rural communities



Root Capital is a non-profit organization that makes it possible for rural SMEs to open credit accounts with their suppliers using their future sales as a form of collateral. The model is a form of value chain financing, whereby the supplier provides credit to a SME producer to grow its business and invest in operations that help generate revenues. Root Capital combines financing with capacity building for both borrowers and suppliers to strengthen their ability to run their businesses more efficiently. Because credit flows down to small farms and producers, the model has a potentially large impact on rural areas.


Root Capital Mexico – Using the grant funding, Root Capital Mexico has designed and implemented its integrated training module FASTrack, which offers customized financial management training to SMEs.

Results from the second year of the project are positive and Root Capital is well-positioned to exceed the vast majority of its targets by project end. In 2014, Root Capital Mexico conducted 8 major workshops and 324 days of on-site training, allowing them to reach a total of 52 SMEs. Root Capital mobilized \$10 million in loans to 27 SMEs in 2014, which is the double the sum lent the previous year.

Table 16. Root Capital Mexico Performance Indicators

Performance Indicators (Root Capital Mexico)	April 2015 (Cumulative)	2014 Actual (Cumulative)
Value of loan capital disbursed to qualifying beneficiary SMEs	\$6,567,300	\$15,928,930
Number of loans disbursed to the qualifying beneficiary SMEs	60	49
Value of loans outstanding	\$5,393,666	\$3,0148,04
Number of loans outstanding	15	11
Percentage of loans more than 90 days overdue	5 percent	0 percent
Number of SMEs strengthened as part of the project	67	49

Root Capital Africa

 In 2014, Root Capital expanded FASTrack into West Africa, while increasing both the quantity and quality of service delivery across East Africa. Advisory services are a newer offering for Root Capital in Africa, and the program continues to grow quickly. The organization exceeded its 2014 targets for on-site and centralized training days and expects the growth to continue in 2015.

In 2014, Root Capital Africa conducted 12 centralized workshops (6 in East Africa; 6 in West Africa) and 258 days of on-site training, allowing them to reach a total of 103 SMEs, roughly half of which were lending clients in 2014.

Table 17. Root Capital Africa Performance Indicators

Performance Indicators (Root Capital Africa)	December 2014 (Cumulative)	2014 Actual (Cumulative)
Value of loan capital disbursed to qualifying beneficiary SMEs	\$4,654,546	\$37,190,215
Number of loans disbursed to the qualifying beneficiary SMEs	37	59
Value of loans outstanding	\$2,191,545	\$18,641,645
Number of loans outstanding	10	48
Percentage of loans more than 90 days overdue	5 percent	3.1 percent
Number of SMEs strengthened as part of the project	31	103



2121 Pennsylvania Avenue, NW
Washington, DC 20433, USA
www.ifc.org