

INCEPTION REPORT – SME FINANCE FORUM  
AND  
INTERIM PROGRESS REPORT – GLOBAL SME FINANCE  
INNOVATION TRUST FUND

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**SEPTEMBER 2012**

In partnership with:



## EXECUTIVE SUMMARY

This inception report covers initial work of the SME Finance Forum since its launch in April 2012, and interim progress of the Global SME Finance Innovation Trust Fund, whose administration was taken over by the SME Finance Forum team in July 2012.

The SME Finance Forum permanent team has been in place since July 2012, consisting of its Head, Matthew Gamser; Operations Officer, Hourn Thy; Knowledge Officer, Nadia Afrin; Operations Officer, Minerva Adei Kotei; and Administrator Nothando Nyathi. From initial consultative discussions with stakeholders the Forum is developing work programs with a variety of partners in 1) SME Finance policy and regulatory reform, 2) SME Finance development impact assessment, and 3) SME Finance data sharing and mapping. Innovative business models and partnerships as well as Women Finance Hub will be another priority for the team. The Forum website is being enhanced, adding daily news and events reports, external publications from a variety of stakeholders and success stories and expert interviews on SME finance. In addition, it contains a discussion forum and a vibrant **LinkedIn community** with over 750 members. The SME Finance Forum is supported by the United Kingdom, the Netherlands and South Korea.

The Global SME Finance Innovation Trust Fund (Trust Fund) is one of the vehicles under the SME Finance Framework that provides funding support to winning proposals. Canada was the first contributor to the Trust Fund with \$20 million and in 2012 has been joined by the United Kingdom (\$3.5 million), the United States (\$4 million), Korea (\$0.7 million) and the Netherlands (\$2 million). In addition to the Trust Fund, the implementation of the winning proposals is being supported by other Multilateral Development Banks and Development Financial Institutions. A total of \$75 million has so far been committed as equity, loans, guarantees and technical assistance to the SME Finance Challenge winners and another \$123 million are expected to be committed during 2012<sup>1</sup> by Germany, United Kingdom and the Netherlands as well as the following institutions: Austria Development Bank (OeEB), Calvert, KfW, DEG, FMO, IADB's Multilateral Investment Fund (MIF) and Inter-American Investment Corporation (IIC), IFC, and OPIC. The first full report on the Innovation Trust Fund will be presented by 15 March 2013, once all grantees have provided their first annual progress reports. To date, 10 of the 13 selected institutions seeking funding have received their first grant disbursements. First disbursement for Equity for Africa, one of the remaining three winners, is expected by the end of September with the final two, Root Capital and Bid-network, to follow shortly. A total of USD5,492,947 has been disbursed as of August 2012. The interim report presents the performance targets for all grantees, and provides on-ground progress information as available. The below table summarizes core performance indicators and relevant aggregated targets that the challenge program is expected to achieve by December 2015.

Table 1

Performance Indicator	Baseline	Dec-12	Dec-13	Dec-14	Dec-15
Number of SME reached through Advisory Services/lending	-	43,515	53,469	58,510	60,097
Number of loans disbursed	87	15,190	65,444	100,736	100,811
Value of financing facilitated (USD)	4,465,000	14,640,000	87,580,000	116,020,000	157,020,000

<sup>1</sup> The update is done bi-annually and the figures in this report are as of March 2012. A new update is being conducted and will be presented in the next report.

## I. INTRODUCTION

Small and medium enterprises (SMEs) play a major role in economic development, particularly in emerging economies. SMEs are the single largest contributor to employment and job creation, and account for a significant share of GDP around the world. Yet over 45% of all formal SMEs in emerging markets are currently un-served. An underdeveloped market infrastructure, coupled with the lack of available industry data for SME finance, poses a challenge to the development of the industry. The 2010 G20 SME Finance Sub-Group stocktaking exercise revealed several lessons learned across countries and institutions that merit collection and dissemination, accentuating the integral need for an independent global knowledge management center to consolidate and disseminate information on best practices and solutions for SME finance.

The G20 Global Partnership for Financial Inclusion (GPFII) was launched in South Korea in December 2010. GPFII members established the SME Finance Forum as a knowledge center for data, research and best practice in promoting SME Finance. IFC was selected to host the SME Finance Forum, and in November 2011 began work to develop the new institution. In April 2012 the Forum was formally launched and its website went live.

## II. SME FINANCE FORUM- INITIAL ACTIVITIES

The main activities of the Forum since its launch have been recruiting the core team, promoting awareness among key stakeholders, and crystallizing initial focus areas.

Matthew Gamsler, Head, began work in May 2012. Nadia Afrin, Knowledge Management Specialist, joined in June 2012. Hourn Thy, Operations Officer, and Nothando Nyathi, Administrator, completed the team in July 2012. Short term consultants are being

procured for the continued development and content management of the web platform. Minerva Adei Kotei is joining the team as of mid September to take the lead on Women Finance Hub, a new component that promotes access to finance for Women owned businesses.

Consultative visits have been undertaken to Australia, the Asian Development Bank, the US Treasury, and the US Small Business Administration. In addition, the latest meeting of the IFI/DFI Working Group on SME Finance in Luxembourg in June 2012, hosted by the European Investment Bank/European Investment Fund and attended by 20 multi-and bilateral-funding institutions, included a workshop session on the Forum. In these encounters each stakeholder was asked what is expected from the Forum, and what SME Finance expertise they might contribute to the forum.

From these consultative visits, a sharper vision for Forum activity is developing, with a focus on the following three key areas:

- (1) SME Finance policy and regulatory framework improvement,
- (2) Promotion of viable, scalable business models and partnerships , and
- (3) Increased understanding of the development impact of SME Finance (on jobs, poverty, local economic development, etc).

Underlying all of these focus areas will be increasing access to existing data on SME Finance. The Forum is identifying data sources and applications for displaying and analyzing data from both within the World Bank Group, and from its wider stakeholder network. It is negotiating data-sharing agreements and building its website to facilitate data acquisition and manipulation.

The Forum is developing key partnerships for each of the main focus areas. To date, these include:

1. The Alliance for Financial Inclusion, for the SME Finance dimension of Financial Inclusion policies and programs,
2. Innovations for Poverty Action, for the development impact of SME Finance, and
3. OECD on SME Finance macro-data collection and analysis.

The **SME Finance Forum website** has been upgraded during the inception period. From its initial static base of mostly World Bank Group SME documents, daily news and events reports, external publications from a variety of stakeholders, success stories and expert interviews on SME finance are added on a daily basis. In addition, it contains a discussion forum and a vibrant **LinkedIn community** with over 750 members.

Table 2

Website and LinkedIn Progress Report (May - Aug 2012)	
Website visits	4,061
Website page views	16,638
Publications posted	52
Expert Interviews/ Feature stories posted	4
Top 5 countries for web visits	US (33%), India (9.2%), Bangladesh: (7.54%), UNITED KINGDOM UNITED KINGDOM (5.3%), Philippines (2.5%)
LinkedIn members	754
LinkedIn discussions	86
LinkedIn comments	201

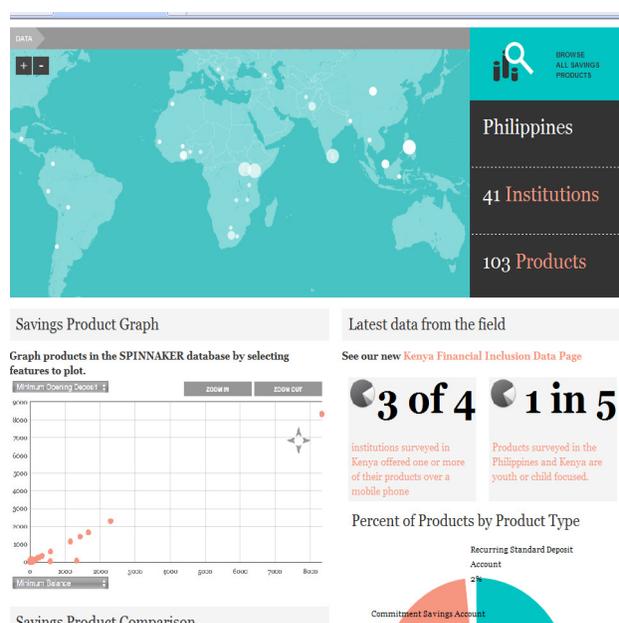
Building on the initial expert interviews and feature stories, the team will bring in

diverse perspectives from different regions and sectors, including professionals from banks, chambers of commerce, business associations, government agencies, donor organizations, and research institutions. The website will also offer **feature stories**, which are short analytical pieces on various SME finance topics. In order to increase user engagement, the SME Finance Forum will also host “**Ask the Expert**” sessions, where members can post questions for various SME experts.

Table 3

Expert interviews and Feature Stories to date	
<b>Interview</b>	Nestor Tan, CEO of Banco de Oro
<b>Interview</b>	Sev Vettivetpillai, Executive Chairman of Aureos
<b>Feature story</b>	Are development institutions making progress in assessing the SME finance gap?
<b>Interview</b>	Rohit Aurora, CEO of Biz2Credit
<b>Interview (ongoing)</b>	Lucia Sanchez, Director of SME Initiative, Innovations for Poverty Action
<b>Ask the expert (ongoing)</b>	Ask the Expert: LinkedIn community posts questions for Michel Botzung (IFC Sustainable Business Training Expert), Devrim Tavil (Turkish Economy Bank) and Azmat Habibulla (ICICI Bank, India)

An SME Finance **blog** and **email newsletter** will be added to the list of online offerings by December 2012.



The SME Finance Forum will work with teams within and outside IFC to make SME finance **data and statistics** widely available in the form of interactive maps and dashboards. The main objective of this initiative is to provide useful analytical tools for policy-makers, financial institutions and researchers. This will also help to further the World Bank's open data initiative and encourage groups working on SME finance data to develop common definitions and data standards.

### III. INTERIM PROGRESS REPORT- GLOBAL SME FINANCE INNOVATION TRUST FUND

Pursuant to the Administration Agreements, progress on the SME Finance Challenge winners will be reported on an annual basis, with the first report to be presented by 15 March 2013. An interim progress report is provided below.

The SME Finance Challenge was launched in June 2010 to identify promising models for sustainable, scalable SME financing. After a public competition, the G-20 committed to funding 14 winning proposals from a diverse group of institutions. In March 2011, the Global SME Finance Innovation Trust Fund was established at IFC with donor contributions from Canada (\$20 million), Netherlands (\$2 million), Republic of Korea (\$0.7 million), United Kingdom (\$3.5 million) and the United States (\$4 million) to support the winning proposals, which are summarized in the table 4 below. The implementation of the winning proposals is also being supported by a number of multilateral development banks and development financial institutions such as Austria Development Bank (OeEB), Calvert, KfW, DEG, FMO, IADB's Multilateral Investment Fund (MIF) and Inter-American Investment Corporation (IIC), IFC, and OPIC through different instruments including investments, risk sharing facilities, and technical assistance.

**Table 4: List of G-20 SME Finance Challenge Winners**

Organization	Project Name
BidNetwork	BidWeb
Equity for Africa	Equity for Africa
Medical Credit Fund	Medical Credit Fund
MFX Solutions	MFX Solutions
Grassroots Business Fund	East African Rural Enterprise Facility
Root Capital	Root Capital
Aavishkaar Venture Management Services	Aavishkaar India Micro Venture Capital Fund (AIMVCF)
Entrepreneurial Finance Lab	Entrepreneurial Finance Lab
Capital Tool Company	TREFI
Peace Dividend Trust	Factor Finance for Procurement (3FP)

<b>Organization</b>	<b>Project Name</b>
Responsibility Social Investments	ResponsAbility BOP Investments (rABOP II)
Bank of the Philippine Islands	Sustainable Energy Finance Program
Barefoot Power	Barefoot Angels Fund
European Fund for Southeastern Europe	European Fund for Southeastern Europe

Among the 14 winning proposals, Responsibility Social Investment has indicated that grant funding is no longer needed. Of the remaining 13 winners, all grant proposals have been approved and 10 have received their first disbursement. One of the remaining three, Equity for Africa, is expected to receive the first disbursement by end of September while the other two, Root Capital and BID-network are in the final stage of finalizing their grant agreements and their first disbursements are expected by the third week of October 2012. Two sets of performance indicators have been defined for each project based on IFC's standard practice for performance based grants (key performance indicators and additional reporting indicators) which can be found below summary table. Disbursements are dependent upon the percentage of key performance indicators met. Grantees may request subsequent disbursements with respect to Full Performance achieved, Partial Performance, and Non Performance of each of key performance targets for the period. First progress reports from all grantees are due on 31 January 2013. In cases where we have received an advanced update on progress, it is shared below.

## **1. ENTREPRENEURIAL FINANCE LAB (EFL):**

EFL addresses the challenge banks face in identifying potential SME borrowers that do not have collateral or a credit history. Using a psychometric tool to evaluate SME owners, banks can identify which SMEs are most likely to repay their loans and grow their

businesses. The Lab is seeking 1) financial support to create a scalable platform for this tool, and 2) to expand to at least six new countries in three regions. Expanding to new countries requires contacts with financial institutions, and small amounts of funding for test adaptation and proof of concept. EFL's track record shows that each dollar of this financial support can unlock over 30 times more in new bank lending to SMEs in the short term.

The project was approved in April 2012 and the grant agreement was signed with EFL in the same month for a total grant amount of USD2,500,000 over a 3-year period. The first tranche of USD911,733 was disbursed in April 2012. Along with the above grant funding, MIF and IFC also committed to providing technical assistances worth of \$1.4 million and \$57,000 respectively.

The grantee has, by the end of July 2012, made significant progress towards its December 12 performance targets. Two partners are already actively using the test: BBVA Bancomer in Mexico and BanBif in Peru. Some 644 tests have been performed. 56 clients in Mexico, who would have previously been rejected because they did not meet the bank's minimum two-year operating criteria, received credit. As a result of IT development work over the past six months which produced a new automated system, EFL is now able to return test scores to banks in ten minutes versus an initial target of three hours. Two subsequent disbursements are expected in January 2013 and January 2014, respectively.

## **2. Bank of the Philippine Islands (BPI)**

The Sustainable Energy Finance (SEF) program, proposed by the Bank of the Philippine Islands, addresses the difficulty SMEs have in accessing credit to finance investments in sustainable energy projects. BPI, the third largest bank in the Philippines, extends loans to SMEs to purchase energy

efficiency and renewable energy technology. The loans are secured by savings from reduced energy costs in future cash-flows, avoiding traditional fixed collateral requirements for financing. The program also provides technical assistance to SMEs to identify energy saving opportunities, assess the feasibility of these investments, and to structure their financing.

The grant project was approved in April 2012 for USD1,240,572. The first disbursement of USD248,114 was made in July 2012. The second disbursement of USD496,229 will be made by 30 September 2012, and the final disbursement is scheduled for June 2013. Besides the grant support, IFC expects to sign a commitment to provide a \$22.5 million RSF to BPI for SEF loans within 2012. Closing by Q1 of CY 2012. BPI has carried out all planned activities and exceeded the targets set for the end of June 2012. The grantee provided five in-house trainings and workshops regarding familiarization on SEF projects with attendees coming from Loan Officer Development Program (LODP), Officership Training Program (OTP) and Business Officer Development Program (BODP) trainees of the Bank. Technical assistance was provided to 13 existing SME clients. Marketing materials (476 pieces) for raising market awareness and education about SEF projects were distributed at the National Hog Convention Center in Cebu and BPI Master Class. Nine SME loans with a total value of USD5,600,000 Million were disbursed.

### **3. PEACE DIVIDEND TRUST (PDT)**

The Peace Dividend Trust, a non-profit NGO, seeks to remove the access to finance barrier that SMEs face when seeking to bid for donor procurement contracts in post-conflict/post-disaster economies by using loan guarantees to allow local banks to provide lines of credit to SMEs, thus, enabling SMEs to bid on larger international contracts.

The grant agreement was signed on May 31, 2012 by and between IFC and PDT America Ltd for USD2,000,000. The first disbursement of USD858,100 was made on July 13, 2012. The next disbursement of the remaining balance is due in July 2013 assuming the performance targets, indicated in the below summary table.

### **4. MFX SOLUTIONS**

Currency mismatch between the resources lenders raise and the financing they provide is a major source of risk for lenders. MFX Solutions uses an approach pioneered in the microfinance industry to provide a currency hedge against this risk to lenders where it is currently unavailable or unaffordable. By mitigating the currency risk to lenders, this grantee allows lenders to increase their local currency financing. The model uses a diversification approach to offer hedging in a wide range of currencies, combined with a public sector credit guarantee to lower the collateral requirement for SME lenders. SME lenders, who make larger size loans than microfinance institutions, will benefit from access to this hedging facility. The model can be used to hedge both debt and equity investments.

The grant project was signed on May 31, 2012 by and between IFC and MFX Solution for USD1,000,000. The first disbursement of USD250,000 was made on July 7, 2012. The second, third and fourth disbursements are scheduled for the end of December 2012, December 2013 and December 2014, assuming performance targets, as indicated in the below summary table. In 2010, FMO made an investment of \$20 million into MFX.

### **5. GRASSROOTS BUSINESS FUND (GBF)**

GBF, a non-profit NGO, aims to increase financing to agricultural SMEs in East Africa by promoting loans that are backed by equipment owned by SMEs. Innovation in the GBF entry comes through the close

collaboration between asset financing institutions and equipment distributors, both of which have experience in providing finance to SMEs using equipment-based financing. Another innovative element is the focus on farming cooperatives, which are generally informal, but can be just as creditworthy as their counterparts in the formal sector.

The grant project was approved on February 1, 2012 for up to USD2,500,000. The first disbursement of USD500,000 was made in April 2012 with two subsequent disbursements scheduled for June 2013 and June 2014. Along with the grant support, FMO and DEG are expected to each commit \$8 million as investment in GBF in 2012 along with \$20 million loan from OPIC and \$8 million worth of TA from FMO and OeEB.

#### **6. EUROPEAN FUND FOR SOUTHEASTERN EUROPE (EFSE)**

EFSE has a well-proven track record for providing SME finance in Southeast Europe and other transitional economies. It uses a variety of financing sources to spread credit risk across different investor classes: public resources provide funds for the highest risk tier which in turn attracts private sector capital to fund the less risky tiers. The resources raised are then lent to financial institutions that on-lend to SMEs. The capacity of the on-lending financial institutions is strengthened through technical assistance that improves their ability to perform analyses of SMEs' ability to repay loans. The fund will focus on local currency financing, which will allow every dollar of public funds invested to leverage four dollars of private funds invested.

The grant agreement was signed in May 2012 for up to USD1,000,000. The first disbursement of USD200,000 was made in the same month. The second disbursement of USD220,000 is scheduled for the end of 2012, the third disbursement of USD310,000 for June 2013, and the final disbursement of

USD270,000 for June 2014. In addition to the grant funding, BMZ has signed an investment commitment with EFSE worth of \$6.5 million while KfW is expected to make an additional investment of \$39 million within 2012.

#### **7. AAVISHKAAR INDIA MICRO VENTURE CAPITAL FUND (AIMVCF)**

AIMVCF was an early pioneer in social venture capital. Aavishkaar makes small investments in businesses that have a high social impact on the poorest households at the bottom of the economic pyramid. Investments target sectors such as health, water, energy, education, agriculture and technology for development. SMEs in these sectors have little access to equity financing, making Aavishkaar's model innovative. The investments are complemented by technical assistance, advice and capacity building to support SMEs in running their businesses more efficiently. Aavishkaar has also focused on women entrepreneurs, with 20% of its company investees founded or headed by women.

The grant project was approved on February 29, 2012 with a total grant amount of up to USD1,500,000. The first disbursement of USD500,000 was made on 28 March 2012, with the second and third scheduled for January 2013 and January 2014. In September 2011, FMO made an investment of 7.5M into AIMVCF following an investment of \$15 million from IFC in June 2011.

#### **8. EQUITY FOR AFRICA(EFA)**

Through their for-profit subsidiary in Tanzania, EFA provides a flexible leasing product to fund capital investments for small enterprises. Small enterprises make up a large market that is usually considered unbankable, due to lack of records, low levels of collateral and an unpredictable business environment. EFA manages risk by funding capital investment in machinery which provides an effective collateral substitute.

With a relationship-based approach enabling greater flexibility, EFA's leasing product is tailored to small enterprises. EFA has made 70 investments over five years, and aims to expand this to 400 firms in the coming three year period and build a platform to roll out.

The grant agreement was signed on June 14, 2012 for USD1,400,000. The first disbursement of USD600,000 will be made in two tranches, 40 percent upon signing of the agreement and 60 percent after 6 months of activities, expected to be by March 2013. The second (and first performance-based) disbursement of USD500,000 is scheduled for September 2013, and the third USD300,000 for September 2014. Along with the grant support, FMO is expected to make an investment of \$1.3 million along with technical assistance worth of \$0.7 million in 2012.

## 9. MEDICAL CREDIT FUND (MCF)

Providing affordable loans and quality upgrades to private healthcare providers, MCF addresses health sector financial constraints by using medical quality standards to evaluate the creditworthiness and commercial viability of health sector SMEs. Its client SMEs will be internationally certified, which helps make them eligible to receive stable service payments from public and private health insurance programs. By increasing credit to smaller health SMEs that serve poorer households, the model aims to increase the provision of health services to underserved populations.

The grant agreement for USD2,500,000 was approved on 30 May 2012 with the first disbursement of USD625,000 made on 19 July 2012. Three subsequent disbursements of USD625,000 are scheduled for the end of December 2012, December 2013, and December 2014 respectively. Along with the grant funding, OPIC, FMO and Calvert are expected to make an investment of \$9.1

million along with technical assistance worth of \$2.7 million from FMO.

## 10. BAREFOOT POWER – BAREFOOT ANGELS FUND

Barefoot Power takes a trade finance approach to providing access to finance for very small businesses. The model works by providing LED lighting systems to MSMEs in self-contained business modules. The modules come in three sizes: *Company in a Container*, from which a firm then provides *Businesses in a Box* to local depots, who then distribute *Businesses in a Bag* to micro entrepreneurs, who then sell the products. The business model is similar to the sales models of Avon or Tupperware where the product is provided to the end seller, who pays the supplier as they sell the product. These value chain seller models have proven to be very scalable. The model meets Sharia lending rules since there is no interest charged for the product. There is a social benefit as well, replacing kerosene lighting used by roughly 1.5 billion people, with clean, higher quality/low energy LED lighting.

The grant agreement was approved on May 6, 2012 for USD2,000,000 to (1) set up a risk sharing/guarantee facility for 390 SMEs across 10 countries in Africa, (2) provide capacity building/training to SMEs and service and maintenance technicians, (3) strengthen grantees' management information systems (MIS), and (4) leverage the grant to mobilize additional financing. The first disbursement of USD1,000,000 was made in June 2012. The second disbursement is scheduled for May 2013. Along with the grant funding, Barefoot Angels Fund expects an equity investment of \$2.1 million from IFC and loan investment of \$2 million from OPIC in 2012.

## 11. ROOT CAPITAL

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 an SME producer to grow its business and invest in operations that help generate revenues. Root Capital combines financing with training and capacity building for both borrowers and suppliers to strengthen their ability to run their businesses more efficiently and hence generate sales to service their loans.

The USD2,000,000 grant project intends to provide financial management training to SMEs and consists of two components, one covering rural state of Mexico with a total grant amount of USD875,932 and another one covering Africa. The first component of the project was approved on June 14, 2012 while the second one for Africa is being reviewed. The first disbursement is expected to be made by mid October 2012, upon the signing of the grant agreement by IFC and the grantee. OPIC and MIF have provided loans worth of \$23 million along with technical assistance from MIF worth of \$1.8 million.

## **12. CAPITAL TOOL COMPANY ( TREFI )**

The Capital Tool Company, a private institution, has developed a web-based system that combines credit collection with finance tools, allowing suppliers and financiers to support the operations of SMEs. The model's innovation is in its capacity to allow suppliers to extend financing terms to SMEs at a much reduced cost, through a web-based platform. The system also aggregates supplier knowledge of their clients enabling the creation of risk ratings for SMEs, which are then available to other financial providers. The model benefits from a network effect, improving as the number of SMEs and suppliers participating increases.

The grant project was approved in May 2012 for USD1,500,000. The first disbursement of USD400,000 was made in June 2012. The second disbursement of USD350,000 is

scheduled for December 2012, the third disbursement of USD400,000 for June 2013, and the fourth of USD350,000 for December 2013. Along with the grant funding, TREFI received additional investment from COFIDE and FMO worth of \$1.24M. MIF is expected to provide additional funding support in 2012 of up to \$0.9 million.

## **13. BID-NETWORK**

Taking advantage of the network effects of web-based platforms, BID Network Foundation, a non-profit NGO, has created an SME platform to link entrepreneurs, investors and business coaches. The platform (website) innovates by using a multi-country approach to provide business coaching to entrepreneurs to increase their capacity and strengthen their business models. The platform also links local angel investors with entrepreneurs. Being web-based, the model is inherently scalable and costs drop as the network expands.

The grant project was approved on June 6, 2012 with a total grant amount of USD2,000,000. The first disbursement of USD670,000 is expected to be made by 30 September 2012, with key performance indicators being finalized. The second and third disbursements are expected by January 2013 and December 2014 respectively.

**SUMMARY KEY PERFORMANCE INDICATORS**
**PDT**

Performance Indicator	Baseline	Jun-13
Value of credit facilitated by PDT as Credit Counselor to SMEs (USD)	0	7,000,000
Value of operating LoC guaranteed jointly by PDT & partner local FIs	0	1,500,000
Number of SMEs provided with credit guarantee	0	7
Number of SMEs reached through credit counseling/ facilitation	0	31
Number of SMEs provided with credit guarantee	0	7

**EFL**

Performance Indicator	Baseline	Dec-12	Dec-13
Number of banks using EFL tool in LAC (4), MENA (1) and other region(1)	0	3	5
Time (hours) for EFL score turn-around	24 hours	<3 hours	<3 hours
Number of EFL tests performed by FIs in LAC, MENA, SA/EAP/ECA	0	1,000	6,000
Number of financed SMEs through FIs in LAC, MENA, & SA/EAP/ECA	0	n/a	500
Volume (US\$) lent using the EFL tool in LAC, MENA, & SA/EAP/ECA	0	n/a	4,000,000

**ROOT  
CAPITAL**

Performance Indicator	Dec-13	Dec-14	Dec-15
Value of loan capital disbursed to the Participating SGBs (USD, cumulative)		1,600,000	6,600,000
Number of loans disbursed to the Participating SGBs (cumulative)		25	60
Value of loans outstanding (USD)		997,000	3,000,000
Number of loans outstanding		5	15
% of loans > 90 days overdue		5%	5%

AIMVFC	Performance Indicator	Baseline	Dec-12	Dec-13
	Number of MSMEs receiving capacity building support	n/a	40	80
	Number of investor inquiry in targeted sectors leading to an investment	6	9	14
	Number of entities receiving AS (enterprises presented)	0	8	23
	Number of enterprises accessing investment/ financing	6	10	18
	Value of financing facilitated (USD)	3,500,000	5,000,000	8,500,000

BPI	Performance Indicator	Baseline	Jun-12	Jun-13	Jun-14
	Number of in-house training and workshops	0	1	2	5
	Number of SME clients receiving technical assistance	0	10	30	100
	Number of marketing materials distributed	0	50	300	1,000
	Value of SME loans disbursed (USD)	0	500,000	20,000,000	50,000,000
	Number of SME loans disbursed	0	1	15	50

EFSE	Performance Indicator	Baseline	Dec-12	Jun-13	Dec-14
	One project material (booklet/report) prepared	0	1		
	Conference/workshop/training events	0	20		
	Local currency mobilized (USD equivalent)	0	2,000,000		
	Local currency lending by PLIs (USD equivalent)	0		10,000,000	
	Number of SME reached by PLIs through local currency lending	0		100	360

GRASS  
ROOT

Performance Indicator	Baseline	Jun-13	Jun-14	Jun-15
Number of financing platforms developed and operational	0	1	2	3
Number of loans disbursed by the financing platforms and GBP	0	20	60	100
Value of loan disbursed (\$) in Indicator #2	0	4,000,000	8,000,000	13,000,000
Number of high impact businesses trained or capacitated by GBP	0	7	9	11
Number of farmers, artisans, entrepreneurs supplying to or distributing for trained SMEs	0	5,000	15,000	35,000

## MFX

Performance Indicator	Baseline	Dec-12	Dec-13	Dec-14
Number of trained MSME lender participants	0	15	80	180
Number of MSME lenders to receive in-depth onsite technical assistance	0	5	20	38
Number of trained MSME lender staff reporting (very) satisfied with MFX TA	0	10	59	126
Number new training modules and tools developed and implemented	0	1	3	4
Value (US\$) of financing facilitated at participant MSME lenders	0	n/a	2,200,000	9,500,000

## EFA

Performance Indicator	Baseline	Dec-12	Dec-13	Dec-14
Number of SMEs lease disbursed	75	99	174	296
Value of SME lease disbursed (USD)	465,000	1,040,000	2,880,000	6,420,000
Value of loans > 90 days overdue	8%	10%	10%	10%
Number of workshop events	1	2	4	9
Number of MIS systems developed	1	0	1	2

MCF	Performance Indicator	Baseline	Dec-12	Dec-13	Dec-14
	Number of countries in SSA where MCF TA project is operational	3	4	5	5
	Number of trained medical professionals	180	300	400	480
	Number of clinics that have achieved one or more SafeCare level improvement.	0	6	30	110
	Number of follow-up loans approved by local banks	12	45	85	120
	Value (US\$) of loans disbursed to MCF partner clinics	500,000	1,800,000	2,500,000	3,500,000

BARE FOOT	Performance Indicator	Baseline	May-13	May-14	Dec-14
	Number of technicians trained that are providing service and maintenance services	0	200	700	850
	Value of loans/financing provided to local SMEs/distributors (USD)	0	1,800,000	5,500,000	7,000,000
	Number of FIs implementing the facility	0	13	40	53
	Number of SMEs/importers benefiting from grant facility	0	98	390	468
	Number of loan disbursed	0	45	150	185
	Number of BF approved solar lanterns sold through grant	0	50,000	150,000	200,000

TREFI	Performance Indicator	Baseline	Dec-12	Jun-13	Dec-13	Jun-14
	Financial Institutions & Corporate Partners Incorporated to Platform	0	0	2	4	6
	Number of loans disbursed	0	15,000	30,000	65,000	100,000
	Value of loans disbursed (US\$)	0	2,250,000	4,500,000	9,750,000	15,000,000
	% of loans > 90 days overdue	2.60%	2.60%	2.50%	2.50%	2.50%
	Number of SMEs benefiting from expanded access to financial services	0	2,000	4,500	10,000	15,000

#### IV. GOVERNANCE AND MANAGEMENT

##### 1. SME Finance Challenge Coordination Committee:

The SME Finance (Challenge) Coordination Committee comprises representatives from each of the donor countries, plus a senior representative from IFC. The committee is responsible for approving the deployment of funds from the Trust Fund to projects under the SME Finance Challenge Program, and for coordinating other donor funding for such projects. Funding can be utilized for any SME related purpose as defined in the donors' Administration Agreement. The committee's primary roles are to:

- Review IFC's proposals on amounts and uses of grant funding and make notional allocations of the funding envelope to eligible proposals;
- Ensure coordination between various funding sources and initiatives related to the program; and
- Review and comment on progress/monitoring reports presented by the IFC Access to Finance (A2F) Coordination Unit semi-annually.

##### 2. A2F Coordination Unit:

The coordination unit is responsible for safeguarding and representing the donors' interests in processing and monitoring the Challenge Winner grants. The tasks and responsibilities of the Coordination Unit include:

- Overall management of the trust funds under the program, including the processing of grants and financial management of the trust funds;
- Managing relationships with the donors and coordinating with the Operation Teams and CPATF team;
- Ensuring coordination among the teams/units involved in the Program; and

- The day to day management of the SMEFF's operations as specified in the below section.

From July 2012 the staff of the SME Finance Forum took over all coordination unit responsibilities.

##### 3. Operations Teams:

Individual IFC-staffed Operations Teams are responsible for (1) ground-level project assessment, (2) IFC internal approval processes, and (3) physical disbursements of grants under the Program. Projects with a specific country or regional focus have been assigned to locally-based teams, while those with multi-regional or global focus have been assigned to an HQ-based team.