

Destination: One Million New Jobs

2012-2015

GLOBAL SME FINANCE FACILITY PROGRESS REPORT



“With SMEs being an important driver of employment and development, it is essential that SMEs are given the access to finance and the technical assistance to enable them to play this key role. DFID has been a strong supporter of this innovative blended finance initiative which leverages IFC’s extensive experience in blended finance, its broad network of financial institution partners and its expertise in providing the technical assistance needed to maximise the impact of SME finance. DFID is especially supportive of the initiative’s efforts in fragile and conflict affected states and welcome’s the initiative’s successes in some of the more fragile countries of the world.”

— Rachel Turner, DFID Director for International Finance

“SMEs are crucial for inclusive growth, jobs and innovation. We are happy to partner with IFC, DFID and others in the Global SME Finance Facility and look forward to a strong increase in SME loan portfolios with local banks.”

— Peter Le Poole, Senior Policy Advisor Financial Sector Development, Ministry of Foreign Affairs, Netherlands

ACRONYMS & DEFINITIONS

DFID	Department for International Development
DFI	Development Finance Institutions
DRC	Democratic Republic of Congo
EIB	European Investment Bank
ETI	Ecobank Transnational International
FCAS	Fragile and Conflict-Affected States
FIG	Financial Institutions Group
GPII	Global Partnership for Financial Inclusion
HBL	Habib Bank Limited
IDA	International Development Association**
IFC	International Finance Corporation
IFI	International Financial Institutions
M&E	Monitoring and Evaluation
MIS	Management Information System
MSME	Micro, small and medium enterprises
MTR	Mid-Term Review
ODA	Official Development Assistance
RMG	Ready Made Garments
RSF	Risk-Sharing Facility
SDG	Sustainable Development Goals
SME	Small and medium enterprise
VSE	Very small enterprise
WEDF	Women Entrepreneurship Development Fund

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Funding



- From:
- International Financial Institutions / Development Finance Institutions
 - Donors



Global SME Finance Facility

Facility Activities



Investment Services
(for financial institutions)

- Loans
- Risk-Sharing Facilities



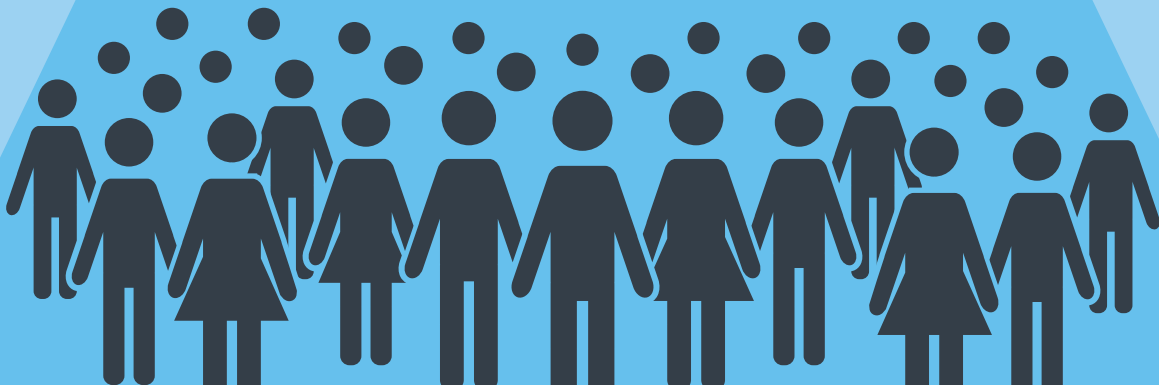
Advisory Services

- Capacity Building for Financial Institutions
- Financial Infrastructure



Lending is Increased to SMEs
(by financial institutions)

SMEs grow and create jobs



Dear Friends,

In 2009 the leaders of the G20 countries put supporting access to finance for Small and Medium Enterprises (SMEs) at the forefront of the global development agenda as a means of driving economic growth and fostering job creation. SMEs account for a significant share of employment and GDP around the world, and they produce about two-thirds of all formal-sector jobs in emerging markets. Yet these firms face pervasive challenges in accessing finance, which is a critical lever for running and growing a successful business.

The Global SME Finance Facility was established in 2012 as multi-stakeholder initiative focused on strengthening the ability of financial institutions to better meet the financial needs of SMEs. For the last four years, the Facility has partnered with the UK Department for International Development, the European Investment Bank and the Netherlands Ministry of Foreign Affairs. It has been able to leverage the power of these partnerships across some of the most challenging markets to support nearly 100 SME Finance projects through investment and advisory solutions that accelerate SMEs' access to finance in tough markets.

The Facility is particularly embracing its goal to support the creation of one million jobs over ten years. We are proud that the Facility's support has already enabled its financial institution clients to facilitate US\$ 6.4 billion in over 67 thousand new SME loans, which are estimated to have helped SMEs create over 414,000 jobs.

This key initiative, with support from its donors and partners, provides unparalleled flexibility in terms of the range of investment instruments and advisory services that it offers to its clients. It also plays a critical role in IFC's ability to leverage development assistance funds to mitigate risks and catalyze private sector investments through blended finance instruments.

With the strong support of our partners, the Global SME Finance Facility will continue implementing successful models for expanding SME finance, and we fully expect to continue to report impressive results in the years to come.



Nena Stoilkovic

Vice President, Global Client Services

Destination: One Million New Jobs

The Global SME Finance Facility is a blended finance partnership focused on helping to close the financing gap faced by SMEs in emerging markets. By playing a catalytic role in increasing access to finance for SMEs, it aims to contribute to the creation of a million jobs in the SME sector. The Facility focuses on supporting the most underserved SME segments, such as SMEs in fragile countries, very small enterprises, and women-owned SMEs.

A global partnership to close the SME Financing Gap.

Established in response to a G-20 call for more innovative approaches to financing SMEs, the Facility provides funding, risk mitigation and advisory assistance to financial institutions to help them expand lending to SMEs in challenging markets and segments. In addition, the Facility provides advice to governments to improve the financial infrastructure, enabling financing to flow more efficiently to SMEs.

First four years of progress. The Facility has demonstrated in its first four years the power of its multi-pronged approach and its partnership model. Since its creation in 2012, the Facility has supported 56 financial institution clients who have lent over \$6 billion through more than 67 thousand new loans to SMEs. We estimate that to date the Facility contributed to 414,000 new jobs created through such lending.

Joining forces to accomplish more than any single

resource can. Managed by IFC, the Facility blends commercial financing from IFC and the European Investment Bank with donor funding from the UK Department for International Development (DFID) and the Netherlands. DFID provided the initial funding for the Facility with US\$ 120 million for investment and advisory services. Subsequently, the Netherlands committed US\$ 27 million for investment and advisory services in IDA countries, and the European Investment Bank committed US\$ 100 million for risk-sharing facilities.

Blended finance refers to the strategic use of donor funds to attract private capital towards investments that have a high development impact.

Global SME Finance Facility 2012 – 2015 Highlights

ACTIVE IN

27

low-income
countries

**Ninety-
Nine**

Investment and
Advisory Projects

WORKING WITH

56

financial
institutions

Building
financial
infrastructure in

13

countries

RESULTING IN

\$6.4 billion

incremental growth
in new SME loans

AND

67,539

new loans to SMEs

CONTRIBUTING TO

414,000

new jobs created

ADDRESSING THE ENTIRE FINANCE ECOSYSTEM.

Funding and/or guarantees are provided to commercial banks and microfinance institutions to help expand their lending to SMEs that would otherwise be considered too risky.

As Banks work to understand the risks and manage the costs of moving into new segments, the Facility also provides IFC advisory services to help establish the new products, processes and risk management systems that will make their efforts sustainable.

Where credit information and the policy environment are not conducive to expanding SME lending, the Facility steps in to provide advice from the World Bank to improve financial infrastructure that will ease the conditions for banks to lend to SMEs.

With the support of its partners, the Facility will continue providing investment and advisory services to institutions committed to expanding SME lending, and it looks forward to achieving its ultimate goal of facilitating disbursement of US\$ 8 billion in SME loans and creating one million new jobs by 2019.

Inside the SME* Financing Gap

Recent studies estimate that over 90 percent of net job creation in emerging markets is attributed to SMEs with fewer than 250 employees. Small firms with under 100 employees contribute more than three-quarters of these net new jobs, while young SMEs create new jobs at a faster rate than older ones**. Moreover, research shows that SMEs play a bigger role in low income and fragile countries than more affluent countries.

Because of this, expansion of the SME sector is critical to boosting employment and reducing poverty in low income countries. Yet SME owners in these markets face significant challenges in building their businesses, from the high cost of doing business and the pervasiveness of the informal economy, to a lack of supporting infrastructure and skilled capacity. However, at the top the list of challenges for SMEs in most emerging markets is a severe lack of access to finance, which can greatly limit their ability to invest in growing their businesses and hiring additional employees.

The difference between the amount of financing SMEs need and the amount they are able to obtain from formal financial institutions is known as the Financing Gap. As of 2011, the SME Financing Gap in emerging markets was estimated at US\$ 900 billion to US\$ 1.1 trillion. Closing the SME finance gap will accelerate the formation of new SMEs and help existing ones thrive.

Women-owned SMEs. Approximately 31–38 percent (8–10 million) of formal SMEs in developing economies are owned fully or partly by women. These firms have access to high-quality financial services to even a lesser degree than SMEs owned by men, and they cite access to finance as a major constraint more often than male business owners. Women-owned SMEs are less likely to obtain

funding because they tend to be smaller and less formal, and they often face socio-cultural norms and sometimes legal constraints that makes it more difficult for women to own and pledge assets as collateral to access finance.

The Facility is committed to working with its clients to devote increased attention to this market segment and its unmet demand for financial services. However, many Facility clients are institutions that are just starting to focus on SME banking. They need to put in place basic SME products, risk management policies, marketing and market research capabilities, and assign and train specialized SME-focused staff before they can focus on reaching specific segments, such as women-owned enterprises. Currently, about 1/3 of the Facility projects have a dedicated component focusing on supporting women-owned SMEs.

As of December 2015, the Facility programs have enabled financial institutions to ramp up lending to women-owned SMEs with 7,270 loans, worth over US\$370 million. We expect these results to significantly increase in the coming years as the Facility clients develop sustainable and profitable SME business lines needed to reach women-led businesses.

Very Small enterprises (VSEs). VSEs comprise firms too large to be reached through micro lending approaches, yet too small for most banks to find attractive. Very small enterprises represent 54–68 percent*** of formal SMEs. These firms do not have strong, tangible collateral to offer as backing for loans, and their lack of credit records and financial history makes it difficult for financial institutions to analyze and assess their credit risk. Additionally, VSEs typically require smaller loans, which can be costly to service.

* Small and Medium Sized Enterprises (SMEs). To qualify as an SME a firm must meet at least two of the following three characteristics: 10 to 300 employees, \$100,000 to < \$15 Million in assets, \$100,000 to < \$15 Million in annual sales, SME loans typically are between \$10,000 and \$1 million.

** SMEs, Age, and Jobs, Policy Research Working Paper, World Bank Group's Development Economics Global Indicators Group 7493, November 2015, p. 18"

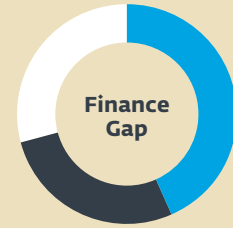
*** IFC Enterprise Finance Gap Database (2011)

A One Trillion Financing Gap*

Total Gap
US\$ 900 Billion
– US\$ 1.1 Trillion

= 26 – 32 percent of
current outstanding
SME credit

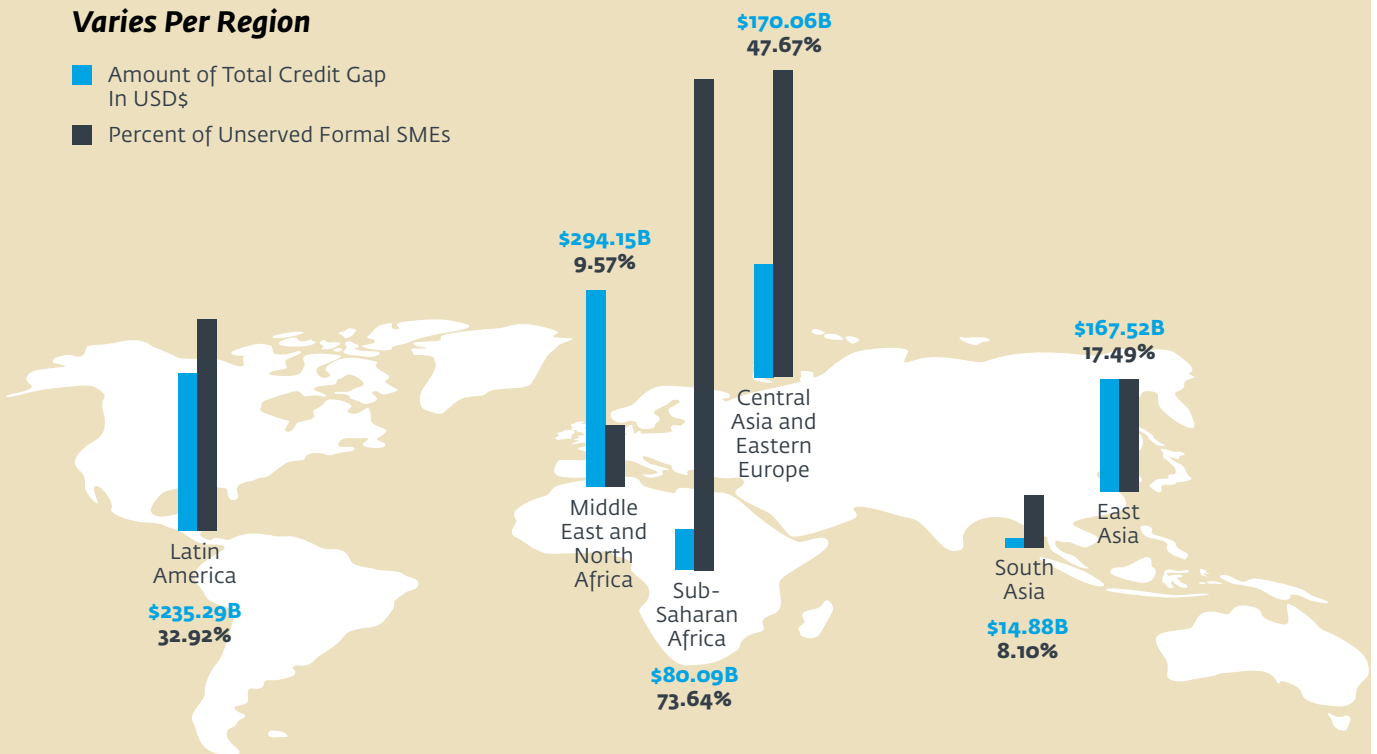
Affects **55 – 68** percent of formal SMEs developing countries representing **13 – 20 million** firms



- **Medium Enterprises**
29 – 36 percent
- **Small Enterprises**
19 – 23 percent
- **Very Small Enterprises**
19 – 24 percent

Varies Per Region

- Amount of Total Credit Gap In USD\$
- Percent of Unserved Formal SMEs



And Disproportionately Affects Women

57-71 percent of women-owned SMEs in developing economies are either unserved or under-served, totaling 5.3-6.6 million SMEs

US\$ 260-320 billion in unmet financing needs of women-owned businesses, representing a large opportunity for financial institutions

The financing gap data refers to formal SMEs only. In regions with a large number of micro and informal businesses, the total financing gap is much larger.

Although the definition may vary by region and the size of the market, VSEs are typically defined as companies with between 5 and 25 employees and annual turnover below US\$ 0.12 million.

*IFC Enterprise Finance Gap Database (2011), <https://www.smeffinanceforum.org/data-sites/ifc-enterprise-finance-gap>

Where We Operate

Zeroing in on Fragile and Conflict Situations and Poverty Economies: Acknowledging the need for increasing SMEs' access to finance in the most difficult markets, the Facility has prioritized its activities in the poorest countries as defined by the World Bank's International Development Association (IDA), and in countries with Fragile and Conflict Situations (FCAS).^{*} The Facility's ecosystem approach also allows the IFC to have a larger footprint in IDA and FCAS countries. Global SME Finance Facility has contributed over half of all IFC's Financial Institutions Group's MSME Finance investments in FCAS globally, and over 90 percent of the investments in Africa FCAS.

Financial institutions in FCAS and IDA countries face the greatest SME finance challenges. Financial institutions in these markets operate in volatile and unpredictable business environments, troubled by heightened political instability, a difficult investment climate, and a weak financial infrastructure that makes effective assessment of SME credit risk difficult. In addition, SMEs in these countries have limited financial history and formal business records, possess few fixed assets for collateral, and require smaller loans.

These factors contribute to the perception among financial institutions that SMEs are riskier clients, and that they increase the transaction costs of the commercial banks and microfinance institutions that serve them. Furthermore, the financial institutions in these countries typically are just beginning to focus on SME banking. Basic SME products, appropriate SME risk management policies, tailored marketing and market research capabilities, and trained specialized SME-focused staff are not yet in place.

As a result of these challenges, SMEs in IDA and FCAS countries in particular have the most limited options for accessing banking products that meet their financing needs. In IDA and IDA blend countries alone, about 4.7 million SMEs are estimated to be financially unserved or under-served, and financial institutions in these markets need substantial support in building sustainable SME banking models.

CURRENT PROJECTS:

80%
are in IDA countries

20%
are in IDA-blend countries

35%
are in FCAS countries

15 FCAS Countries reached

Targeting sectors vital to rebuilding markets and assisting recovery

^{*} The World Bank Group's Fragile, Conflict and Violence Group annually releases the Harmonized List of Fragile Situations. <http://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations>

^{**} The World Bank's International Development Association (IDA) is one of the largest sources of assistance for the world's 77 poorest countries, 39 of which are in Africa, and is the single largest source of donor funds for basic social services in these countries. Eligibility for IDA classification depends on a country's relative poverty, defined as GNI per capita below an established threshold and updated annually (\$1,215 in fiscal year 2016). Blend countries: IDA-eligible but also creditworthy for some IBRD borrowing. <http://ida.worldbank.org/>



The Facility Works Through an “Ecosystem” Approach

Complex challenges addressed at multiple levels. Given the range of challenges facing SMEs, addressing the SME finance gap in a sustainable and scalable manner requires a comprehensive approach. This includes integrated, multi-tiered solutions that span the ecosystem of financing.

The Facility provides Investment and Advisory solutions, crafted to the needs of each country and partner institution. These projects are implemented through IFC’s global network, comprised of 106 IFC country offices,

215 field and 73 HQ-based FIG Investment staff, 83 field and 17 HQ-based FIG Advisory staff, and 765 Financial Institutions clients.



INVESTMENT SERVICES

Blended funds from **IFC, donors** and **other investors**.
Performance incentives available for all investments.



Risk Sharing

Guarantees cover a portion of losses on loans to SMEs

Lowers risks to financial institutions of moving into SME markets



Senior or Subordinated Loans

Credit lines designated for on-lending to underserved SME segments, including Women-owned SMEs

Encourages increased lending to SMEs



Performance-Based Rebates

Flexible rebates linked to meeting specific performance targets related to growing SME portfolios

Incentives to financial institutions for investments in ramping up lending to under-served segments



ADVISORY SERVICES



Advisory Services for Financial Institutions

Capacity building tailored to the needs of banks and microfinance institutions

Strengthens FIs institutional capacity to better serve SMEs



Financial Infrastructure Projects

Technical advisory services for establishing credit bureaus, and secured collateral registries

Facilitates SME lending by strengthening countries' financial infrastructure

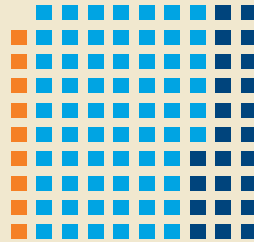
MECHANISM

PURPOSE

Global SME Finance Facility Activity 2012-2015

99 TOTAL PROJECTS

34 investment projects
65 advisory projects



9 projects completed

66 in implementation

24 in pre-implementation



56

Financial Institutions

18

and financial infrastructure projects

13

in countries

TOTAL PROJECT SIZE

\$996 million

leveraging US\$ 103 million in donor funding



BLENDED FINANCE INVESTMENT PROJECTS

TOTAL PROJECT SIZE
US\$ 899 million

US\$ 62 million in donor funding



ADVISORY PROJECTS

TOTAL PROJECT SIZE
US\$ 97 million

US\$ 41 million in donor funding



Blended Finance across IFC

Since 1996, IFC has approved nearly US\$ 407 million in concessional funds for investment and advisory projects in the climate, agriculture and SME sectors, leveraging more than US\$ 4 billion. By blending donor funds from its partners alongside IFC's own capital, IFC has been able to undertake high-risk, high-impact projects that have strong potential to improve lives and reduce poverty, and catalyze investments in areas where market barriers would otherwise stand in the way.

In 2012 IFC approved a blended finance policy, including a rigorous governance structure led by a blended finance committee.

The blended finance solutions, such as those provided by the Global SME Finance Facility, are indicative of IFC's role in "turning billions into trillions" - the World Bank's call for action to mobilize, redirect and unlock trillions of dollars of private capital needed to achieve the 2030 United Nation's Sustainable Development Goals (SDGs). Estimates for total annual investment in developing countries that is needed to achieve the 2030 SDGs range from \$3.3 trillion to \$4.5 trillion. Current Official Development Assistance (ODA) falls far short of these demands, leaving an annual gap of US\$ 2.3 trillion.

IFC Blended Finance Facilities

Global SME Finance Facility

The Women Entrepreneurs Opportunity Facility (WEOF)

The Global Agriculture and Food Security Program (GAFSP)

MENA SME Finance Facility

Climate related Facilities

The Facility in Action

Investment Services

RISK-SHARING FACILITIES (RSF)

Risk mitigation instruments that encourage financial institutions to move into a new market and pursue SME segments perceived to be higher risk.

Status: 16 RSF projects.

Project Example: Risk-sharing facilities increase SME lending in West and Central Africa

The Facility is supporting Ecobank Transnational International Ltd (ETI) to increase its SME lending in 8 FCAS countries in Africa. These countries face persistent political instability, weak financial infrastructure and a poor investment climate creating a particularly difficult business and SME-financing environment. With the support of the RSF that covers a portfolio of up to US\$ 110 million in loans to SMEs, ETI is expanding its SME lending across eight subsidiaries in West and Central Africa.

This RSF, along with a performance incentive, is motivating ETI affiliates in Burundi, Chad, Côte d'Ivoire, the Democratic Republic of Congo, the Republic of Congo, Guinea, Mali and Togo to take on greater risk and increase their outreach to otherwise unserved SME segments. ETI affiliates are expected to provide SME loans to over 5,000 SME borrowers. Once the effectiveness of this outreach has been demonstrated, ETI expects to scale up SME lending across its entire network, including in other fragile and conflict-afflicted states.

Project Example: Access to financing accelerates in Nigeria — particularly for women-owned SMEs



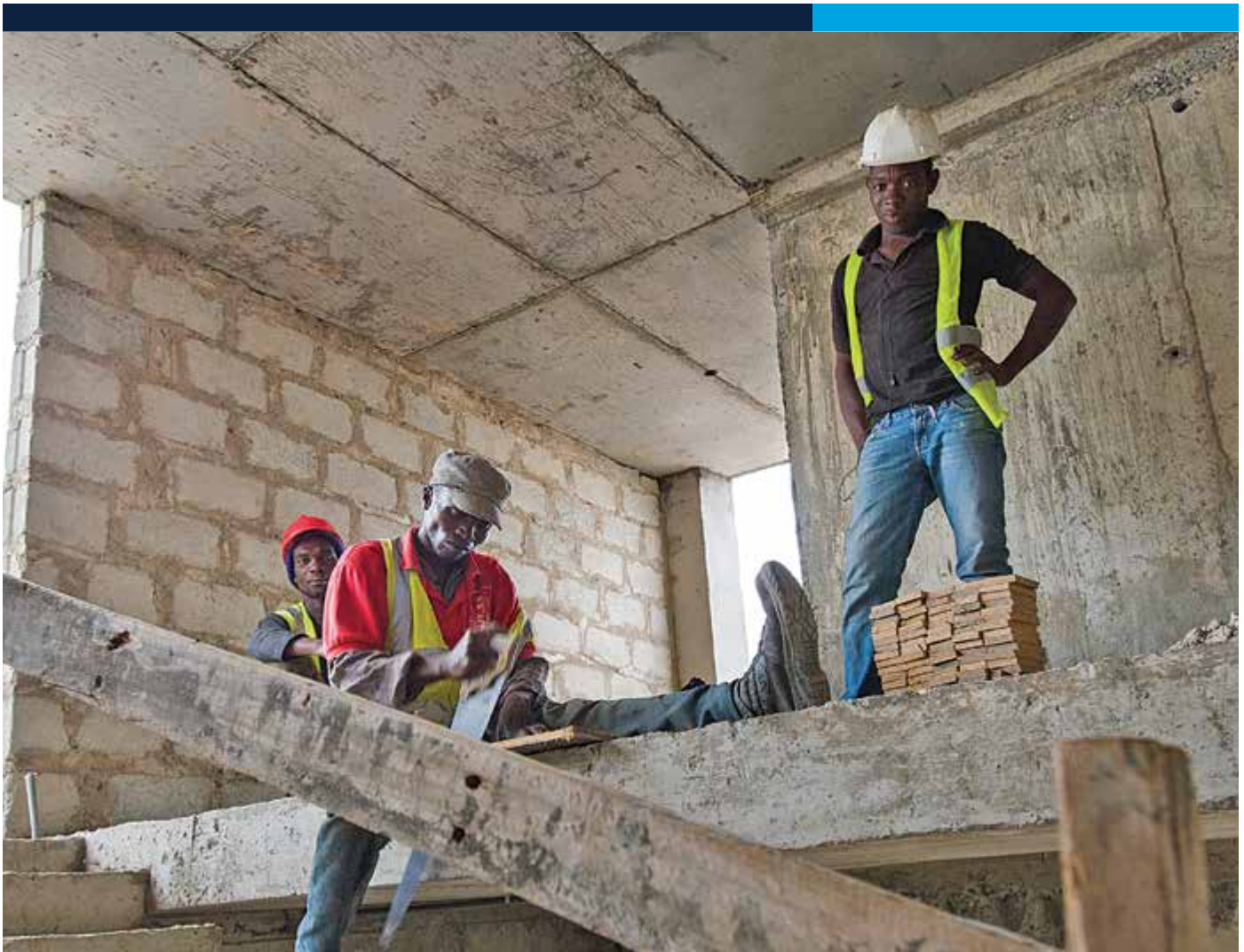
The Facility is supporting Access Bank Nigeria in expanding its lending to smaller SMEs, with a special focus on women and women-owned SMEs. We provided Access Bank Nigeria with a loan, an RSF and advisory services to support scaling up its SME lending and its Banking on Women model. IFC helped the bank develop a value proposition tailored to women needs, with a special focus on helping the Bank incorporate full banking services for women, including personal, micro, SME and corporate banking solutions. The project is expected to demonstrate to other financial institutions in Nigeria the viability of lending to women owned SMEs, and is expected to significantly increase the finance options available to these firms. The financing package, along with the performance-based incentive and advisory services, already has encouraged the bank to double its annual growth rate target for the women-owned SME lending portfolio.

LOANS

Funding to financial institutions, including dedicated credit lines for reaching specific SME segments such as women-owned SMEs. **Status: 18 loan projects.**

Project Example: Loans grow Very Small Enterprises in the DRC

The Facility is supporting Advans DRC, a microfinance bank, in upscaling its lending to Very Small Enterprises (VSEs). VSEs are too large to be serviced through



traditional microfinance approaches and yet are too small for banks to find attractive. They face more challenges in accessing credit than micro enterprises in the local market.

Historically focused on micro lending, Advans has benefited from the Facility's support to provide larger loans to VSEs. The facility provided Advans with a loan and a performance incentive linked to pre-agreed stretch targets. The blended finance approach has incentivized Advans to increase its lending to VSEs by mitigating some of the higher risks of lending to them. With the support of the loan, Advans plans to more than triple its volume of outstanding MSME loans.

Mr. Matebo is a distributor for a leading beverage company in DRC, Bracongo. He sells to shops and restaurants as well as retail. **With Facility funding, Advans was able to provide Charles Matebo Mutebo with a loan** to finance the construction of a new storage depot and grow his drinks distributorship enterprise.

A new enclosed storage depot will provide Mr. Matebo with needed security for his product. The Facility enabled Advans to lend Mr. Matebo the US\$ 40,000 needed to build the depot, as well as additional storage rental units. Even while construction proceeds, Mr. Matebo is renting out income-producing extra storage units, and he is regularly repaying his loan. Looking forward, he is preparing to increase his inventory and is considering the next steps to grow his business.

PERFORMANCE INCENTIVES FOR INVESTMENTS

Performance incentives are embedded in loans and RSFs, and are linked to pre-defined performance targets. Incentives are tailored to the structure of each investment, and they reward financial institutions for setting and meeting more ambitious SME lending targets, encouraging them to rapidly reach and serve most SMEs. **Status: All loans and RSF projects include performance incentives.**

Project Example: Performance incentives spur life-saving loans in Bangladesh

The Ready-Made Garments (RMG) sector is the major driver of Bangladesh's growth, making Bangladesh the second largest RMG producer in the world after China. While the RMG sector in Bangladesh provides employment for millions of people, most of whom are women from poor backgrounds, the country has a poor record of working conditions and worker safety, as well as deficient factory infrastructure. The Facility is supporting local banks to provide loans to small garment factories, for the specific purpose of funding capital improvements essential to worker safety.

The Facility support for four Bangladeshi banks — City Bank, Eastern Bank, Prime Bank and United Commercial Bank — is enabling small garment factories to invest in structural, electrical, and fire safety standard improvements. The Facility support includes a performance incentive embedded into a loan from IFC that specifically encourages banks to give loans to smaller garment factories, which face the most difficulties in accessing finance. The program estimates that this effort may help almost 500,000 workers, including about 400,000 women, benefit from a safer work environment.

Project Example: Incentives increase lending to women entrepreneurs in India



With support from the Facility, IFC provided India's Yes Bank with a loan featuring an embedded performance incentive to motivate the bank to scale up its lending to SME borrowers in low income states (LIS) and in underserved North East states (NES), including women-owned SMEs in these disenfranchised regions. The incentive, conditioned on Yes Bank meeting stretch targets for reaching these markets, has been successful in achieving a significant increase in lending to women-owned SMEs. The bank refined its strategy for reaching women-owned SMEs, and as a result of this effort, the bank has decided to launch a country-wide program to become a flagship lender to women in India. By helping one of the largest and most dynamic banks in India see the opportunity within the women's market, our support has spurred Yes Bank to strive to become a market leader in the gender space.





The Facility in Action

Advisory Services

ADVISORY SERVICES FOR FINANCIAL INSTITUTIONS

Under the Facility, IFC leverages its regional SME Finance Advisory Services Specialists to help financial institutions improve their SME lending operations, including building effective business models, developing appropriate products and services, optimizing channels for delivery, increasing efficiency, and training staff to more ably identify, evaluate and serve SME clients. Additional advisory services are geared to helping financial institutions develop non-financial services for SMEs, such as training, mentoring and networking for business owners. **Status: 47 advisory service projects.**

Project Example: Advisory services help Kenya's NIC Bank reach more SMEs

The Global SME Finance Facility is providing advisory services to help Kenya's NIC Bank strengthen its capacity to sustainably serve SMEs. The program aims to help the bank identify gaps in its existing SME banking operations, and revise its SME strategies, structures and processes. The project's goal is to triple the NIC's volume of SME lending over three years. IFC also has an investment in NIC Bank to help it expand SME banking operations.

Project Example: Advisory services support financing for women-owned SMEs in Bangladesh



As a component of a wider SME-financing Advisory Services for IDLC Finance Ltd., the Facility helped IDLC build a Women in Business program and develop a range of products and services specifically for women-owned SMEs. IDLC's



Purnota products provide a comprehensive solution for women-owned businesses to grow, including loans, business facilitation services, training, insurance, digital marketing, and other services to women-owned businesses. This was the first time any financial institution in Bangladesh launched a comprehensive financial services program focused on

“Our focus will be to deepen our presence and offerings in the retail and SME segments, and increase our footprint in the region.”

— John Gachora, NIC Group Managing Director, Kenya

the women's segment. With the help of this product, IDLC expects to grow its portfolio to more than two thousand women entrepreneurs over one year.

Project Example: In Pakistan, advisory services transform SME lending capacity

The Facility has provided advisory services to Bank Alfalah to help the bank redesign its SME business model and improve its credit underwriting process. With this support Bank Alfalah has created a specialized SME business unit it introduced tailored delivery models for SMEs, invested in its Management Information System (MIS) to improve SME lending operational efficiency, and entirely revamped the SME product line. Additionally, Bank Alfalah developed a non-financial advisory services (NFS) for SMEs, including the development of the SME Toolkit, and has become the first bank in Pakistan to have a structured NFS offering as part of its SME business model.

“Our new non-financial advisory services will add significant value to SMEs in managing their business ... and enable economic progress.”

— Atif Bajwa, President and Chief Executive Officer, Bank Alfalah, Pakistan



STRENGTHENING STATES' FINANCIAL INFRASTRUCTURES

The Facility also supports the building and/or strengthening of secured collateral registries and credit bureaus. Establishing proven credit histories and expanding the types of assets entrepreneurs can use as collateral have the potential to increase SME lending dramatically. A robust financial infrastructure is expected to especially benefit SMEs owned by women, who generally have less access to land and property, currently the preferred collateral for most financial institutions.

Status: 18 financial infrastructure projects in 13 countries.

Project Example: Advisory services improve Liberia's collateral registry

In Liberia, the Facility is supporting the development of a collateral registry, including the appropriate legal, regulatory and institutional framework for secured transactions for movable collateral lending. The collateral registry allows SMEs that do not have access to traditional collateral, such as land or real estate property, to register moveable assets as collateral in order to access loans from the participating financial institutions. These moveable assets can be a car, a motorcycle, crops, agricultural equipment, accounts receivable, etc. Despite being launched in 2014 during the Ebola crisis, the movable collateral registry is already making it possible for farmers and entrepreneurs to borrow money against such assets.

Project Example: Advisory services establish a credit registry in Afghanistan

The Facility is supporting Afghanistan's efforts to establish credit information sharing systems to provide lenders with information to make efficient risk assessments of potential borrowers, and create a secured lending framework that includes a collateral registry for movable property to provide lenders with the ability to effectively use borrowers' property as collateral. While the new Registry in Afghanistan is still in a nascent stage, it is expected to significantly improve access to finance for micro, small and medium enterprises (MSMEs).

Global SME Finance Facility works closely with the World Bank's Finance and Markets Group, which leads the implementation of the financial infrastructure projects.



THE PROMISE OF FINANCIAL INFRASTRUCTURE

The successful implementation of financial infrastructure project can have a dramatic impact on increasing access to finance for SMEs. The IFC's work in strengthening financial infrastructure in China is a compelling example of the far-reaching impact a well-functioning secured collateral registry can have on lowering the costs of credit and increasing access to finance to SMEs.

With IFC's support, which took place prior to the Facility, China established a solid secured transactions system that has resulted in a sustainable flow of additional credit to the SME sector. China created a security interest registry for account receivables in October 2007. Three and half years later, the registry's data reported a cumulative US\$ 3.58 trillion accounts receivable financing, including USD\$ 1.09 trillion in SME lending to over 68 thousand SME borrowers. Sixty-three percent of SMEs that obtained new loans using accounts receivable had female ownership, while 20 percent are majority-owned by women.

***An example of a successful
Financial Infrastructure project
that makes a difference.***

Already Creating Jobs and Improving Lives

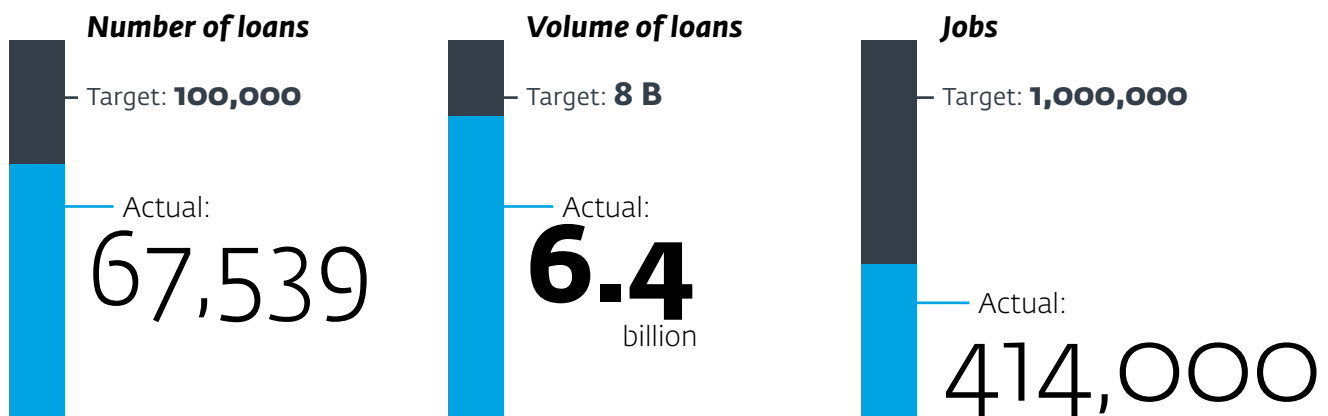
Initial results, for the Facility are strong, and demonstrate that by leveraging the capital from our partners along with IFC's banking relationships globally, we can address the Financing Gap more effectively than any single international financial institution, development finance institution, or donor could alone.

Number and volume of loans: The Global SME Finance Facility can report substantial progress towards achieving our 2019 goal of facilitating the disbursement of US\$ 8 billion in SME loans to 200,000 small and medium enterprises, as well as creating one million jobs. The Facility Investment and Advisory support has helped its clients to provide US\$ 6.4 billion in over 67 thousand new SME loans. These results are expected to increase significantly as projects reach a more advanced stage of implementation, and all the supported financial institutions, credit bureaus and collateral registries start reporting results.

Supporting Job Creation: Since measuring job creation is a key goal of the Facility, the Monitoring and Evaluation (M&E) team has focused on developing an econometric model to assess the Facility impact on the growth of SMEs, and job creation in the SME sector. This data-driven research model has yielded the conclusion that SMEs receiving a loan from financial institutions supported by the Facility added approximately 414,000 new jobs by the end of 2015. Additionally, the findings of the jobs extrapolation model indicate that the SMEs accessing loans from our clients are likely to create more jobs than other SMEs in the same markets. With additional data collected every year, we will continue to refine this model.

Impact

FACILITATED INCREMENTAL GROWTH IN SME LENDING*



* Results are based on data reported by the Facility clients as of December 2015



Leveraging donor funds for investment projects: The Facility aimed to leverage each donor dollar with eight dollars in commercial financing through investments in 15 financial institutions. As of March 2016, the Facility leverages the donors' funds at a rate of one to 14.5 and provides investment services to 32 banks and microfinance institutions.

Mid-Term Review. In 2015, the Facility underwent a formal Mid-Term Review (MTR). The evaluators concluded that the Facility:

- Effectively deployed its funding to countries with less developed financial markets at a rate that is higher than other comparable portfolios within development finance institutions.
- Effectively contributed to increases in lending to SMEs by its partner financial institutions. The Facility will

likely **surpass its targets** with regard to the number of firms reached, as well as the value of SME lending facilitated, including targets in fragile states.

- Is **on track** to meeting its ultimate goal of supporting the creation of one million jobs by the year 2019.

The MTR also noted that reaching women has been more challenging because of the difficult markets in which the Facility operates. Financial institutions in these countries lack a rigorous reporting capacity to disaggregate portfolio data based on the gender of SME owner. Additionally, in many of these markets fewer SMEs are owned by women. Finally, financial institutions in many markets where the Facility works have nascent SME lending businesses, requiring the Facility to help financial institutions build their SME lending fundamentals before focusing on increasing their reach to specific market segments such as women-owned SMEs.



Addendum

List of Projects

Projects in Africa

BURUNDI

Ecobank Burundi RSF

The project consists of an RSF and performance incentive for eight Ecobank Transnational Inc. (ETI) affiliates in Burundi, Chad, DRC, Côte d'Ivoire, Guinea, Mali, Togo and the Republic of Congo. The RSF provides a risk mitigation mechanism to support ETI in expanding its SME lending, with a particular focus on reaching more small firms, which are some of the most underserved firms in these markets.

Implementation Stage • Risk-Sharing Facility

KCB Burundi SME Advisory

This project supports Kenya Commercial Bank (KCB) Burundi in expanding its SME banking business. The advisory services will focus on market research and segmentation, developing a SME strategy, business model and a customer value proposition, as well as developing appropriate SME products, services and delivery channels. The Advisory will also include, strengthening the bank's credit operations and SME credit risk management practices, policies and tools, and staff training.

Pre-Implementation Stage • PFI Advisory*

Secured Transactions, Burundi

The project aims to increase access to credit for businesses in Burundi by developing an appropriate legal, regulatory and institutional framework for movable assets-based lending. The project introduces an innovative approach to the development of an electronic centralized collateral registry by integrating it with the development of a credit information registry. This approach increases efficiency

and provides more comprehensive information coverage for financial institutions and users.

Pre-Implementation Stage • Financial Infrastructure ✕

CHAD

Ecobank Tchad RSF

The project consists of an RSF and performance incentive for eight Ecobank Transnational Inc. (ETI) affiliates in Burundi, Chad, DRC, Côte d'Ivoire, Guinea, Mali, Togo and the Republic of Congo. The RSF provides a risk mitigation mechanism to support ETI in expanding its SME lending, with a particular focus on reaching more small firms, which are some of the most underserved firms in these markets.

Implementation Stage • Risk-Sharing Facility

CONGO

Credit du Congo RSF

The project consists of a Risk Sharing Facility to Credit du Congo for developing a targeted approach to providing finance to SMEs in key value chains that can serve as sub-contractors to Total Exploration and Production Congo. The RSF will help Credit du Congo manage its risk exposure to SMEs and increase its reach to this new business segment.

Implementation Stage • Risk-Sharing Facility

* on hold

PROJECTS CONTINUED

Ecobank Congo RSF

The project consists of an RSF and a performance incentive for eight Ecobank Transnational Inc. (ETI) affiliates in Burundi, Chad, DRC, Côte d'Ivoire, Guinea, Mali, Togo and the Republic of Congo. The RSF provides a risk mitigation mechanism to support ETI in expanding its SME lending, with a particular focus on reaching more small firms, which are some of the most underserved firms in these markets.

Implementation Stage • Risk-Sharing Facility

COTE D'IVOIRE

Advans Cote d'Ivoire Loan

The project consists of a senior loan in local currency to fund the SME lending expansion of Advans Côte d'Ivoire, a Greenfield microfinance bank. The project includes a performance incentive to motivate the bank to scale its SME lending capacity to reach more small enterprises, while maintaining portfolio quality.

Implementation Stage • Loan

BICICI RSF

The project consists of a Risk Sharing Facility for a portfolio of short- and medium-term loans to SMEs, which will be originated and serviced by Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire (BICICI). The RSF will support BICICI efforts to downscale its lending to large corporate enterprises by developing an SME business line. The RSF includes a performance incentive to motivate a quick ramp-up in lending to new SMEs.

Implementation Stage • Risk-Sharing Facility

Ecobank Cote d'Ivoire RSF

The project consists of an RSF and performance incentive for eight Ecobank Transnational Inc. (ETI) affiliates in Burundi, Chad, DRC, Côte d'Ivoire, Guinea, Mali, Togo and the Republic of Congo. The RSF provides a risk mitigation mechanism to support ETI in expanding its SME lending, with a particular focus on reaching more small firms, which are some of the most underserved firms in these markets.

Implementation Stage • Risk-Sharing Facility

SocGen Cote d'Ivoire RSF

The project consists of an RSF for Société Générale des Banques Côte d'Ivoire (SGBCI) to enable the bank to enter into the SME segment. With the support of the RSF and the embedded performance incentive, the bank is expected to increase its lending to SMEs in the education, health and agrifinance sectors, as well as to women-owned SMEs.

These SME segments are perceived as higher risk, and as a result they have limited access to finance.

Implementation Stage • Risk-Sharing Facility

SIB Cote d'Ivoire RSF

The project includes a Risk-Sharing Facility to support Société Ivoirienne de Banques (SIB) efforts to expand and develop its SME banking. The project includes a performance incentive to motivate SIB to significantly increase its reach to smaller SMEs, agri businesses and SMEs owned by women. The Global SME Finance Facility is collaborating with the Global Agriculture and Food Security Program (GAFSP) on this investment.

Implementation Stage • Risk-Sharing Facility

Bank of Africa SME Advisory

The project will support Bank of Africa (BoA) in increasing its outreach to SMEs. The Advisory will focus on developing a SME strategy; improving BoA's SME sector market knowledge and segmentation; strengthening its organizational structure, risk management framework and sales channels; and training SME staff.

Pre-Implementation Stage • PFI Advisory*

DEMOCRATIC REPUBLIC OF CONGO

Advans DRC Loan

The project includes a senior loan to Advans Bank Congo (Advans DRC) to support the bank in expanding its services in the regions outside of Kinshasa that are severely underserved. The project will also support Advans DRC in upscaling its lending to Very Small Enterprises, which face more challenges in accessing credit than micro enterprises in the local market. The project includes a performance

* on hold



incentive linked to stretch targets related to the growth rate and the quality of Advans' SME portfolio.
Implementation Stage • Loan

Ecobank DRC RSF

The project consists of an RSF and performance incentive for eight Ecobank Transnational Inc. (ETI) affiliates in Burundi, Chad, DRC, Côte d'Ivoire, Guinea, Mali, Togo and the Republic of Congo. The RSF provides a risk mitigation mechanism to support ETI in an expansion of its SME lending, with a particular focus on reaching more small firms, which are some of the most underserved firms in these markets.
Implementation Stage • Risk-Sharing Facility

Rawbank Loan

The project consists of a senior loan to Rawbank to expand its lending activities to SMEs, including women-owned SMEs. The project also includes a performance incentive linked to stretch targets to motivate the bank to increase its outreach to the SME segment, and specifically to women-owned SMEs. The incentive will provide a strong motivation for Rawbank to move beyond its current SME lending capacity to reach more SMEs and women-owned SMEs.
Pre-Implementation Stage • Loan*

Raw Bank SME Advisory

The project focuses on improving Rawbank's overall risk management framework, and strengthening its capacity to sustainably serve its SME clients. The Advisory includes a review of the existing risk management framework, the roll out of a revised risk management procedures and staff training.
Implementation Stage • PFI Advisory

GHANA

UT Bank Ghana SME Advisory

The project focused on strengthening UT Bank Ghana's capacity to serve MSME customers, including the women in business segment. The Advisory included enhancing the bank's credit risk management framework, institutional capacity building, and staff training.
Completed Stage • PFI Advisory

* on hold

PROJECTS CONTINUED

GUINEA

BICIGUI RSF

The project consists of an RSF for a portfolio of short- and medium-term loans to SMEs originated and serviced by Banque Internationale pour le Commerce et l'Industrie de la Guinée (BICIGUI), the Guinean affiliate of BNP Paribas. The RSF together with a performance incentive will motivate BICIGUI to target smaller businesses, which are less sophisticated, more difficult to reach, and have higher perceived risk.

Implementation Stage • Risk-Sharing Facility

Ecobank Guinea RSF

The project consists of an RSF and performance incentive for eight Ecobank Transnational Inc. (ETI) affiliates in Burundi, Chad, DRC, Côte d'Ivoire, Guinea, Mali, Togo and the Republic of Congo. The RSF provides a risk mitigation mechanism to support ETI in expanding its SME lending, with a particular focus on reaching more small firms, which are some of the most underserved firms in these markets.

Implementation Stage • Risk-Sharing Facility

KENYA

Chase Bank Loan

The project consists of a senior loan, 50 percent of which is earmarked for on-lending to women-owned SMEs. A performance incentive serves to motivate the bank to significantly grow its SME portfolio, and specifically expand lending to women-owned SMEs. The incentive motivates the bank to shift resources to focus on SMEs and women-owned businesses beyond what it would have done otherwise. The Global SME Finance Facility is collaborating with the Women's Entrepreneurship Opportunity Facility (WEOF) on this investment.

Implementation Stage • Loan

Cooperative Bank Loan

The project consists of a senior loan to provide Cooperative Bank Kenya (Coop Bank) with long-term funding to support increased lending to SMEs, including women-owned enterprises. A performance incentive is provided to motivate the bank to focus on growing its SME portfolio, and specifically to increase its reach to women-owned SMEs. The Global SME Finance Facility is collaborating with the Women's Entrepreneurship Opportunity Facility (WEOF) on this investment.

Implementation Stage • Loan

DTB Kenya RSF

The project consists of a Risk Sharing Facility to help the Diamond Trust Bank of Kenya (DTBK) expand its SME lending program to include financing for Very Small Enterprises (VSEs). The RSF includes a performance incentive to support the bank in growing its SME lending portfolio and to increase its reach to women-owned businesses.

Implementation Stage • Risk-Sharing Facility

Medical Credit Fund Loan

The project consists of a subordinated loan to support the Medical Credit Fund (MCF) in increasing access to finance for healthcare SMEs, improving the quality of healthcare services and business practices through technical assistance, and catalyzing financing from the banking sector for SMEs operating in the healthcare sector.

Pre-Implementation Stage • Loan

Gulf African Bank SME Advisory

The project focuses on building Gulf African Bank's capacity to serve the SME segment, including women-owned SMEs. The Advisory included refining the SME segmentation and Islamic Finance products and services; reengineering the relationship manager role and enhancing the SME coverage model. Advisory support also focused on reviewing and redesigning the SME credit management process and developing products for women-owned SMEs.

Implementation Stage • PFI Advisory



Equity Bank SME Risk Management Advisory

The project aims to strengthen Equity Bank's institutional capacity to serve the SME market segment. The Advisory focused on improving its credit and risk management framework; improving risk analytics; enhancing MIS capabilities; developing credit scoring tools to improve efficiency in loan processing; and delivering credit training for the bank staff.

Completed • PFI Advisory

NIC Kenya SME Advisory

The project aims to strengthen NIC Bank capacity to sustainably serve SMEs. The Advisory will include refining NIC's SME segmentation model to include both asset and liability data; augmenting the current SME banking products; redesigning the credit-scoring model and credit management processes; and strengthening the bank's SME credit recovery processes.

Implementation Stage • PFI Advisory

LIBERIA

Access Bank Liberia SME Advisory

The project supports Access Bank Liberia in developing a SME business line. The technical assistance focuses on strengthening its SME credit operations, risk management and internal controls, as well as staff capacity building and training in SME lending. The project enabled Access Bank Liberia to remain operational and continue to serve its clients during the Ebola crisis.

Completed • PFI Advisory

Secured Transactions, Liberia

The project focuses on increasing access to credit to SMEs by developing an appropriate legal, regulatory and institutional framework for secured-transactions and movable collateral lending. The Advisory includes drafting regulations that support the implementation of the secured transactions law and designing and developing the collateral registry. The project is also developing an awareness program on the benefits of the reform.

Implementation Stage • Financial Infrastructure ✕

PROJECTS CONTINUED

MALAWI

Secured Transactions, Malawi

The project focuses on increasing access to credit for businesses in Malawi by developing an appropriate legal, regulatory and institutional framework for movable assets-based lending. The project will include developing a secured transactions legal and regulatory framework, designing a web-based centralized collateral registry for security interests in movable property, and building the local capacity to maximize the benefits of the new Secured Transactions system.

Implementation Stage • Financial Infrastructure ✂

MALI

Ecobank Mali RSF

The project consists of an RSF and performance incentive for eight Ecobank Transnational Inc. (ETI) affiliates in Burundi, Chad, DRC, Côte d'Ivoire, Guinea, Mali, Togo and the Republic of Congo. The RSF provides a risk mitigation mechanism to support ETI in expanding its SME lending, with a particular focus on reaching more small firms, which are some of the most underserved firms in these markets.

Implementation Stage • Risk-Sharing Facility

MOZAMBIQUE

Millennium BIM Loan

The project consists of a loan to Millennium Banco Internacional de Moçambique (BIM) to support the bank's lending activities to SMEs. The transaction includes a performance-incentive to motivate the bank to meet its stretch targets for reaching under-served SME segments, including small enterprises and SMEs in rural areas.

Pre-Implementation Stage • Loan*

ABC Bank SME Advisory

The project focuses on developing and growing the SME banking business of Bank ABC Mozambique. The project focuses on enhancing the bank's operating efficiency, risk management capacity building, and staff development, as well as on strengthening SME loan process, developing a credit scoring system, and developing appropriate products and services for SMEs.

Completed • PFI Advisory

NIGERIA

Access Bank RSF

The project includes an RSF for Access Bank Nigeria for a portfolio of mostly women-owned distributors of the National Bottling Company. The RSF and the performance incentive embedded in this transaction will encourage Access Bank to expand its lending to a new and riskier market segment of small distributors, while helping the bank mitigate its risk, gain greater confidence, and acquire more experience in serving this segment.

Implementation Stage • Risk-Sharing Facility

Access Bank Loan

The project includes a loan to support Access Bank Nigeria's lending program to SMEs, with a specific focus on reaching more women-owned SMEs. The transaction includes a performance incentive to motivate the bank to scale up its lending to women-owned SMEs and to build a more sustainable business line.

Implementation Stage • Loan

Access Bank Women SME Advisory

The project supported Access Bank Nigeria in developing a value proposition for women by incorporating full banking services for women, such as personal, SME and corporate banking solutions. The Advisory focused on developing tailored products that suit the needs of women customers — including women-owned SMEs. The project also supported the bank in strengthening its SME processes and procedures, and provided training for Bank staff.

Completed • PFI Advisory

* Project on hold due to country conditions



Diamond Bank SME Advisory

The project supports Diamond Bank Nigeria efforts to increase access to finance to SMEs, with a specific focus on SMEs operating in the agricultural sector. The Advisory helped Diamond Bank develop a strategy, a product offering, and risk management tools for the agricultural sector, and develop a financing model to demonstrate the viability of lending to agri SMEs, including value chain financing.

Completed • PFI Advisory

Diamond Bank SCF Advisory

The project will support Diamond Bank Nigeria to sustainably increase financing to SMEs operating within its corporate- customer supply chain. The Advisory will identify and leverage internal and external opportunities for supply chain finance in various sectors. Activities will focus on market sizing to identify potential anchor firms from current corporate clients with large supplier/distributor opportunities; developing a tailored product plan and sales approach; and enhancing credit processes, risk management criteria, and an early warning system framework.

Pre-Implementation Stage • PFI Advisory*

FCMB SME Advisory

The project focused on improving FCMB Nigeria's operating efficiency to better serve SMEs; improving the bank's SME operations; and developing tailored products and services for SMEs. Additionally, the Advisory included enhancing FCMB's IT and MIS platforms to ensure that it captures the information needed to monitor SMEs, as well as comprehensive SME training for bank staff.

Completed • PFI Advisory

FCMB SEF Advisory

The project will provide technical assistance support to FCMB to expand its energy efficiency and renewable energy SME lending program. The Advisory will consist of a market assessment to identify key opportunities, and a review of FCMB's current portfolio to identify key target clients. Additionally the project will include training for FCMB staff, support for marketing events, pipeline development, and risk assessment.

Pre-Implementation Stage • PFI Advisory*

* on hold

PROJECTS CONTINUED

Skye Bank SME Advisory

This project aims to support Skye Bank in scaling its lending to SMEs. The Advisory includes market segmentation and product development, improving the delivery channels, streamlining credit management processes and procedures, and training for the bank staff.

Implementation Stage • PFI Advisory

Credit Bureau, Nigeria

The project provides advice and technical support to the Central Bank of Nigeria (CBN) on the regulatory and legislative regime governing credit reporting, data protection and other relevant legislation. The Advisory is also supporting CBN in developing an appropriate supervision and oversight role, staff training, and designing an awareness campaign about credit reporting.

Implementation Stage • Financial Infrastructure ✕

Secured Transactions, Nigeria

The project focuses on improving the secured transactions legal regime in Nigeria, and the development and launch of the electronic centralized collateral registry for security interests in movable property. The Advisory includes supporting Central Bank of Nigeria (CBN) in drafting and implementing regulations related to secured transactions and collateral regimes; assisting the CBN in the design and establishment of a collateral registry; and developing a communications strategy to accelerate the implementation of the reforms.

Implementation Stage • Financial Infrastructure ✕

RWANDA

AB Rwanda SME Advisory

This project provides management and capacity building services to AB Bank Rwanda, a Greenfield microfinance bank in Rwanda. The advisory services focus on supporting AB Bank Rwanda in scaling up its activities to serve very small enterprises and SMEs (including developing SME products), and setting up appropriate processes and procedures to ensure a quality SME portfolio.

Implementation Stage • PFI Advisory

SIERRA LEONE

Secured Transactions, Sierra Leone

The project focuses on increasing access to finance for MSMEs by developing a secured transaction platform in Sierra Leone. The project will include supporting the development of secured transactions and a collateral registry law, developing criteria on collateral eligibility and credit classification, developing the electronic collateral registry, a communication and awareness campaign, as well as training for public and private stakeholders.

Implementation Stage • Financial Infrastructure ✕

TANZANIA

CRDB Bank Loan

The project consists of a debt and guarantee facility to support CRDB's strategic focus on SMEs, including an increased focus on reaching WSMEs. The investment will incentivize the bank to grow its focus on women-owned SMEs at a faster rate. The project also includes advisory services to more effectively support this segment.

Implementation Stage • Loan

DTB Tanzania Loan

The project consists of a subordinated loan to help Diamond Trust Bank (DTB) Tanzania implement its SME loan portfolio growth strategy, and to support its expansion outside major cities to severely under-served provinces. The loan together with a performance incentive will also encourage DTB to ramp up its Banking on Women pilot program, and to develop a deeper engagement with women-owned SMEs.

Implementation Stage • Loan

CRDB SME Advisory

The project supports CRDB in enhancing its SME banking capacity by focusing on segmentation for targeted products and services, and development, customization and rollout of SME products and delivery channels. The Advisory is also focusing on risk management, as well as support for key SME segments such as agrifinance and trade finance procedures.

Implementation Stage • PFI Advisory

TOGO

Ecobank Togo RSF

The project consists of an RSF and performance incentive for eight Ecobank Transnational Inc. (ETI) affiliates in Burundi, Chad, DRC, Côte d'Ivoire, Guinea, Mali, Togo and the Republic of Congo. The RSF provides a risk mitigation mechanism to support ETI in expanding SME lending, with a particular focus on reaching more small firms, which are some of the most underserved firms in these markets.

Implementation Stage • Risk-Sharing Facility

UGANDA

DTB Uganda Loan

The project consists of a subordinated loan to help Diamond Trust Bank (DTB) Uganda implement its SME loan portfolio growth strategy, and support its expansion outside major cities to severely under-served provinces. The loan together with a performance incentive will also encourage DTB to ramp up its Banking on Women pilot program and develop a deeper engagement with women-owned SMEs.

Implementation Stage • Loan

ZAMBIA

Secured Transactions, Zambia

The project focuses on developing a secured transactions legal and regulatory framework in Zambia. The Advisory will include developing a legal framework to support implementation of a modern system of financing secured by movable assets and designing a web-based centralized collateral registry for security interests in movable property. The project will also focus on building local capacity to maximize the benefits of the new Secured Transactions system, including a public awareness campaign, stakeholder training, and training to financial institutions.

Implementation Stage • Financial Infrastructure ✕

Projects in South Asia

BANGLADESH

Ready Made Garments (RMG) Bangladesh Loan

Bangladesh RMG program is a comprehensive sectoral program for strengthening the fire and safety infrastructure in the RMG sector in Bangladesh. The project includes loans and performance incentives to support four local banks (City Bank, Eastern Bank, Prime Bank, and UCB) in providing financing for small RMG factories, specifically for investing in improving structural, electrical, and fire safety standards in accordance with international safety standards.

Implementation Stage • Loan

PROJECTS CONTINUED

BRAC Bank SEF Advisory

The project focuses on supporting BRAC Bank efforts to grow its SME banking portfolio and introducing Sustainable Energy Finance (SEF). This is to be achieved by strengthening BRAC's systems, processes, policies and products. The project will develop an SME credit scoring model, and subsequently will focus on credit policy, process re-engineering, collections and performance management. The Advisory will also support the bank in developing and launching an SEF product, and train the staff to develop internal capacity for SEF operations.

Implementation Stage • PFI Advisory

City Bank SME Advisory

The project is supporting City Bank's efforts to grow its SME portfolio, with a focus on automation of the loan origination process, upgrading the MIS platform, and implementing a data warehouse. Additionally the Advisory is focusing on risk management, automation of the collections process, implementation of a customer management program, and improving staff capacity through training.

Implementation Stage • PFI Advisory

Eastern Bank SME Advisory

The project focuses on improving the capacity of Eastern Bank Limited (EBL) to expand its services to underserved SMEs. The Advisory focuses on refining the bank's understanding of the SME segment, defining specific target customer segments, aligning products and marketing strategies with target segments, and creating a sales effectiveness program. The Project will also include support for designing non-financial services for SMEs.

Implementation Stage • PFI Advisory

IDLC SME Advisory

The project delivers technical assistance to IDLC Finance Limited to develop its SME finance service offering. The Advisory focuses on enhancing IDLC's SME banking capacity, as well as developing a credit-scoring model, and standardized and automated credit process workflows. The project is also supporting IDLC in developing a "Women in Business" program and providing non-financial services to SMEs.

Implementation Stage • PFI Advisory

Financial Infrastructure, Bangladesh

This project supports increasing the level of SME finance in Bangladesh through strengthening the secured lending and movable collateral legal/regulatory framework, and the establishment of the secured lending registry. The Advisory will also include supporting the establishment of a collateral registry, as well as awareness and capacity building activities.

Implementation Stage • Financial Infrastructure ✕

INDIA*

Fullerton Loan

The project consists of a loan to Fullerton India Credit Company Ltd., a third of which is for on-lending to SMEs in Low-Income States (LIS). The project utilizes a performance incentive to motivate the company to shift resources and expand its lending to underserved small enterprises in LIS. Lending to this market is largely untested by Fullerton, and serving this segment is considered to be higher risk

Implementation Stage • Loan

* projects approved as of May 2015

YES Bank Loan

The project involves a financing package to Yes Bank to support its SME portfolio growth in India's Low Income States (LIS) as well as North Eastern States (NES). The project has a specific focus on supporting Yes Bank efforts to increase its reach to women-owned SMEs. The loan will incentivize Yes Bank to develop a commercially viable SME lending business in LIS. The incentive is also expected to motivate the bank to significantly increase its lending to women-owned SMEs.

Implementation Stage • Loan

India MSME Finance Umbrella Advisory

This umbrella project focuses on supporting financial institutions' efforts to increase their outreach to the SME sector by helping them improve their business model and management practices. The projects will include tailored technical assistance to address the specific performance constraints at each institution. This will include a combination of the following interventions: business model and strategy, product and channel innovation, customer management, risk management, non-financial services, and SME training and capacity building.

Pre-Implementation Stage • PFI Advisory

India VSE Advisory Umbrella

This umbrella will provide a comprehensive suite of advisory support to MFIs and Fintech firms to achieve their chosen route of institutional transformation (e.g., transformation into a Small Finance Bank or a Payment Bank). These advisory projects will help clients expand financial services to their clients in low-income segments or financially excluded areas. The main areas of technical advisory are related to MSME product development (with a special focus on women borrowers), operating model design, development of alternative delivery channels, and facilitation of study visits and knowledge exchange sessions.

Pre-Implementation Stage • PFI Advisory

Maanaveeya SME Advisory

The project assists Maanaveeya in building and growing a profitable agricultural SME portfolio. The Advisory includes improving and strengthening its organizational capabilities to understand agri-value chains; enhancing the capacity of Maanaveeya's partner institutions to adequately support agri-value chains; increasing Maanaveeya's value-chain lending program; and expanding the agri-value chain customer base.

Implementation Stage • PFI Advisory

SIDBI Bank SME Advisory

The project supports SIDBI in increasing access to finance opportunities for MSMEs. The project focuses on three segments within the SME sector: early-stage enterprises, enterprises operating in the services sector, and enterprises operating in the manufacturing sector. The advisory program will support SIDBI in developing new products, strengthening its risk management and credit processes, designing a formal credit assessment scorecard for early stage enterprises, and expanding its market outreach.

Implementation Stage • PFI Advisory

Utkarsh Upscaling Advisory

The project supports Utkarsh, a non-banking finance company operating primarily in India's low-income states, in its effort to transform into a bank. The Advisory includes the development of a detailed strategy and roll-out plan for the transformation, as well as strengthening Utkarsh enterprise business loans to expand its product to very small enterprises (VSEs). The project will also focus on developing a women-owned small business program and receiving the Employer of Choice for Women Certification. Subproject under the India VSE Advisory Umbrella.

Implementation Stage • PFI Advisory

PROJECTS CONTINUED

Collateral Registries, India

The project focuses on supporting the Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) in expanding to include movable collateral. The Advisory includes supporting the development of a business plan and strategy for CERSAI to include different types of collateral, engaging across a range of stakeholders, and supporting the review and amendment of the legal and regulatory framework.

Implementation Stage • Financial Infrastructure ✕

Credit Bureau, India

This project focuses on integrating alternative data sources into the credit reporting system, and encouraging greater reporting and usage specifically for the SME sector. The sectoral interventions include market assessment and sector-level research, review of the existing legal and regulatory framework, capacity building for financial institutions, and awareness raising about the benefits of credit reports and the importance of credit bureaus.

Implementation Stage • Financial Infrastructure ✕

NEPAL

Secured Transactions, Nepal

The project aims to facilitate greater access to finance for underserved segments in Nepal, by strengthening the legal and institutional frameworks for secured transactions and credit reporting. The project includes strengthening the legal and regulatory framework for secured transactions, and supporting the implementation of the Credit Information Bureau.

Pre-Implementation Stage • Financial Infrastructure ✕

Projects in Middle East and Northern Africa (MENA)

AFGHANISTAN

Afghanistan Secured Transactions Advisory

This project aims to increase access to credit to the private sector in Afghanistan by developing a movable collateral registry. The Advisory focuses on supporting relevant legislative reforms and creating a functioning movable asset registry. It will also include awareness raising and capacity building activities to increase relevant stakeholders' familiarity with the new Secured Transactions system.

Implementation Stage • Financial Infrastructure ✕

Afghanistan Leasing Advisory

This project will focus on training key stakeholders on the new leasing laws and regulations in Afghanistan. The Advisory will include intensive awareness-raising and industrywide training on leasing for financial institutions, judges and other stakeholders. The project will specifically focus on training financial institutions to support launching leasing programs and developing leasing products. The Facility will support any interested financial institutions, through additional dedicated advisory engagements, in developing and launching leasing programs.

Implementation Stage • PFI Advisory

Afghanistan MFI Upscaling Advisory Umbrella

The project aims to diversify the range of financial products available to SMEs in Afghanistan, with a particular focus on supporting the Very Small Enterprise (VSE) segment, and developing Islamic finance products, movable asset lending, agrifinance and value chain finance programs. The Advisory will also focus on strengthening risk management and governance frameworks to help serve new SME segments, and on introducing alternative delivery channels, such as branchless banking or mobile payments, to maximize outreach to SMEs.

Pre-Implementation Stage • PFI Advisory

PAKISTAN

Bank Alfalah SME Advisory

The project helped strengthen Bank Alfalah's SME operational capacity for SME banking to facilitate expanded outreach to the SME sector. The project focused on understanding the SME segment, as well as developing a strategy and business model for SME lending. Additionally, the project provided support to Bank Alfalah for improving its SME credit underwriting, streamlining the organizational structure, and developing a non-financial services offering for SMEs.

Completed Stage • PFI Advisory

HBL Agrifinance Advisory

The project is supporting Habib Bank Limited (HBL) efforts to strengthen its capacity to develop appropriate products and processes for effectively serving the rural banking market. The project focuses on mapping the opportunities for serving agribusinesses, and designing a suitable bundle of products and services for this segment. The Advisory includes the development of an agrifinance strategy, market segmentation, and product development.

Implementation Stage • PFI Advisory

HBL Women SME Advisory

This Advisory focused on strengthening HBL's capabilities for serving the women's market. Activities included conducting comprehensive research into the Pakistani women's market (including women-owned SMEs), designing a new customer value proposition for women SMEs, and positioning the bank to become an employer of choice for women. The project also involved an internal alignment of HBL towards gender equality.

Completed • PFI Advisory

UBL SME Advisory

This project helps United Bank Limited (UBL) develop and implement an effective SME business model. The advisory program is focused on designing an SME strategy and business model, data mining and MIS, including an in-depth analysis of the SME customers in UBL's portfolio. The Advisory also includes strategies for customer segmentation, product and service management, sales channels and marketing. Additionally, the program has a strong focus on developing a value-chain financing program through UBL's corporate clients.

Implementation Stage • PFI Advisory

Pakistan SME Banking Advisory Umbrella

This umbrella will provide in-depth capacity building aimed at growing the SME customer base of up to five Pakistani banks. Each bank will receive a tailored advisory package, which may include market sizing and segmentation, developing a business plan and strategy, developing and piloting products, improving sales/delivery channels, developing and strengthening risk management processes and procedures, non-performing loan (NPL) management, and IT and MIS.

Pre-Implementation Stage • PFI Advisory

Pakistan SEF Advisory Umbrella

The project will focus on improving the market for sustainable energy investments among MSMEs, corporate clients and the residential sector. The Advisory will include building awareness and supporting banks in the development and marketing of sustainable energy lending products.

Pre-Implementation Stage • PFI Advisory



Projects in East Asia

MYANMAR

Oriental Bank (MOB) SME Advisory

The project focuses on building the capacity of Myanmar Oriental Bank (MOB) to improve its products and services for SMEs. Specifically, this Advisory focuses on institution building and risk management, including streamlining operations related to credit risk, finance and treasury, trade and international operations, human resources, and information technology. The Advisory is also focusing on developing MOB's SME banking capacity, including the development of new products for SMEs.

Implementation Stage • PFI Advisory

Yoma Bank SME Advisory

The project focuses on upgrading Yoma Bank's operations, expanding its financial services offerings, and building a competitive market position. The project focuses on developing an SME strategic plan, risk management, and strengthening corporate policies, practices and internal controls. The Advisory also helps the bank to better understand the SME segment and to develop appropriate SME products and services.

Implementation Stage • PFI Advisory

Myanmar Banking Sector Advisory Umbrella

This umbrella project aims to improve access to financial services for Myanmar's underserved SMEs by supporting the sustainable development of the country's nascent banking sector. The project includes tailored advisory support to at least two financial institutions that will focus on trade finance, SME banking, risk management, and corporate governance.

Pre-Implementation Stage • PFI Advisory

Credit Bureau, Myanmar

This project aims to improve access to credit for individuals and businesses in Myanmar by helping the country develop a credit reporting system. The project focused on developing regulations on credit reporting, strengthening the Central Bank's supervision capacity to regulate and oversee the credit bureaus, and supporting public education about credit reporting and financial consumers. *Implementation Stage • Financial Infrastructure* ✕

Secured Transactions, Myanmar

The project focuses on establishing the required legal and institutional foundations for movable asset lending. The project will focus on legal and regulatory reform, including the development of a secured transactions registry and movable asset lending capacity. *Pre-Implementation Stage • Financial Infrastructure* ✕

Projects in Latin America and Caribbean

HAITI

Credit Bureau, Haiti

The project supports the development of a comprehensive credit information-sharing platform to facilitate access to credit for MSMEs and women entrepreneurs in Haiti. The Advisory includes developing a code of conduct to serve as interim guidance for the credit bureau while a legal and regulatory framework is being developed. The Advisory will also focus on capacity building and on raising awareness of the role and value of credit reporting and access to finance. *Implementation Stage • Financial Infrastructure* ✕

Secured Transactions, Haiti

The project focuses on working with the government of Haiti to develop and implement an electronic collateral registry. The Advisory will include supporting the development of the secured transactions legal and regulatory framework, and the implementation of a modern system of financing secured by movable assets. Additionally, the Advisory will support the design of a web-based centralized collateral registry for movable property. *Implementation Stage • Financial Infrastructure* ✕

Africa Regional Projects

Africa Agrifinance Advisory Umbrella

This umbrella focuses on supporting several financial institutions' efforts to develop a broad range of financial services for the agriculture sector, including credit, savings and transactional products. The project will provide tailored capacity building to financial institutions to improve their lending to the agriculture sector, and to expand their products and services to SMEs operating in the agriculture sector. *Pre-Implementation Stage • PFI Advisory*

Africa Leasing Advisory Umbrella

This umbrella project will facilitate increased access to finance to SMEs in fragile states in Africa by developing a sustainable leasing infrastructure, and by working with financial institutions to develop and grow leasing portfolios. Advisory support to develop leasing projects is expected to be provided to financial institutions in up to 10 countries. *Pre-Implementation Stage • PFI Advisory*

PROJECTS CONTINUED

Africa Non-Bank VSE Upscaling Advisory Umbrella

This umbrella will offer Advisory Services to non-bank financial institutions that seek to provide financing solutions to Very Small Enterprises (VSEs). The projects under this umbrella will include tailored advisory services based on the needs of each institution. Specific support to include VSE product design, risk management, credit methodology and internal processes, market strategy and communications, data analytics, business planning, financial modeling, and HR and training to individual financial institutions.

Pre-Implementation Stage • PFI Advisory

Africa SME Banking Advisory Umbrella

This umbrella will provide advisory services to commercial banks to strengthen their institutional capacity for increasing lending to SMEs. The projects supported by this umbrella will focus on institutional strengthening in areas of risk management and corporate governance, market assessment and segmentation, product development, as well as non-financial services and increasing access to finance for women-owned SMEs.

Pre-Implementation Stage • PFI Advisory

Africa Financial Infrastructure Umbrella

The goal of this umbrella is to increase access to finance for SMEs by closing the information gap between lenders and borrowers. The program focuses establishing new or improving existing collateral registries, credit registries and credit bureaus, and training the lending community about the efficient use of the available financial infrastructure.

Pre-Implementation Stage • Financial Infrastructure ✕

South Asia Regional Projects

South Asia SME Banking Umbrella

This umbrella project will work with up to 10 financial institutions in South Asia, primarily in Nepal and Bangladesh, to enhance their SME service offering. The Advisory will provide tailored capacity building programs for each participating institution, and may include developing SME products, designing non-financial services, strengthening the MIS system to ensure that the PFIs are capable of tracking SMEs owned by men and women, streamlining credit processes and policies, and designing gender-specific SME banking strategies. The Advisory can also focus on improving financial institutions' risk management frameworks, developing credit scoring models, and staff training.

Pre-Implementation Stage • PFI Advisory

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2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
Internet: www.ifc.org

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Global SME Finance Facility

Wendy Teleki,
Head SME Finance, International
Finance Corporation
wteleki@ifc.org

