

SME Finance Forum Annual Report 2013



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ACRONYMS

ADB	African Development Bank
AFI	Alliance for Financial Inclusion
APEC	Asia-Pacific Economic Cooperation
DFI	Development finance institutions
EFA	Equity for Africa
EFL	Entrepreneurial Finance Lab
EFSE	European Fund for Southeast Europe
GBA	Global Banking Alliance for Women
GBF	Grassroots Business Fund
GPFI	Global Partnership for Financial Inclusion
IFC	International Financial Corporation
IFI	International financial institutions
IMF	International Monetary Fund
LAC	Latin America and Caribbean
MENA	Middle East and North Africa
MSME	Micro, small and medium enterprises
OECD	Organisation for Economic Co-operation and Development
OPIC	Overseas Private Investment Corporation
SEF	Sustainable Energy Finance
SME	Small and Medium Enterprise
USAID	U.S. Agency for International Development

EXECUTIVE SUMMARY



Although micro, small, and medium enterprises (MSMEs) in developing countries are crucial for job creation and economic development, 45 percent to 55 percent of them have unmet credit needs that stunt their growth. Women-run small and medium enterprises (SMEs) in emerging markets also face the same problems of all SMEs, and a set of special, gender-specific obstacles that vary by country and region. About 5.3 million to 6.6 million women-owned SMEs in developing countries are estimated to be unserved or underserved by financial institutions. In an effort to address this challenge, the **SME Finance Forum** and **Women's Finance Hub** provide platforms for policy makers and financial institutions to share knowledge, encourage innovation, and promote scaling-up of successful SME finance models. Since their launch in April 2012 and April 2013 respectively, the Forum and the Hub have become increasingly recognized centers for knowledge and networking. Their online and offline activities increased substantially during 2013.

Online knowledge-sharing: The Forum and Hub focus heavily on online knowledge-sharing to reach geographically dispersed stakeholders in a cost-effective way. A more robust, interactive and user-friendly website (www.smefinanceforum.org) was launched in February 2013. It contains more than 1,600 knowledge resources on SME finance policy and infrastructure, SME finance products and successful business models, impact of financing on SMEs, and special challenges facing financing women entrepreneurs. In addition, the Forum's over 2,000 member-strong LinkedIn group logged more than 650 online discussions and facilitated the exchange of ideas between financial institutions and policy makers.

SME finance data: Financial institutions and policy makers are often impeded by a dearth of good data about SMEs. The Forum is gearing up to make existing SME data available

to the public and funding strategic research initiatives in this arena. In October 2013, the Forum launched a data website based on the International Finance Corporation's (IFC's) Enterprise Finance Gap study (<http://financegap.smefinanceforum.org>), which examined the unmet financing needs of MSMEs in emerging economies. The Forum team is currently working on visualizing two additional datasets: 1) the International Monetary Fund's Finance Access Survey (FAS), which contains global supply-side data on financial inclusion (including SME finance) encompassing internationally comparable basic indicators of financial access and usage 2) the IFC "Reach Data" based on a portfolio reporting from 2004 to the present from IFC's 268 client financial institutions from 84 countries, detailing the numbers and quality of loans made to MSMEs.

Women's Finance Hub: In line with its objectives, the Hub has supported key stakeholders including the World Bank, the IFC, Global Banking Alliance for Women, Asia-Pacific Economic Cooperation (APEC), and the U.S. Department of State's Office of Global Women's Issues to convene events. The Hub also hosts a quarterly Women's Entrepreneurship Finance Working Group meeting to facilitate networking and collaboration among organizations working in this area. In December 2013, the Hub teamed up with the U.S. Agency for International Development's (USAID's) Women's Leadership in SMEs program to launch a learning event series titled, "Financing Women Entrepreneurs for Growth." In addition, the Hub uses its interactive website (www.womensfinancehub.org) and social media channels (LinkedIn and Twitter) to facilitate online knowledge-sharing. The website features 450 knowledge resources on topics including women's banking, barriers that limit women's financial inclusion, capacity building for women entrepreneurs to expand access to finance, and impact of women's financial empowerment.

Learning and knowledge-sharing events: Besides online knowledge-sharing, the Forum also engages in offline knowledge-sharing by acting as a convener and supporting peer learning activities among banks, policy makers, and financial technology providers. The Forum has organized and supported key SME finance events with stakeholders including the Alliance for Financial Inclusion (AFI), Asian Development Bank (ADB), African Development Bank (AfDB), Finovate, IFC, Multilateral Investment Fund (MIF) and the Organization for Economic Co-operation and Development (OECD).

Research and publications: The Forum has partnered with stakeholders to support key reports and publications. In supporting the G-20 Global Partnership for Financial Inclusion (GPFI), the Forum this past year authored the publication, “Small and Medium Enterprise Finance: New Findings, Trends and G20/ Global Partnership for Financial Inclusion Progress.” The Forum was recently approached by the APEC Business Advisory Council to put together a report on issues in improving access to finance for small and medium enterprises, which contains an action plan with consolidated recommendations.

SME Finance Challenge: The G-20 launched the SME Finance Challenge in August 2010 in an effort to identify new ideas to finance small businesses and help them grow. The governments of Canada, the United States, United Kingdom, Republic of Korea, and the Netherlands contributed \$28 million for this initiative. Fourteen winners were selected based on criteria such as innovation, leverage, social and economic impact, and sustainability. The winning proposals were provided funding based on their needs, including grants for technical assistance or capacity-building, risk sharing or first-loss capital, mezzanine capital,

and investment capital. As of December 2013, \$14.275 million has been disbursed to 13 Challenge winners over several tranches. Most of the Challenge winners continue to make good progress and meet the conditions of disbursement. As a result, 7,877 SMEs have been reached through both lending and advisory services and 433,201 loans have been disbursed with a total value of financing facilitated of \$544 million. Despite the overall strong results, a few of the challenge winners were not able to fully achieve their performance targets. This is to be expected in a program of this nature. The Forum is exercising as much flexibility as possible to give the struggling projects a chance to pull through.

SME Finance Forum’s future as a global membership body: This year saw the beginning of thinking about the Forum’s long-term future, with a proposal tabled at the St. Petersburg GPFI Forum to evolve the Forum into a global membership body owned by private and public financial institutions and sectoral service companies (such as fintech firms). This concept will be tested in the coming year through extensive consultation with potential owners worldwide.

The activities of the Forum and the Hub have been made possible by generous contributions from the following donors: Canadian Ministry of Foreign Affairs, Trade, and Development; Korean Ministry of Strategy and Finance; Netherlands Ministry of Foreign Affairs; U.K. Department for International Aid; and USAID. In 2013, the Forum received a new contribution of 400,000 euros from the German Federal Ministry for Economic Cooperation and Development (BMZ). The total expenditure for the Forum and Hub amounted to \$1.47 million in 2013.

SME FINANCE FORUM AND WOMEN'S FINANCE HUB



Background

The 360 million to 440 million MSMEs in developing countries are crucial for job creation and economic development. However, 45 percent to 55 percent of these MSMEs have unmet credit needs that stunt their growth. The MSME credit gap is estimated to be more than \$2 trillion globally. In an effort to address this challenge, the SME Finance Forum enables knowledge-sharing and collaboration among key stakeholders, including financial institutions, development agencies, policy makers and researchers. The Forum offers data, research, and best practices in SME finance. It provides tools for policy makers and financial institutions to share knowledge, encourage innovation, and promote scaling-up of successful SME finance models.

Women-owned SMEs face the same challenges as every other SME. However, these challenges are usually amplified, and harder to overcome. Access to finance by women-owned enterprises is constrained by the legal and regulatory environment, firm- and owner-specific characteristics (e.g., education, training, size of firm) and cultural barriers that may impact women entrepreneurs disproportionately. About 5.3 million to 6.6 million women-owned SMEs in developing countries are estimated to be unserved or underserved by financial institutions. This amounts to a credit gap of \$260 million to \$320 billion. Keeping this in mind, the SME Finance Forum expanded its services in this area, launching the Women's Finance Hub in April 2013. The Hub promotes online and offline knowledge-sharing to increase access to finance for women entrepreneurs.

The Forum is an initiative of the G-20's GPMI and is managed by the IFC.

Since their launch in April 2012 and April 2013 respectively, the Forum and the Hub have become increasingly recognized centers for knowledge and networking. Their online and offline activities increased substantially during 2013.

Online Knowledge-Sharing

The SME Forum and the Hub focus heavily on online knowledge-sharing to reach geographically dispersed stakeholders in a cost-effective way. The target audience includes donors, policy makers, financial institutions, and other players in SME and women's finance. The following tools are used to create, publish, and share knowledge:

- **Website.** A more robust, interactive and user-friendly Forum website (www.smefinanceforum.org) was re-launched in February 2013. It acts as a one-stop shop featuring more than 1,600 resources, including publications, news, events, and best practices in SME finance from more than a hundred sources. In addition, the website features original content, including blogs and interviews of SME finance experts. The key themes addressed by the website are SME finance policy and infrastructure, SME finance products and successful business models, impact of financing on SMEs, and special challenges financing women entrepreneurs.

The Web traffic for the site doubled between March and September 2013. About 150-200 new items are published on the site every month. The site today gets over 5,000 visits and 12,000 page views a month. The Forum's social media channels (LinkedIn and Twitter) and e-Newsletter help to draw more traffic to the website. The website enjoys a good ranking on major search engines like Google, Bing, and Yahoo and shows up second on the list (after Wikipedia) when users search the term "SME

Figure 1. SME Finance Forum Website (www.smefinanceforum.org)

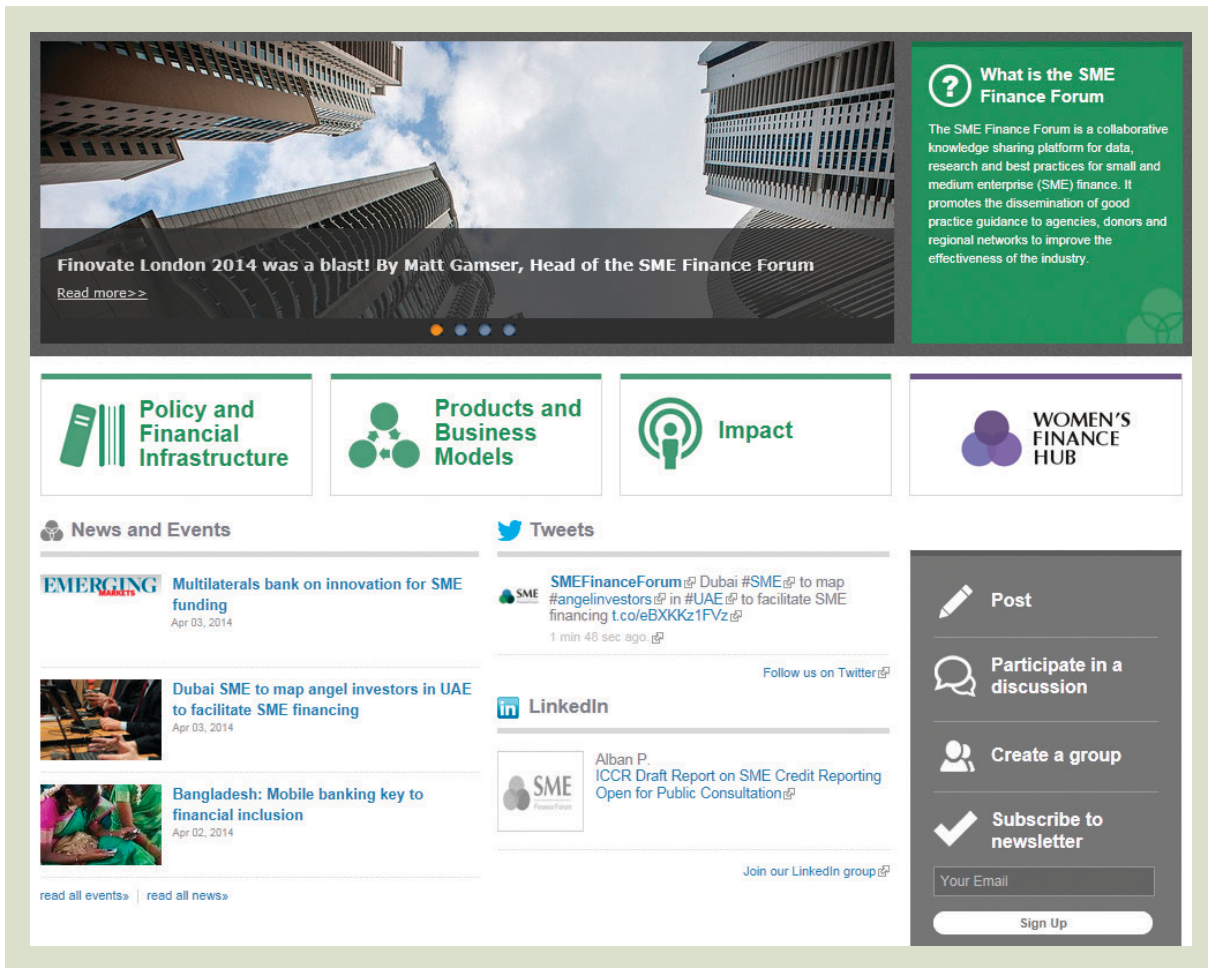


Figure 2. Top Five Countries in Terms of Web Traffic



Figure 3. SME Finance Forum LinkedIn Post

LinkedIn

Psychometrics at Work in India

Colin C.
Account Manager Africa at Entrepreneurial Finance Lab

"EFL set up operations in India in last year in February and debuted with Bangalore-based microfinance company Janalakshmi Financial Services (JFS), helping them with the move from joint liability microfinance customers (group loans) to individual loans. 'Being able to move microfinance borrowers into larger, individual loans and up the latter into growth businesses is something that has alluded the microfinance industry for decades'" <http://bit.ly/1dhkavy>

Colin

Using a psychometric test EFL tries to stop loan defaulters before... social.yourstory.com
Maddie Bradenburger, account manager, Entrepreneurial Finance Lab, India. Image courtesy: <http://magazine.wfu.edu> Micro, small and medium...

Like • Comment (4) • Share • 2 months ago

Comments

Joseph L., Lisa W. like this
4 comments

Mary M.
SME Banking and Access to Finance Consultant
Does EFL expect to be releasing any numerical results of psychometric testing in use by MFIs and other lenders in India anytime soon?

Roshika S.
Access to Finance, IFC
Thank you for sharing this interesting article. Have you customized the questionnaire into local languages for MSMEs in India?

Colin C.
Account Manager Africa at Entrepreneurial Finance Lab
Hi Roshika, thanks for your question. Yes, the EFL questionnaire has been translated into Hindi, Tamil, Kannada and Marathi, as well as more than 20 other languages for work across Latin America, Africa, and Asia.

finance." The top five countries in terms of Web traffic are – United States, India, United Kingdom, Philippines, and Bangladesh.

- **LinkedIn.** As of December 2013, the Forum's over 2,000 member-strong LinkedIn group logged more than 650 online discussions and facilitated the exchange of ideas between financial institutions and policy makers. The top five countries in terms of LinkedIn membership are – United States, United Kingdom, Bangladesh, Kenya, and Nigeria. The LinkedIn group has three to five new discussions every day and adds more than 500 new members every six months. The discussion topics include a broad range of SME finance issues, including crowdfunding, financial technology tools, Islamic banking, financing of women entrepreneurs, and innovative SME finance products or business models.

I consider the SME Finance Forum to be a valuable tool for acquiring knowledge, exploring data, and learning about new research and best practices affecting small and medium enterprises. I also regularly visit and post to its LinkedIn group, which provides a valuable opportunity to learn about and engage with knowledgeable individuals and enterprises in the SME finance space.

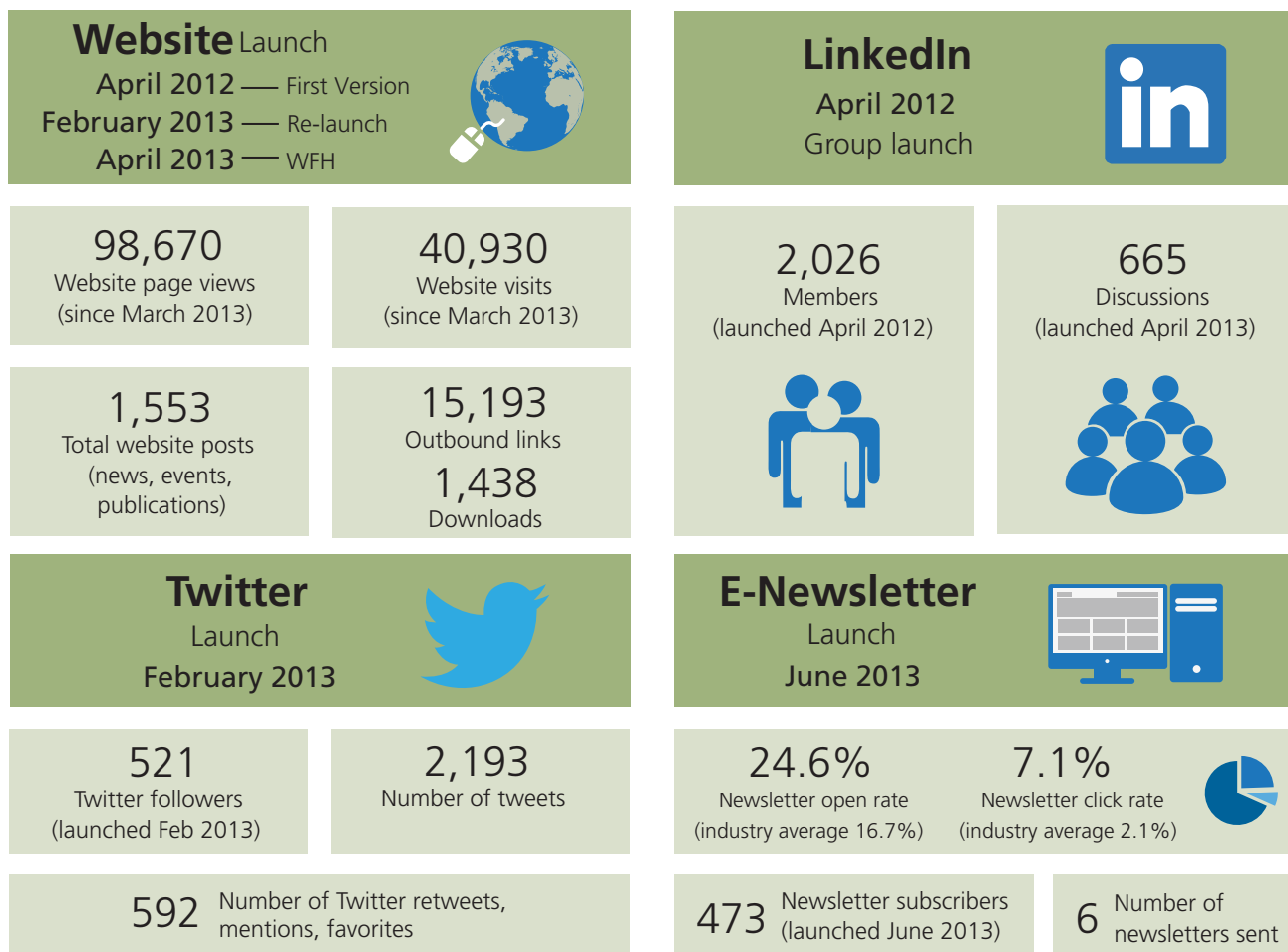
— James Militzer, Editor, NextBillion Financial Innovation at William Davidson Institute

- Twitter:** The SME Finance Forum Twitter account was launched in February 2013 in conjunction with the revamped website. As of December 2013, it featured about 2,200 tweets and more than 500 followers. About 15-25 new tweets are published on the site every day. Twitter helps the SME Finance Forum team post and receive real-time news and updates and live-tweet SME finance events. The team has participated in several live-

chat sessions as well as live-tweeted events including FinNet, Finovate and the Global Banking Alliance for Women Summit.

- E-Newsletter:** Six monthly e-newsletters have been sent out since June 2013. The e-newsletter has about 500 subscribers. In addition, it is sent out to around 500 IFC staff.

Table 1. Website and Social Media Timeline/Online Outreach Up to December 2013



IFC's SME Finance Forum is both a fulcrum and catalyst for closing the global SME credit gap. For the first time ever, it brings together diverse global stakeholders—from policy makers, development agencies, and financial institutions to innovators, investors, experts, and academics—to shine the spotlight on and bring some of the best multi-disciplinary thinking to the hard, and sometimes controversial, issues of just how to best extend the reach of SME finance. Through its global contributors, the Forum gives voice and transparency to unique local market experiences, experimentation, and information of local pilots, innovative thinking, and implementations successes and challenges. These local market projects and initiatives in turn add to the body of expertise, experience, solutions, information, and guidance in the Forum's unprecedented global repository and laboratory.

As a practitioner passionate about helping financial institutions get credit to SMEs that will spur economic growth, the SME Finance Forum is the first place I go to advance my thinking and engage with those that can shed new light on or alter my perspective for the better.

— Lisa Wilhelm, Founder and Managing Partner, Global Payments Experts LLC

SME Finance Data

Financial institutions and policy makers are often impeded by a dearth of good data about SMEs. More accurate and timely data on the demand, supply, and impact of SME finance can potentially help decision makers make the right investments. The Forum is gearing up to make existing SME data available to the public and funding strategic research initiatives in this arena. In October 2013, the Forum launched a data website based on the **International Finance Corporation's Enterprise Finance Gap** study (<http://financegap.smefinanceforum.org>), which examined the unmet financing needs of MSMEs in emerging economies. The site features interactive maps, graphics, and charts.

The Forum team is working on visualizing two additional datasets:

- The **International Monetary Fund Finance Access Survey** (FAS) contains global supply-side data on financial inclusion, including SME finance, encompassing internationally comparable basic indicators of financial access and usage. In addition to providing policy makers and researchers with annual geographic and demographic data on access to basic consumer financial services worldwide, the FAS is the data source for the G-20 Basic Set of Financial Inclusion Indicators endorsed by the

G-20 leaders at the Los Cabos Summit in June 2012. The FAS database contains annual data for 189 jurisdictions, including all G-20 economies, covering a 9-year period (2004-2012), totaling more than 40,000 time series.

- The **IFC Reach Data** is based on portfolio reporting from 2004 to the present from IFC's 268 client financial institutions from 84 countries, detailing the number and quality of loans made to MSMEs.

The IMF FAS data site will help show the correlation between financial infrastructure and SME finance, while the IFC Reach data site will demonstrate the IFC's role in helping close the MSME funding gap globally. The latter will serve as a model for aggregate portfolio data sharing from other IFIs and DFIs.

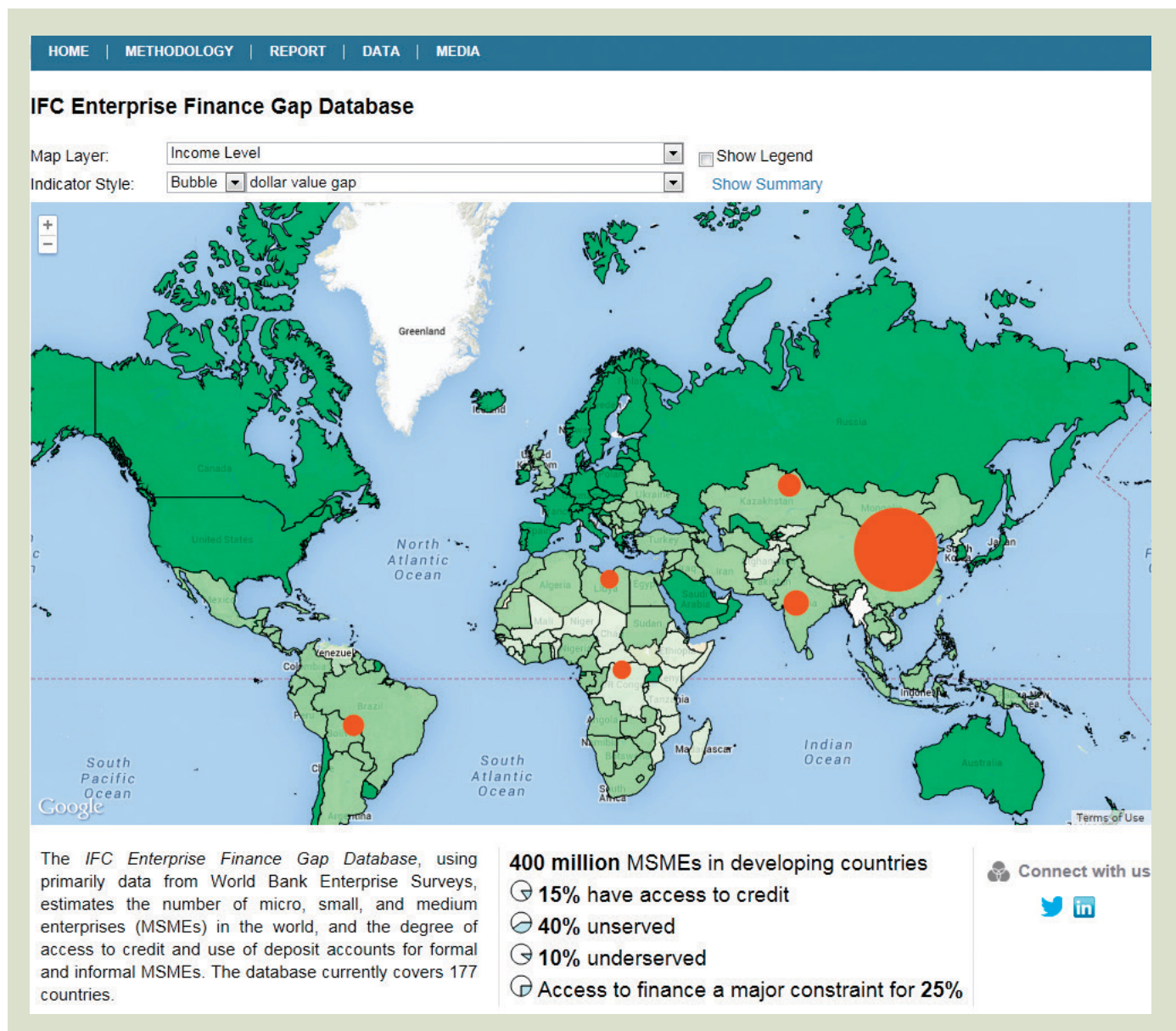
Going forward, the platform will allow analysis of possible correlations between even more data points related to the availability and accessibility of financial services for SMEs and job creation, and will add time-series data spanning multiple years and surveys.

Data harmonization work: On 6 March 2013, over 40 delegates representing 20 of the participating DFIs as well as other stakeholder organizations were convened for a workshop at the European Bank for Reconstruction and

Development (EBRD) headquarters in London to discuss the proposal for indicator harmonization. Besides a brief summary of methodology and outstanding issues, an in-depth discussion on each core indicator proposed across the 12 sectors identified for harmonization, as well as the cross cutting indicators was discussed. The workshop was successful in propelling the discussion on harmonization forward to focus on specific indicators. The topic was

discussed at the 2013 DFI/IFI Working Group meeting in Tunis. The SME Finance Forum is currently working with IFC and the DFI/IFIs to move this agenda forward toward the actual implementation of data harmonization. Many issues remain to be resolved, with the IFC itself involved in reflection on possible adjustments to its SME definitions and financial institution data capture methods.

Figure 4. IFC Enterprise Finance Gap Data Website



Women's Finance Hub

Women-run SMEs in emerging markets remain financially unserved or underserved, facing the same problems of all SMEs, and a set of special, gender-specific obstacles that vary by country and region. The Forum expanded its services in this area this past year, launching the Women's Finance Hub in April 2013 during the IMF-World Bank Spring Meetings. Its creation was made possible with key support from several members of the G-20 including the United States, Korea, Turkey, Germany, and the United Kingdom, that have also consistently championed women's access to finance issues in the G-20 financial inclusion agenda.

The Hub (www.womensfinancehub.org) promotes online and offline knowledge-sharing to increase access to finance for women entrepreneurs.

In line with its objectives, the Hub has supported key stakeholders including the World Bank, the IFC, Global Banking Alliance for Women, APEC, and the U.S. Department of State's Office of Global Women's Issues to convene events. Key events organized with support from the Hub include:

- **Gender Finance Roundtable**, IFC, Moscow, Russia, May 2013. The IFC Russia A2F team and the Hub organized this meeting in collaboration with the Association of Russian Rural Banks.

- **Fifth InfoDev Global Forum on Innovation and Technology**, World Bank Group/South Africa's Department of Science and Technology/Eastern Cape Provincial Government, East London, South Africa, May 2013. The Women's Finance Hub was presented at the InfoDev Women's Panel.
- **Women's Economic Empowerment Knowledge Management Meeting**, U.S. Department of State and Women's Finance Hub, Washington D.C., June 2013. The Hub hosted this meeting on behalf of the U.S. State Department, Office of Global Women's Issues, to enhance collaboration among online portals dealing with women's finance and economic empowerment.
- **Access to Capital Workshop: Developing Financial Products to Support Women-owned Businesses**, APEC, Indonesia, September 2013. The Hub arranged speakers from IFC partners and clients.
- **Annual Summit, Global Banking Alliance for Women**, Turkey, September 2013. The Hub supported the Alliance with speakers from IFC partners and clients.

The Hub also hosts a quarterly **Women's Entrepreneurship Finance Working Group** meeting to facilitate networking and collaboration among organizations working in this area. In December 2013, the Hub teamed up with the USAID's Women's Leadership in SMEs program to launch a learning event series titled, "**Financing Women Entrepreneurs for Growth.**"

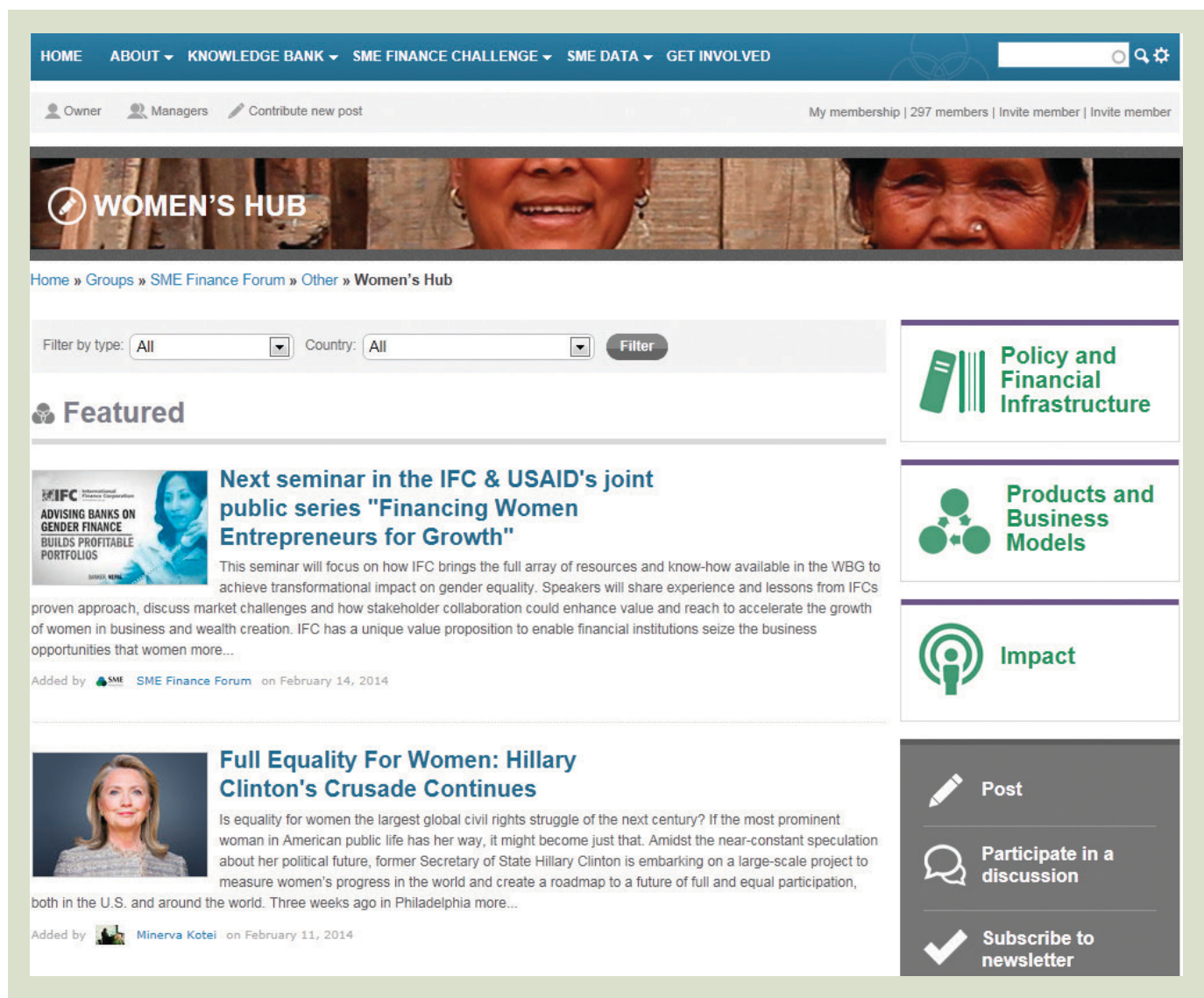
Figure 5. Women's Finance Hub and USAID Joint Event Series on "Financing Women Entrepreneurs for Growth"



The Hub uses its interactive website (www.womensfinancehub.org) and social media channels (LinkedIn and Twitter) to facilitate online knowledge-sharing. The website features 450 knowledge resources including publications, news, events, interviews, data, and blogs on financing women entrepreneurs. Topics include women’s banking, barriers that limit women’s financial inclusion, capacity building for women entrepreneurs to expand access to finance, and impact of women’s financial empowerment.

In an effort to reach out to a wider audience, the team has participated in several Twitter live-chat sessions as well as live-tweeted events. For instance, in November 2013 the Hub participated in a Twitter chat on agriculture and food security organized by the Bureau of Food Security and the USAID’s Development Credit Authority (#AskAg). In March 2013, the team was invited to take part in the Bid Network Women in Business Challenge Twitter chat on access to finance for women entrepreneurs (#WIBChat).

Figure 6. Women’s Finance Hub Website



During the launch of the SME Finance Forum at the IMF-World Bank 2013 Spring Meetings, H.R.H. Queen Maxima of the Netherlands mentioned in a video address that financial inclusion is a means to an end and that end is accelerating progress towards social and economic development goals. These goals can only be achieved if women are fully engaged and empowered.

She expressed her pleasure that OECD, G-20, World Bank, IFC and many others have been looking at how to encourage more women in businesses and increase access to financial services.

Learning events

Besides online knowledge-sharing, the SME Forum also engages in offline knowledge-sharing by acting as a convener and supporting peer learning activities among banks, policy makers, and financial technology providers. Key events organized by or with support from the Forum include:

- **IFC Regional Client Meetings.** The Forum helped the IFC organize regional meetings that brought together client financial institutions catering to small businesses and other under-served groups. The IFC Latin America and Caribbean (LAC) region had a regional conference on SME finance in March 2013; the Middle East and North Africa (MENA) region had one in May 2013, and South Asia convened a regional clients meeting in October 2013 that focused on several SME finance-related topics.
- **IFI-DFI Working Group on SME Finance Meeting.** Starting in early 2013, the Forum undertook a coordinating role in organizing annual meetings for a working group of IFIs/DFIs on SME finance. The most recent meeting, co-hosted by the AfDB in Tunis in June 2013, had more than 40 participants from 18 IFIs and DFIs. The objective of the meeting is for IFIs and DFIs to work together to share experiences, recommend actions to scale up sustainable SME finance, and promote more business-friendly regulation and macro-level policy.
- **Foromic 2013.** The Forum organized a panel titled, “SME Finance: Learning from International Experiences” at the Multilateral Investment Fund’s “Foromic 2013” event held in Mexico in September. 1,600 participants

from 44 countries attended this three-day event on microenterprise and microfinance.

- **Finovate/Innotribe/Startupbootcamp.** The Forum established partnerships with several organizations that support innovations in SME finance. These include Finovate (a fintech event organizer linking entrepreneurs with senior bankers and venture capitalists); Innotribe (a program that supports the creation and incubation of innovative financial services); and Startupbootcamps (an accelerator program for European startups). The Forum is helping these partner organizations promote their events more widely to their target audiences using its popular online platforms.
- **SME Finance Working Group of the AFI.** The Forum has been working closely with the AFI to assist the newly formed working group on SME Finance, particularly through provision of technical expertise to support its peer learning agenda. Two peer learning events were organized and supported by the Forum, including a 5-day capacity building program hosted by the Bank of Malaysia in Kuala Lumpur in April 2013.

In June 2013, the SME Forum launched a monthly **Innovator’s Series**, which invites pioneering SME finance technology and solution providers to present their initiatives at the IFC Headquarter in Washington D.C. Fintech companies such as BizEquity, MasterCard, Biz2Credit, Bilbus, and others were invited to present their cutting-edge SME solutions to IFC staff. The Forum team is working on webcasting future events and opening them up to external audiences. Videos of the presentations will also be made available on the SME Forum website in the future.

Figure 7. SME Finance Forum events



Research and Publications

The Forum has partnered with stakeholders to support and produce key reports and publications.

G-20 GPMI's SME finance report: In supporting the G-20 GPMI, the Forum has this year authored a publication titled "Small and Medium Enterprise Finance: New Findings, Trends and G-20/ Global Partnership for Financial Inclusion Progress". The report substantiates the contribution of the private sector for new jobs and investment. The report also illustrates the key role access to finance plays in SMEs' abilities and willingness to add jobs.

Report on SME access to finance in APEC countries: The Forum was recently approached by the APEC Business Advisory Council to put together a report on access to finance for SMEs in APEC countries, containing an action plan and consolidated recommendations. The report will propose a path forward and identify partner organizations, development banks, governments, sovereign wealth funds, private enterprises, and institutions to support the implementation of the recommendations.

Study on the impact of SME finance: The Forum is engaging Innovations for Poverty Action (IPA) to identify and fund promising research projects that seeks to gain a better understanding of the development impact of SME finance especially in terms of job creation and economic growth.

SME Finance Challenge Program

The G-20 launched the SME Finance Challenge in August 2010 in an effort to identify new ideas to finance small businesses and help them grow. The governments of Canada, the United States, United Kingdom, Korea, and the Netherlands contributed \$28 million for this initiative. The G-20 also partnered with the Rockefeller Foundation and Ashoka Changemakers, both nonprofit organizations with experience in running competitions.

Fourteen winners were selected based on criteria such as innovation, leverage, social and economic impact, and sustainability. The winners were announced at the G-20 Leaders Summit in Korea in November 2010. The winning proposals were provided funding based on their needs, including grants for technical assistance or capacity-building, risk sharing or first-loss capital, mezzanine capital, and investment capital.

Table 2. Challenge Winner Project Summaries

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

As of December 2013, \$14.275 million had been disbursed to 13 Challenge winners (ResponsAbility did not request a grant). The performance indicators are self-reported by the Challenge winners, who also provide supporting documents to back their claims. Most of the Challenge winners continue to make good progress and meet the conditions of disbursement for their performance-based tranches.

Several Challenge winners were also able to leverage parallel funding from various development international financial institutions, as well as other investors. Support was provided in various forms, including technical assistance, loans, equity, and risk-sharing. As illustrated in Table 3, the Challenge winners were able to leverage more than \$340 million in parallel funding, with the majority (52 percent) going to the European Fund for South Eastern Europe (EFSE).

Table 3. Challenge Winner Funding

Project	Maximum potential award (in US \$)	Disbursement as of Dec 2013 (in US \$)	Parallel Funding (in US \$)
Bank of the Philippine Islands	1,240,572	744,343	22,500,000
Barefoot Power	2,000,000	1,675,000	N/A
BidNetwork	2,000,000	1,200,001	N/A
Building Markets	2,000,000	1,314,860	N/A
Capital Tool Company/TREFI	1,500,000	1,027,125	1,365,000
Entrepreneurial Finance Lab	2,400,000	1,657,466	1,457,000
Equity for Africa	1,400,000	1,047,200	1,950,000
European Fund for Southeast Europe	1,000,000	625,500	179,605,149
Grassroots Business Fund	2,500,000	1,500,000	45,000,000
Intelcap/Sankalp	1,500,000	1,000,000	25,388,842
Medical Credit Fund	2,500,000	1,250,000	18,550,000
MFX Solutions	1,000,000	500,000	20,000,000
Root Capital	2,000,000	707,259	24,800,000
Total	23,040,572	14,275,754	340,615,991

Given that the Challenge winners vary widely in terms of their core activities, their performance targets are quite different from each other. However, three indicators that most Challenge winners (although not all) share in common are SMEs reached, number of loans disbursed, and value of financing facilitated.

The Challenge program as a whole exceeded all the three targets in 2013, as shown in Table 4. However, not all Challenge winners met their targets. Barefoot Power, Building Markets, Equity for Africa, European Fund for Southeast Europe, MFX Solutions and Root Capital (Mexico) fell short for some of the performance indicators, while the other Challenge winners exceeded their targets. This is to be expected in a program focusing on early stage,

innovative ventures. A lion's share of the total number of loans disbursed and value of financing facilitated can be attributed to the Capital Tool Company/ TREFI (423,261 out of 425,439 and \$323 million out of \$544 million respectively). Detailed results for each of the challenge winners are presented in the Annex.

With the program implementation more than half-way through and more than 50 percent of the grants already disbursed, an evaluation of the program is being considered. Complementary to this evaluation, rigorous evidence-based impact evaluation is being considered for three of the 13 grantees - BidNetwork, Entrepreneurial Finance Lab, and Medical Credit Fund. All evaluations are expected to start by the second half of 2014.

Table 4. Challenge Winner Performance Indicators

Common indicators	2013 Target	2013 Actual
SMEs reached through lending and advisory services	4,312	7,877
Number of loans disbursed	66,454	433,201
Value of financing facilitated	\$ 194,930,984	\$ 544,896,644

SME Finance Forum Future as a global membership body

This year saw the beginning of thinking about the Forum's long-term future, with a proposal tabled at the St. Petersburg GPFI Forum to evolve the Forum into a global membership body owned by private and public financial institutions and potentially sectoral service companies (such as fintech firms). The goal is to attract more than 200 institutions to join the Forum as annual dues-paying members. Members will include banks, non-bank financial institutions, development banks and fintech/financial technology services companies, both privately and publicly owned. The members will elect a governing board for the Forum much as the structure now in place in the Emerging Markets Private Equity Association (EMPEA). Membership dues would sustain the core Forum/Hub activities indefinitely, through a permanent private-public partnership that would form a lasting legacy for the GPFI and the SME Finance subgroup.

The year to come will see the testing of this concept through extensive consultation with potential owners worldwide.

Expenditure

The activities of the Forum and the Hub have been made possible by the generous contribution of the following donors:

- Canadian Ministry of Foreign Affairs, Trade, and Development
- Korean Ministry of Strategy and Finance
- Netherlands Ministry of Foreign Affairs
- U.K. Department for International Aid/USAID

In 2013, the SME Forum received a contribution of 400,000 euros from the German Federal Ministry for Economic Cooperation and Development (BMZ).

The total expenditure for the Forum and the Hub amounted to \$1.47 million in 2013. The cost breakdown is indicated in the table below.

Table 5. SME Finance Forum and Women's Finance Hub Expenditure for 2013

Description	2013 Expenditure (in US \$)
Staff	844,830
Consultants/Consulting Firms	195,502
Fixed Costs	63,378
Travel	347,242
Workshops	1,825
Miscellaneous costs	33,813
Total	1,486,590



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