



The 3FP concept was named a People's Choice Winner by President Obama and Canadian Prime Minister Harper as part of the G-20 SME Finance Challenge in 2010. As a result, the 3FP program received a generous grant from the donors of the program to support the start of operations in two countries—Liberia and Mozambique.



Building Markets

Connecting **Entrepreneurs**. Creating **Jobs**. Sustaining **Peace**.

For inquiries or partnership opportunities, please contact us:

BUILDING MARKETS

17 State Street, Suite 1520, New York, NY 10004

T: +1 212 364 2053

F: +1 212 842 2291

E: newyork@buildingmarkets.org

www.buildingmarkets.org



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FACILITATING SME ACCESS TO FINANCE: THE KEY TO GROWTH



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OUR MISSION

Building Markets is a nonprofit social enterprise that builds markets, creates jobs, and helps sustain peace in developing countries by championing local entrepreneurs and connecting them to new business opportunities.

Job creation is one of the greatest drivers of poverty reduction and increased stability in developing countries. The key to creating jobs? Small and medium enterprises (SMEs). Building Markets is committed to facilitating this growth by identifying local SMEs, building their capacity, helping them gain access to finance, and connecting them to investors and buyers.

OUR IMPACT

In Afghanistan, Timor-Leste, Haiti, Liberia, Mozambique, and Myanmar we have:

- Reached 17,000 local SMEs
- Created 65,000 full-time equivalent jobs
- Facilitated more than \$1.2 billion in local procurement
- Provided general training to X number of SMEs
- Provided financial and business management training to 280 SMEs
- Enabled over \$9.4 million of credit to SMEs

SUSTAINABLE MARKETPLACE INITIATIVE

Launched in 2004, our Sustainable Marketplace Initiative (SMI) provides a range of services that facilitate relationships between local businesses and international buyers. This includes providing access to tenders, training SMEs in the procurement bidding process, and teaching owners other crucial management skills so businesses can grow.

OUR EXPERTISE

Through our SMI, we have developed expertise in three key areas.

DEEP KNOWLEDGE OF LOCAL BUSINESS MARKETS

We have collected thousands of data points on local SMEs which helps inform the design and delivery of all of our products and services.

EXTENSIVE EXPERIENCE WITH PROCUREMENT

We have assisted thousands of local businesses on topics ranging from bidding to completion of contracts and payments. Our tender-distribution and matchmaking teams work closely with buyers and businesses, giving us clear visibility into the procurement processes.

STRONG RELATIONSHIPS WITH KEY PUBLIC AND PRIVATE SECTOR STAKEHOLDERS

In each of the markets where we operate, we have developed strong relationships with key economic players, including government ministries, multinational corporations, international organizations, and civil society.

THE NEED

THE MISSING MIDDLE

SMEs have tremendous potential to contribute to the economies of developing countries, where research has shown that they are responsible for generating 86% of new jobs. Also, for every dollar invested in an SME, 12 additional dollars are generated for the rest of the local economy.

However despite this compelling evidence SMEs do not have access to the resources they need to prosper - hence they are referred to as 'the missing middle'. This includes services that can improve their business, financial, and management experience as well as financing options that will allow them to attract new forms of capital. According to the World Bank Enterprise Survey, 25–30 million SMEs are unserved or under-served by finance providers in Sub-Saharan Africa. Across developing markets, SMEs consistently cite access to finance among their top 3 obstacles to growth.



THE SOLUTION

ACCESS TO FINANCE

Building Markets' access to finance program was conceived from our extensive experience working with SMEs in developing countries. We saw first-hand how a lack of financing options for local businesses was grossly limiting the positive socioeconomic benefits they can yield. We solve this problem by addressing barriers that are both internal and external to SMEs. This creates a permanent market solution by ensuring that a change in behavior for SMEs corresponds with an enabling environment that will allow them to thrive.

THE PROGRAM HAS THREE KEY COMPONENTS

BUSINESS TRAINING

To promote best business practices, Building Markets offers introductory finance training, which covers the basics of credit and financial management. We also expand our current training curriculum to include more in-depth topics that will address specific management skills.

CREDIT ADVISORY

Building Markets offers one-on-one assistance to SMEs who are applying for credit at a bank. This includes support in writing business plans and tailoring applications to highlight the strengths of an SME. We also help SMEs obtain competitive loan terms by acting as an advocate with banks.

FINANCIAL SERVICES

Building Markets offers various financial instruments to SMEs. These include: partial credit guarantees to improve bank loan credit risk, leading to higher approval rates and better terms; invoice factoring to improve liquidity; and growth capital to provide a customized financing package to allow businesses to expand.

OUR CURRENT LOCATIONS

Our access-to-finance program is operating in Liberia and Mozambique and underway in Myanmar. While each country is unique in character, all have a number of attractive qualities—including abundant natural resources and high economic growth rates in recent years.

NEW OPPORTUNITY

FRONTIER MARKETS

Today frontier markets represent some of the fastest growing economies in the world. Globalization, discovery of natural resources, improved governance, and the presence of young populations with increased spending power have all contributed to this upward trend. This attracts private investors who are in search of growth opportunities and have increasingly become interested in deploying capital to create positive social change.

There are billions of dollars in private capital waiting to be invested in SMEs in frontier markets. However weak capacity, infrastructure and information asymmetries prevent the flow of these funds.

Through our deep knowledge of local marketplaces and strong relationships with key stakeholders across the public and private sectors, Building Markets is uniquely positioned to address these challenges.

NEW SME FUND INITIATIVE

Building Markets is currently partnered with City Financial UK, a London-based asset management firm. Together we are working to determine how the organization can help facilitate the launch of an investment fund, targeting SMEs in frontier markets including Ghana, Nigeria, Liberia, Bangladesh, Myanmar, Cambodia and Vietnam.



CASE STUDY

LIBERIA

THE SITUATION ON THE GROUND

Since the end of the civil war in 2003, Liberia has been trying to rebuild its infrastructure and put formal institutions in place to support its growth and development. While the initial post-war years were fraught with challenges, Liberia is today building the foundation required for development and economic growth.

3FP IN ACTION

The following case study demonstrates the problems faced by SMEs in a country like Liberia—and the solutions 3FP can provide.

Liberia Services Corporation Inc. (LSCI) is a successful Liberian business that provides a variety of valuable services. Recently, a leading multinational mining company awarded LSCI a contract to build a supermarket in the town of Yekepa in northern Liberia. At the beginning of 2013, the supermarket was in the final stages of construction, financed by owner investment, and LSCI was looking to obtain bank financing for working capital, purchase of equipment, and initial inventory. And yet, despite being a profitable and sound business, LSCI was unable to obtain bank financing.

After meeting with the management of LSCI to learn about the business, Building Markets understood that it was a strong candidate for credit. We approached one of our banking partners to let them know about the project. The result of this simple action was impressive: Once the bank's senior management was able to analyze the proposal, the loan was approved within a week.

This case demonstrates the impact the 3FP program can have in a market like Liberia. By bridging informational asymmetries between banks and SMEs and introducing banks to strong, viable businesses, 3FP fulfills its mission to champion the local entrepreneur.