



“Credit Supplementation Institutions: Going Beyond Guarantee for SMEs”

27th ACSIC TRAINING PROGRAM
24-27 September 2017
Kuala Lumpur, Malaysia



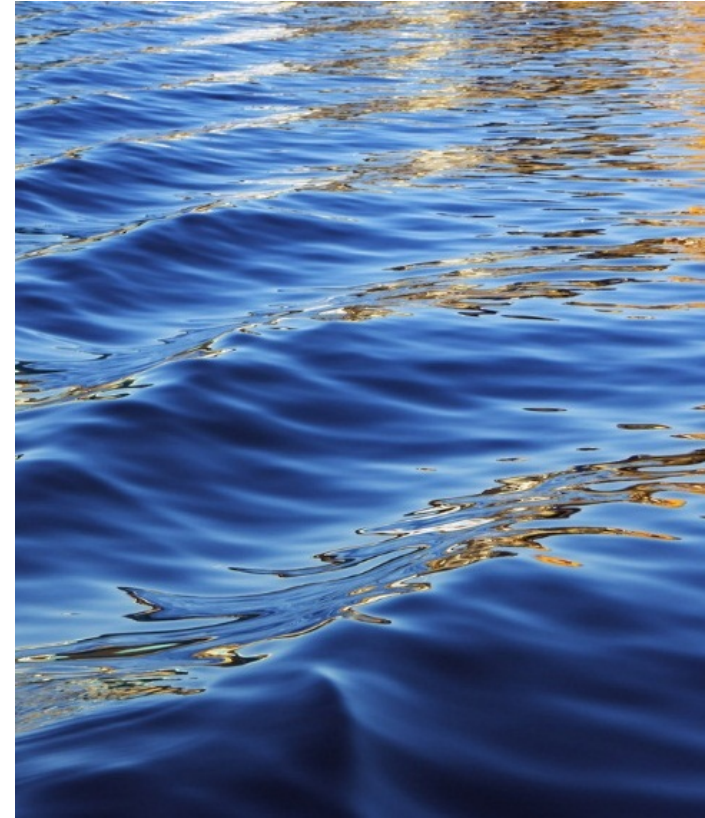
MSMEs in the Philippines are defined by law, Republic Act No. 9501

Enterprises	Asset Size
micro enterprises	less than P3.0Million
small enterprises	more than P3.0Million up to P15.0Million
medium enterprises	P15.0Million up to P100Million.



Small Business Corporation (SB Corp) is a government corporate agency created under the “Magna Carta for Small Enterprises” (Republic Act No. 9501, as amended)

- mandated to implement comprehensive policies and programs to assist MSMEs in all areas, including but not limited to finance and information services, training, and marketing.

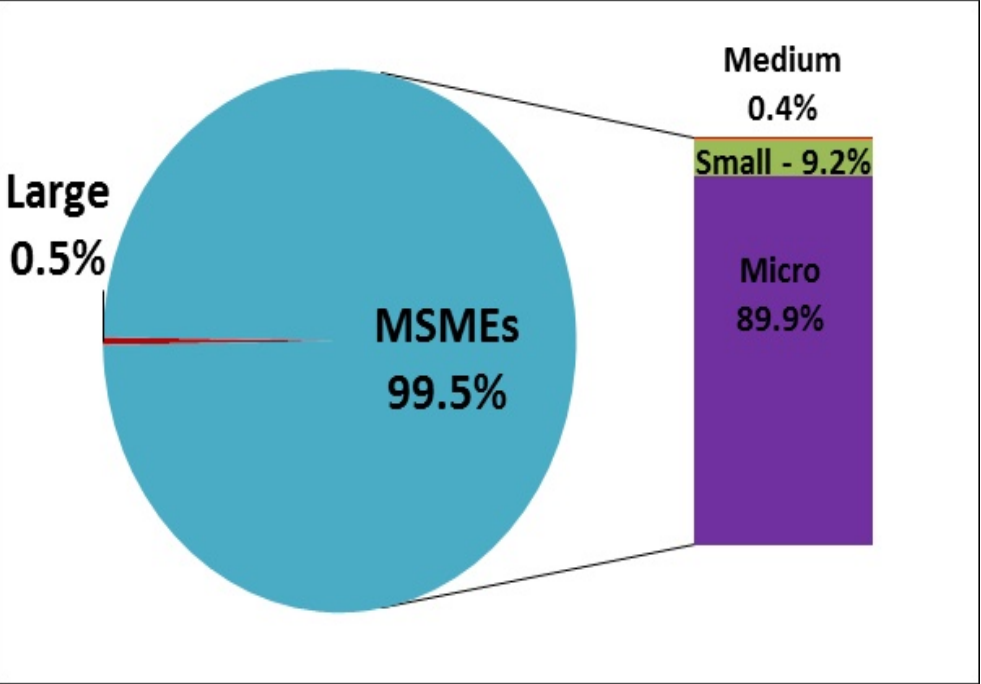


SB Corp together with the **Department of Trade and Industry**, as its parent agency, is into partnership with the following:

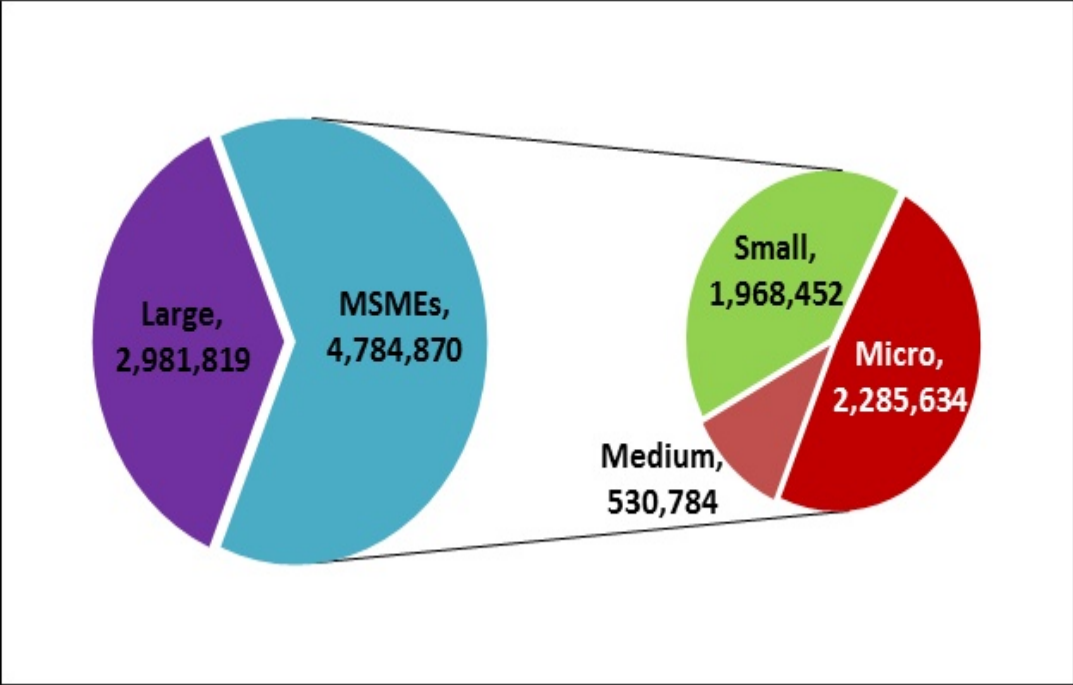
1. **Partner financial institutions** such as banks and lending companies in providing financial services
2. **Government financial institutions (GFIs)** - SB Corp. is the lead convener of the government's ASENSO (Access of Small Entrepreneurs to Sound Lending Opportunities) program—the collective efforts of GFIs to lend to MSMEs.



Number of Establishments

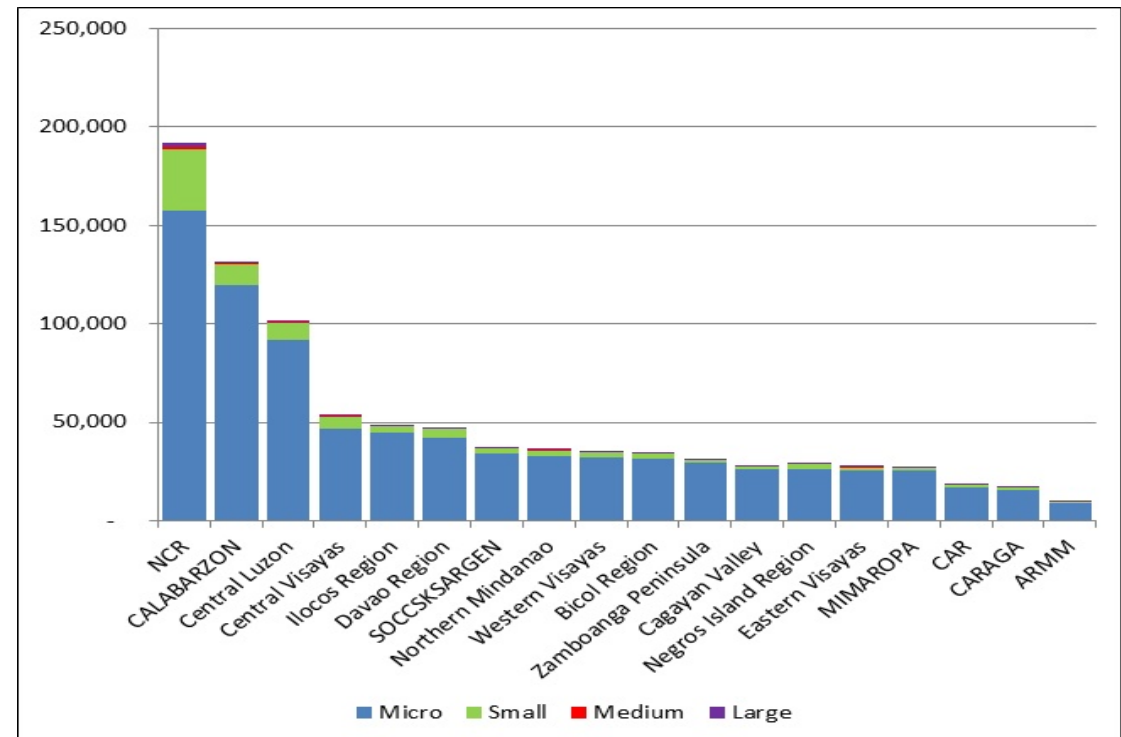


Distribution of Enterprises by Total Employment

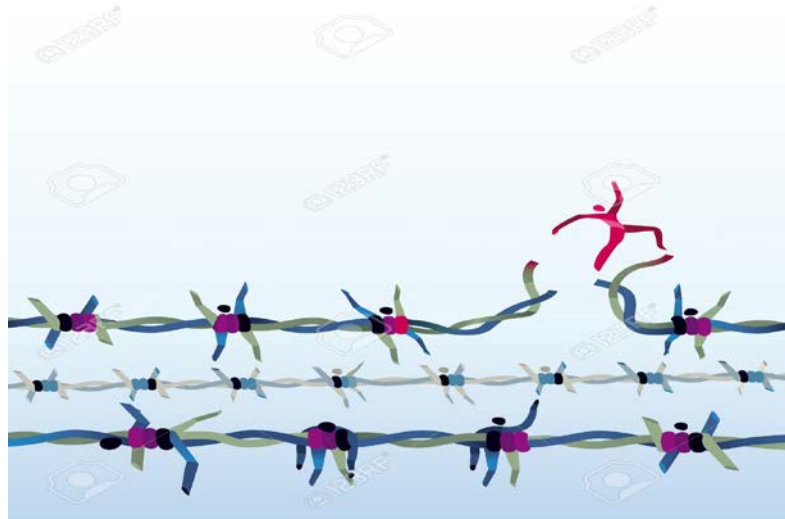


- For twenty six (26) years, the SB Corp has consistently extended credits and loan guarantees to MSMEs under its enterprise development financing mandate.
- mandated to implement comprehensive policies and programs to assist MSMEs in all areas, including but not limited to finance and information services, training, and marketing

- SB Corp is at the forefront of the government's effort to encourage MSMEs growth through various enterprise-financing activities.



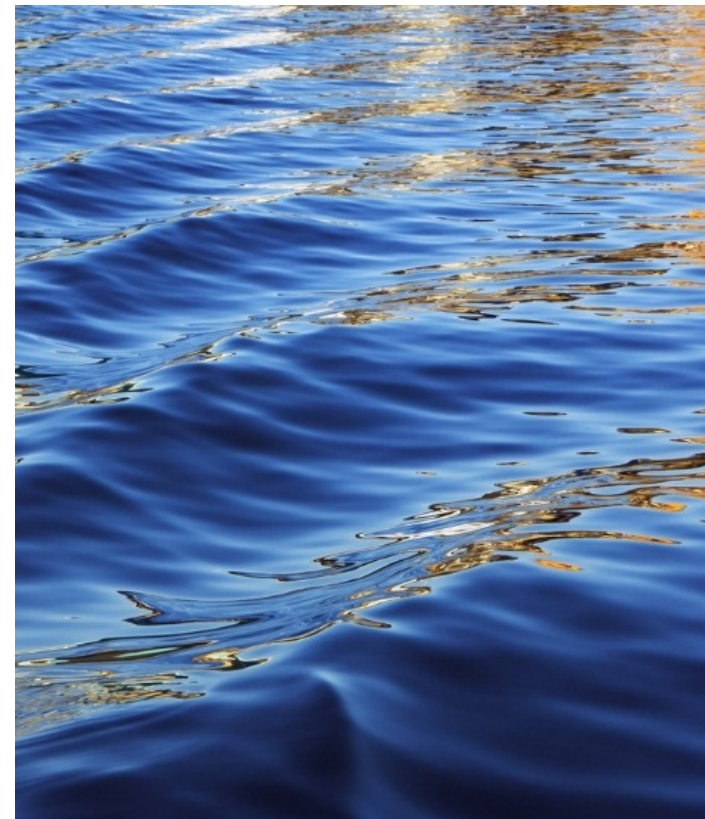
Gaps and bottlenecks in SME finance that hinder access to financing



1. asymmetry on information (low on financial literacy),
2. availability of information pertaining to credit histories/ MSME track record,
3. competency of people who run the financial institutions/lack of understanding of the SME market and its financing needs,
4. collateral oriented lending,
5. lack of capital,
6. poor quality of projects,
7. transaction costs,
8. institutional barriers and
9. negative attitude towards investors.

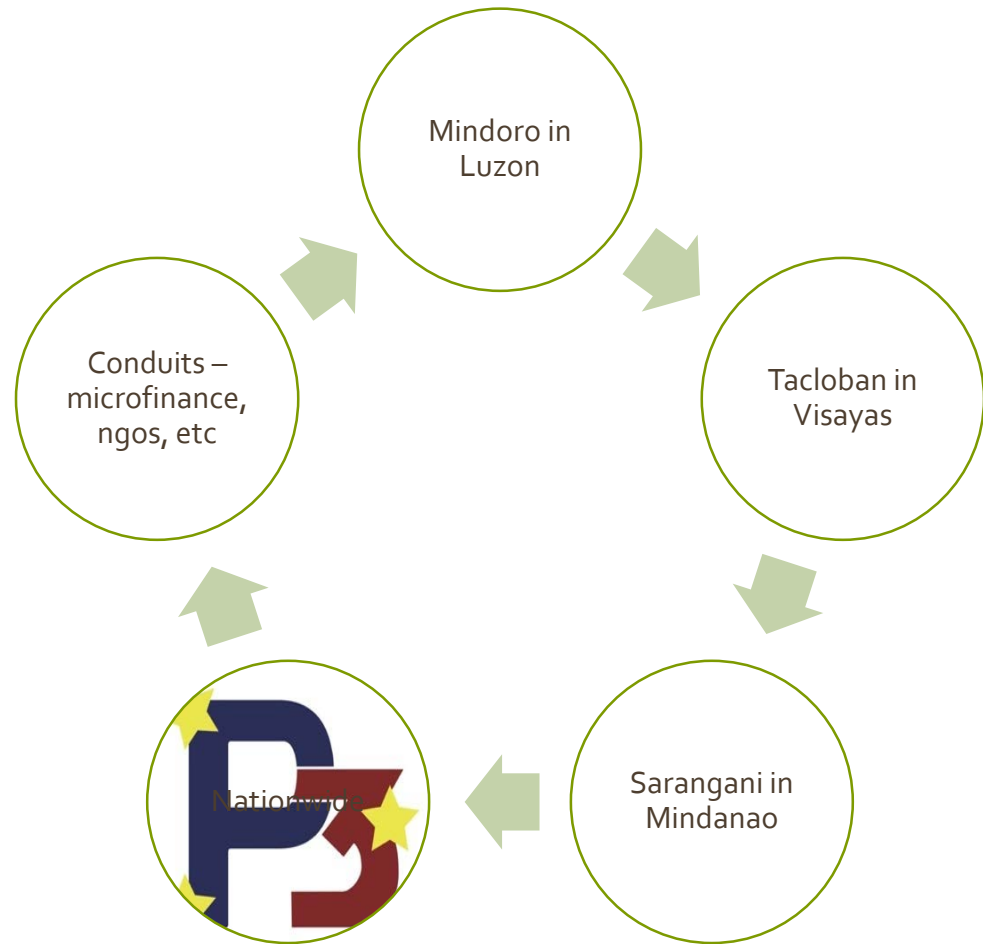


GOING BEYOND SURVIVAL



Lending Program called Pondo sa Pagbabago at Pag-asenso (P3).

The program aims to rival the lending scheme that scrupulous lenders use to prey on MSMEs by giving them an alternative source of funding. P3 is a funding program that will provide microenterprises an alternative source of financing that is easy to access and available at a reasonable cost.



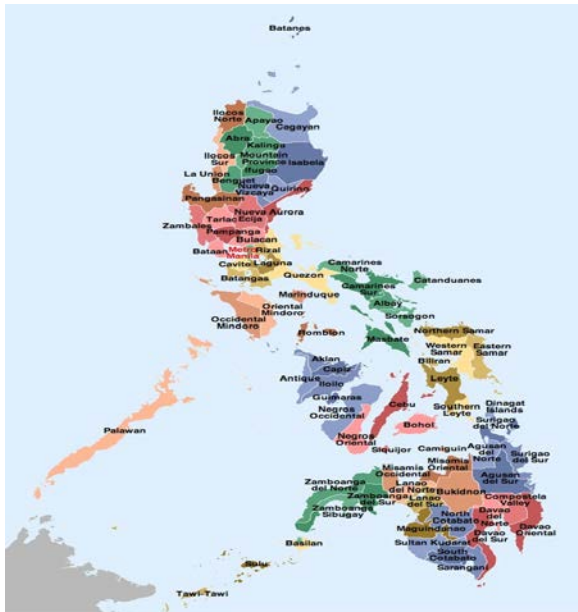
Enterprise Rehabilitation Financing (ERF)

- The company continues to extend a helping hand to MSMEs in their effort to rehabilitate their business affected or damaged by various calamities in the country



typhoon affected areas:

1. CALABARZON,
2. MIMAROPA and
3. the Visayas Region.



Direct Lending Program

- is a facility designed to suit the specific financing needs of micro, small and medium enterprises. SB Corp provides additional liquidity when the business needs it most as credit champion for MSMEs.



1. fixed asset financing
2. working capital – demand loan, sof investment loan, micro wc, msme IT capability
3. Financing for Start-Up Enterprises

Wholesale Lending

- To provide funding to financial institutions nationwide for lending to mSMEs. It improves the ability of these institutions in mSME lending. The Program provides funding access even to small conduits in the countryside which have positioned as mSME lenders.
- It provides funding at terms properly matched with the requirements of mSMEs.
- Our microfinance wholesale facility also aims to bring credit financing to enterprises at the grassroots and transform them into growing and full-blown, formal enterprises.

RISK BASED LENDING ADVOCACY



Capacity Building Program for financial institutions (FIs)

RBL Consultancy on SME Lending is a capacity building agenda of SB Corp. for FIs. It is a 37-day consultancy engagement with a FI wherein SB Corp through its local consultant handholds the FI in the adoption and practice of RBL.

MSME Capacity Building Program

This program capacitates MSMEs in the more aspects of managing and running their business to improve their financial literacy and management capacity. It has developed several training modules on business planning and on basic records keeping. Program is implemented by way of classroom-based training and on-site coaching and consultancy.


The credit risk guarantee fund (CRGF)

- is a credit guarantee program that will help the MSMEs affected by typhoon Yolanda access credit from financial institutions for the recovery and rehabilitation of their business.
- The CRGF shall adopt a portfolio guarantee scheme with thirty (30) percent default rate threshold on the enrolled MSME loan portfolio. In case of call on guarantee, a maximum guarantee of 80% shall be extended provided that the 30% default rate cap is not breached.



Other programs

1. Actively participates in the crafting of a framework to develop the legal and institutional infrastructure as well as practices governing the use of secured transaction and movable asset finance systems
2. Effective Credit Information System – supports the establishment of a comprehensive and centralized credit information system for the collection and dissemination of fair and accurate credit information. Data collected by the CIC can be used by MSMEs to represent themselves to lending institutions as proof of creditworthiness. A good credit report is expected to allow borrowers to obtain loans at better rates or longer terms.

A small green plant with several leaves is growing out of a crack in a concrete sidewalk. The background is a blurred outdoor setting.

Overall, MSMEs face numerous constraints to further growth and productivity, including credit constraints, cumbersome registration procedures and strict regulatory environments, and other challenges related to an economic playing field that is not level between large and small firms. SMEs, especially start-ups, have lower probabilities of survival than larger firms, leading to high rates of market entry and exit across nearly all economic sectors

To go beyond survival and actually compete, SMEs will need to undergo successful business transformation in various dimensions of their operations—spanning enhanced entrepreneurial skill, innovation in process and product development, more successful collaboration across SMEs and with larger firms, improved crisis resilience and of course, a partner and credit champion for MSMEs – the credit supplementation institutions.

LYNNUEL VICTORIO
SMALL BUSINESS CORP



Download from
Dreamstime.com

This watermarked comp image is for previewing purposes only.

ID 41599013

© Gow927 | Dreamstime.com