



TO: Bert van der Vaart, President
Small Enterprise Assistance Funds

FROM: David Lingelbach
Executive Director
Institute for SME Finance

DATE: January 7, 2003

SUBJECT: Program Report for Sub-Grantee, Institute for SME Finance

In accordance with Grant Agreement # PER-G-00-00-00019-00 (the "Grant") between USAID and Small Enterprise Assistance Funds (SEAF), the Institute for SME Finance (the "Institute") is herewith providing to the Grantee, SEAF, a Program Report for the fourth six months of activities under the Grant (March 18, 2002 through September 17, 2002).

Activities for the Period

During the reporting period, the Institute continued to develop its education and training program and conducted a variety of advisory assignments. As it completed its transition to financial sustainability, the Institute undertook advisory assignments that were broadly related to SME development.

The Institute completed the design and organization of its first Seminar on SME Risk Capital Finance during the period, sponsored by the Venture Capital Incentive Programme ("VCIP") of the Government of Trinidad and Tobago. This one-week case study-based course is targeted at current and potential fund managers, other SME financiers, investors, government officials, and SME development practitioners. The course was successfully conducted in Port of Spain, Trinidad from September 23 to 27 for a total of 22 participants. Based on the very positive feedback received from both the participants and the sponsor, VCIP has agreed to sponsor a second offering of the course in Jamaica in March 2003. In addition, the Institute is now implementing under its own sponsorship the regular offering of this course on the campuses of Johns Hopkins University's School of Advanced International Studies. The first of these Institute-sponsored offerings will be in January 2003, with others tentatively planned for April 2003 in Bologna, Italy and the summer of 2003 in Nanjing, China.

As in previous reporting periods, the Institute or its officers engaged in a number of paid advisory assignments. As before, this advisory work was undertaken in order to 1) provide cash flows in support of the Institute's financial sustainability strategy, 2) broaden the knowledge base of the Institute and its officers, 3) continue the process of identifying both obstacles and best practices in SME finance, and 4) establish awareness of the Institute as a formal organization having in-house expertise. In addition, paid advisory assignments are also becoming an important source of case study material for the Institute's education and training activities.

<u>Assignment</u>	<u>Sponsor</u>
Feasibility study for an SME risk capital fund in Pakistan (commenced March 2002-ongoing)	Asian Development Bank
Feasibility study for an SME risk capital fund in Qatar (commenced June 2002-ongoing)	Emiri Diwan of Qatar/Qatar Strategic Center for Leadership Development
Design of Palestine Private Sector Support Fund (May 2002)	World Bank
Design of SME Investment Fund for Rwanda (June 2002)	World Bank
Implementation of Namibia SME Investment Fund (June 2002)	Government of Namibia
Review of SME financing environment in Mozambique and Nigeria (June 2002)	World Bank
Participation in seminar on SME financing and development in South Africa (June 2002)	World Bank
Feasibility study for SME investment fund in Zambia (August 2002)	World Bank
Participation in REACH conference in Jordan (September 2002)	Chemonics/USAID
Feasibility study for SME investment fund in Azerbaijan (September 2002)	World Bank

Plans for the Remainder of FY2003

As described in the last Program Report, the Institute intends to continue to implement both its Education and Training Program and its targeted advocacy of new approaches to SME finance. In pursuit of the latter, the Institute was awarded in November 2002 a \$215,000 six-month contract by the World Bank and the IFC to design and assist in the implementation of its SME Investment Company model in four African countries. One full-time staff member was added to assist in the completion of this contract.

We remain grateful to USAID and to the Grantee, SEAF, for their generous support during the Institute's startup period.

Sincerely,

David Lingelbach