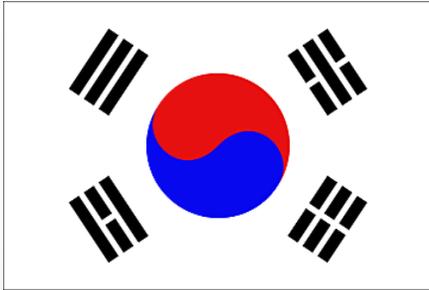


Korea-IIC SME Development Trust Fund



Trust Fund activities and results to date confirm the excellent alliance that the IIC finds in one of its key member countries, the Republic of Korea. On July 27, 2005, the Republic of Korea agreed to establish a US\$40 million trust fund with the Inter-American Investment Corporation through the creation of the Korea-IIC SME Development Trust Fund. The goal – of the IIC, TAS, the Trust Fund, and of course of Korean government authorities – is to develop and implement programs that can help small and medium-size enterprises in the region.

The IIC's partnership with the Republic of Korea has helped to design, develop, and implement key strategic technical assistance projects and programs for the small and medium-size enterprise sector in Latin America and the Caribbean. The contributions of the Trust Fund are used to finance non-reimbursable technical assistance and other activities in support of the IIC's mission and operations in its regional developing member countries, with preference for the small and less developed economies. Several accomplishments have been made thanks to the Korea-IIC SME Development Trust Fund. FINPYME, a program that helps companies get access to medium and long-term financing, has become the flagship program of the IIC and the Governance and Energy Efficiency programs have continued to develop. The FINPYME Integrity Program pilot project has been initiated with support from the Korea Chamber of Commerce and Industry. The FINPYME *ExportPlus* program is beginning to take shape with the support of the Korea SBC. And many small and medium-size enterprises in the region have benefited from direct technical assistance support made possible by the Trust Fund.

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As the programs continue to develop, the IIC is trying to implement them in a way that allows synergies to develop, and one of these is by focusing their program implementation in a geographically coordinated fashion. The IIC is starting to attract new donors to its programs, and this is very much due to the public support for its programs by the Korean Trust Fund. As programs develop, the IIC will try to involve other donors in Korean Trust Fund-supported initiatives. The Korean support to date is greatly appreciated as consultation and cooperation in the development of these critical technical assistance activities have geared towards the region's small and medium-size companies.

Selected Highlights

Since the Trust Fund's inception in 2006, the IIC has benefitted enormously from its partnership with Korean Authorities on the philosophy, objectives and use of the Trust Fund. Korea has been a partner with the IIC, not only because it finances such a large percentage of IIC technical assistance activities in benefit of the region's SMEs, but more importantly because it has always given the IIC excellent advice on channeling resources through the IIC's strategic programs. Trust Fund activities are carried out within a strategic framework that ensures maximum developmental benefits for SMEs in Latin America and the Caribbean. Given the leadership role of the Trust Fund, the IIC has attracted increased interest from other donors, and more and more the Trust Fund has worked with other donor funds in furthering the objectives of the IIC initiatives.

As of December 31, 2010, there have been 52 projects carried out with Trust Fund resources, and these can be classified in the following way:

- FINPYME Diagnostics – 9 projects totaling US\$2,472,950
- FINPYME Technical Assistance – 22 projects totaling US\$2,384,111
- FINPYME Family Business - 6 projects totaling US\$305,400
- GREENPYME - 4 projects totaling US\$627,600
- FINPYME ExportPlus - 3 projects totaling US\$947,850
- FINPYME Integrity – 2 projects totaling US\$482,920
- Other (Equity Financing Instrument for SMEs) – 1 project totaling US\$320,000

With the support of the Korea-IIC SME Development Fund, in 2008 the IIC created the Program for Highly-Developmental Feasibility Studies of SMEs. The objective of the program was to respond to the needs of SMEs in helping them finance feasibility studies. SMEs do not have the in-house personnel that can carry out such studies, and have limited financial resources to fund these studies. Through the program, 13 companies from various sectors have received resources to conduct feasibility studies in topics ranging from the marketing to the financial viability of projects. With this type of program, the IIC and Korea provide support to SMEs to make informed decisions based on quantifiable data obtained through the feasibility studies to assess the viability of expansion plans and help them conquer new markets.