



PAGE 4: B.1) YOUR CASE STORY: TITLE AND DESCRIPTION

**Q1: TITLE OF CASE STORY**

Established in 2010, the Global Trade Supplier Finance (GTSF) program is a \$500 million multicurrency investment and advisory program that provides short-term finance to emerging market suppliers and small- and medium-sized exporters, helping to address a huge shortfall in supply chain finance.

**Q2: CASE STORY ABSTRACT**

The International Finance Corporation (IFC), a member of the World Bank Group, works with banks and buyers across industries that source goods in emerging markets to help reach thousands of small- and medium- sized suppliers. IFC also helps banks that offer supply chain finance to increase their presence in emerging markets. In Vietnam, an online portal called GT-Nexus (formerly Trade-Card), is allowing exporters to submit electronic invoices to their buyers, such that the approval of these invoices becomes transparent to financial institutions. Exporters, in turn, can access the portal and select which invoices they would like to discount, thus being paid earlier than dictated.

## PUBLIC SECTOR CASE STORY TEMPLATE

### Q3: LONG DESCRIPTION OF THE CASE STORY

For many small and medium-sized enterprises (SMEs) that are aiming to export in Vietnam, the ability to access global supply chains is simply a question of finance, or more specifically, a lack thereof. As is the case in much of the developing world, many SMEs can find themselves strapped for cash given the standard payment terms for invoices, which can take weeks or months to be paid by multinational importers. So-called supply chain financing would allow Vietnamese suppliers to have certain invoices paid up front by a bank (in exchange for a small fee), an arrangement that would greatly stabilize the inflow of money for these firms and ensure their products' swift delivery to market.

Unfortunately, only an estimated 10 percent of exporters in emerging markets actually have access to supply chain finance, as global banks that offer have little experience in such markets and generally focus on larger suppliers.

IFC has a comparative advantage in the field of trade finance in emerging markets. After successfully rolling out the GTSF program in China, where 30 different exporters in the garment and apparel sector were trained to use GTSF with US\$ 8 million in disbursements in FY13, the GTSF portfolio has since been expanded to Mexico, Indonesia, India, and most recently, Vietnam.

In Vietnam, for example, an online portal called GT-Nexus (formerly Trade-Card), is allowing exporters to submit electronic invoices to their buyers, such that the approval of these invoices becomes transparent to financial institutions. Exporters, in turn, can access the portal and select which invoices they would like to discount, thus being paid earlier than dictated by the standard payment terms. With the IFC acting as financier, large importers are no longer burdened by early payment requests from suppliers, while the Vietnamese garment producers are charged with a relatively low interest rate that is based on the credit level of the multinational importer as opposed to that of the supplier itself.

In effect, the GTSF program allows Vietnamese producers to improve working capital by converting sales receivables to immediate cash and to access lower-cost financing based on the superior credit risk of the multinational companies that buy their products. Supplier finance also enables the Vietnamese garment suppliers to finance open account transactions at competitive rates without collateral requirements, which helps make them more attractive to global buyers. Though GTSF operations in Vietnam are in their infancy, having only committed US\$400,000 in supplier finance thus far, they are expected to grow considerably, adding to the sizable US\$900 million provided through GTSF around the world since the program's inception.

### Q4: Please add here web links to project/programme materials.

GTSF brochure: <http://www.ifc.org/wps/wcm/connect/73f2360043be76669828b8869243d457/FIG-TSC-Seminar2014-FlyerGTSF.pdf?MOD=AJPERES>

Better Work Program story: <http://betterwork.org/vietnam/?p=3682>

## PAGE 5: C.2) ABOUT THE CASE STORY

### Q5: YOUR CONTACT DETAILS

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Ministry/Institution/Organization:	World Bank Group, International Finance Corporation
Country:	Vietnam
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## PUBLIC SECTOR CASE STORY TEMPLATE

<b>Q6: FUNCTION</b>	Private sector
<b>Q7: FUNDING PARTNER</b> Tick the appropriate box(es)	Multilateral organization
<b>Q8: Additional information</b>	<i>Respondent skipped this question</i>
<b>Q9: START DATE OF PROJECT/PROGRAMME</b>	March 2013
<b>Q10: STATUS OF PROJECT/PROGRAMME</b>	Fully implemented
<b>Q11: DURATION OR, IF ON-GOING, EXPECTED DURATION OF PROJECT/PROGRAMME</b>	1-3 years
<b>Q12: COST OF PROJECT/PROGRAMME</b>	More than US\$20 million
<b>Q13: Additional information</b>	
IFC committed USD \$77 Million for GTSF Vietnam since March 2013 to December 2014 as a short term trade loan.	
<b>Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME</b>	Loan

### PAGE 6: C.2) ABOUT THE CASE STORY

<b>Q15: PROJECT/PROGRAMME TYPE</b>	Single country / customs territory
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<b>Q16: SINGLE COUNTRY/CUSTOMS TERRITORY</b>	<i>Respondent skipped this question</i>
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### PAGE 8: C.2) ABOUT THE CASE STORY

<b>Q17: REGION</b> (If the region does not appear in the drop down menu, please enter manually.)	Other (please specify) East Asia Pacific
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## PUBLIC SECTOR CASE STORY TEMPLATE

**Q18: MULTI-COUNTRY**(Enter all countries or customs territories)

*Respondent skipped this question*

### PAGE 10: C.4) ABOUT THE CASE STORY

**Q19: CASE STORY FOCUS**Tick the appropriate box(es)

Improving access to trade finance

### PAGE 11: C.5) ABOUT THE CASE STORY

**Q20: HOW SUCCESSFUL WAS THE PROJECT/PROGRAMME** Tick the appropriate box(es)

Successful

### PAGE 12: C.6) ABOUT THE CASE STORY

**Q21: WHAT WERE THE OUTPUTS OF THE PROJECT/PROGRAMME** Tick the appropriate box(es)

New trade finance scheme,  
Other (please specify)  
Specifically supply chain finance

**Q22: Additional information(maximum 300 words)**

The program was successfully launched and well recognized in Vietnam by the Vietnam National Textile and Garment Group and other trade associations. It has created many positive impacts to exports not only in terms of financial support but also improvements in environmental and social responsibility.

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**Q23: WHAT WERE THE OUTCOMES OF YOUR PROJECT/PROGRAMME**Tick the appropriate box(es)

Reduction in informal payments,  
Increase in trade finance available,  
Reduction in cost of financing of trade finance

**Q24: Additional information(maximum 300 words)**

*Respondent skipped this question*

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PUBLIC SECTOR CASE STORY TEMPLATE

<b>Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME</b> Tick the appropriate box(es)	Increase in domestic investment, Export market diversification
<b>Q26: Additional information</b> (maximum 300 words)	<i>Respondent skipped this question</i>

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<b>Q27: LESSONS LEARNT</b> Tick the appropriate box(es)	Importance of good project design, Importance of engagement by private sector
<b>Q28: Additional information</b> (maximum 300 words)	<i>Respondent skipped this question</i>
<b>Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK</b> Tick the appropriate box(es)	Other (please specify) Left blank