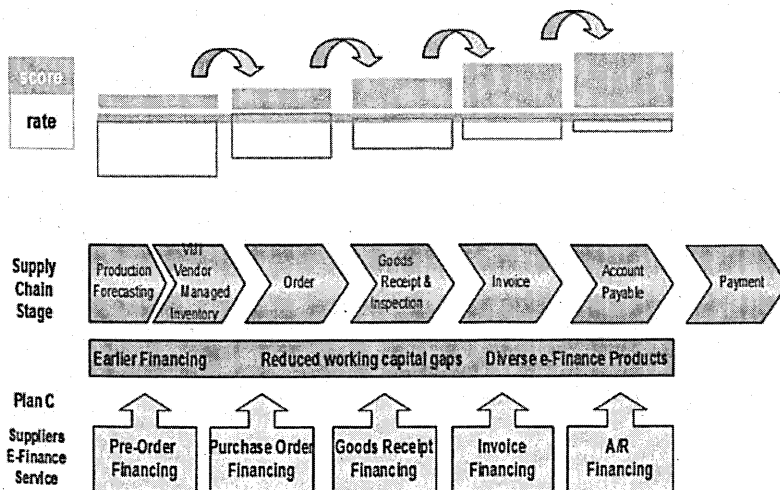


ing suppliers to access working capital earlier in the production process and by removing manual processes related to payments; it addressed the working capital availability issue by giving them access to unsecured funds, thereby increasing liquidity.

The participating banks were given access to the supply chain information (date of order, goods receipt, invoice issuance, account payable postings, etc). The banks would then issue funds to the sub-suppliers in question, in a phased approach with a declining price structure as the transaction moved from origination to fulfillment. The flow of events in this process is illustrated below (MOEA, 2004).



At the time of the visit to Chinese Taipei in March 2006, the program was considered successful in that:

- By early 2004, nearly 24 billion TND had been disbursed under Project C and more than 21,000 suppliers were beneficiaries. The funds disbursed were actually incremental so the program had not just displaced established facilities;
- The cost of funding had declined by up to 2%; and
- The default rate was lower than traditional lending.

However, some structural issues that were beginning to limit the upside potential of the program were also identified. These limitations fell into several categories: