IFC Financing to Micro, Small, and Medium Enterprises Globally (FY2012)

Lack of access to financial services is a key barrier to the growth of micro, small, medium enterprises (MSMEs). IFC is working to develop solutions to close the MSME financing gap, collaborating with 268 financial institutions (FIs) across 84 countries globally. By partnering with many types of financial intermediaries, including microfinance institutions (MFIs), commercial banks, leasing companies, and private equity funds, IFC reaches many more small and medium enterprises (SMEs) than it could directly.

IFC offers a wide range of financial products, including loans, equity and risk management solutions, to help financial institutions scale up to enter the MSME market. As of June 2012, IFC committed a total of $13.7 billion to MSME finance globally, $12.0 billion for long-term finance (including $1.6 billion for funds supporting MSMEs), and $1.6 billion for trade finance. In fiscal year (FY) 2012 alone, IFC MSME commitments globally were $5.4 billion (down 11.4 percent from $6.1 billion), $1.9 billion of which attributed to long-term finance.

By the end of calendar year (CY) 2011 IFC’s MFI clients had 16.1 million micro loans outstanding globally (5.0 million in CY2010), totaling $13.4 billion ($5.2 billion in CY2010). Similarly, IFC’s SME financial institutions (SME FI) clients had 2.6 million small and medium loans outstanding by the end of CY2011 (up 70 percent from 1.5 million in CY2010), totaling $154.9 billion globally (up 25 percent from $123.8 billion in CY2010).

### MSME Financial Intermediary Portfolio, FY2012 (as of June 2012)

**MSME Loans by Type of IFC Clients, CY2011**

IFC was able to survey or extrapolate outreach data from 93 MFIs in 51 countries, 41 percent of these clients received advisory services from IFC.

**MSME Loans by SME Financial Institutions**

IFC was able to survey or extrapolate outreach data from 175 SME FIs in 68 countries, 29 percent of these clients received advisory services from IFC.

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1. MSME firm size definitions: IFC’s Financial Institutions Group categorizes its clients’ sub-borrowers according to the following definitions: (1) Microfinance Institution if loan < $10,000 at origination; (2) Small Enterprise if loan < $100,000 at origination; (3) Medium Enterprise if loan < $1 million at origination ($2 million for advanced countries).
2. The share of committed loans to microfinance enterprises in MSME committed portfolio increased from 17.3 percent in FY2012 to 18.8 percent in FY2013; small enterprises accounted for 56.5 percent in FY2013 (59.9 percent in FY2012); medium enterprises accounted for 24.8 percent in FY2013 (22.8 percent in FY2012).
3. The committed portfolio in MSME FIs below does not include commitments for commercial banking trade finance and collective investment vehicles.
4. Estimated percentage of outstanding loans to women in each loan size category. Data was reported by 51 MFIs and 22 SME FIs.
5. Nonperforming Loan (NPL) = > 90 days past due loans.
### MSME Loans by Region, CY2011

#### Number of MSME Loans by MFI's

- **East Asia and the Pacific (EAP)**: 17%
- **Europe and Central Asia (ECA)**: 40%
- **Latin America & the Caribbean (LAC)**: 6%
- **Middle East & North Africa (MENA)**: 2%
- **South Asia (SA)**: 6%
- **Sub-Saharan Africa (SSA)**: 29%

#### Number of Micro Loans by MFI's

- **East Asia and the Pacific (EAP)**: 2%
- **Europe and Central Asia (ECA)**: 25%
- **Latin America & the Caribbean (LAC)**: 33%
- **Middle East & North Africa (MENA)**: 20%
- **South Asia (SA)**: 2%
- **Sub-Saharan Africa (SSA)**: 4%

#### Number of SME Loans by SME FI's

- **East Asia and the Pacific (EAP)**: 2%
- **Europe and Central Asia (ECA)**: 20%
- **Latin America & the Caribbean (LAC)**: 6%
- **Middle East & North Africa (MENA)**: 14%
- **South Asia (SA)**: 2%
- **Sub-Saharan Africa (SSA)**: 5%

### MSME Portfolio Composition by Loan Size Globally, CY2011

#### MFI Portfolio

<table>
<thead>
<tr>
<th>Year</th>
<th>Micro Loans</th>
<th>Small Loans</th>
<th>Medium Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>51.0%</td>
<td>31.8%</td>
<td>17.2%</td>
</tr>
<tr>
<td>2007</td>
<td>62.6%</td>
<td>24.4%</td>
<td>13.0%</td>
</tr>
<tr>
<td>2008</td>
<td>52.8%</td>
<td>20.7%</td>
<td>26.5%</td>
</tr>
<tr>
<td>2009</td>
<td>57.3%</td>
<td>16.3%</td>
<td>26.4%</td>
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<tr>
<td>2010</td>
<td>56.7%</td>
<td>29.8%</td>
<td>13.5%</td>
</tr>
<tr>
<td>2011</td>
<td>33.7%</td>
<td>31.8%</td>
<td>34.5%</td>
</tr>
</tbody>
</table>

#### SME FI Portfolio

<table>
<thead>
<tr>
<th>Year</th>
<th>Micro Loans</th>
<th>Small Loans</th>
<th>Medium Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4.4%</td>
<td>20.5%</td>
<td>75.2%</td>
</tr>
<tr>
<td>2007</td>
<td>3.6%</td>
<td>24.8%</td>
<td>71.6%</td>
</tr>
<tr>
<td>2008</td>
<td>4.8%</td>
<td>28.1%</td>
<td>67.1%</td>
</tr>
<tr>
<td>2009</td>
<td>5.0%</td>
<td>19.6%</td>
<td>75.3%</td>
</tr>
<tr>
<td>2010</td>
<td>6.2%</td>
<td>29.6%</td>
<td>64.2%</td>
</tr>
<tr>
<td>2011</td>
<td>4.0%</td>
<td>21.1%</td>
<td>74.9%</td>
</tr>
</tbody>
</table>

### Total Portfolio Composition by Loan Size Globally, CY2011

#### MFI Portfolio Composition: Volume of Loans

- **Corporate**: 10%
- **Medium**: 90%
- **Small**: 0%
- **Micro**: 0%
- **Retail**: 0%

#### SME FI Portfolio Composition: Volume of Loans

- **Corporate**: 10%
- **Medium**: 90%
- **Small**: 0%
- **Micro**: 0%
- **Retail**: 0%
Growth Trends

- Volume of the loans grew consistently over time following the growth in number of IFC Partners. Number of MFI Partners increased by 29.2 percent in CY2011, which added $30.6 bln to the MSME loans portfolio YOY. While number of SME Partners increased by 16.7 percent, extending SME portfolio by $30.1 bln in dollar terms since CY2010.

- The product structure remains consistent: Micro Loans (82 percent of which were generated by MFIs) account for 9.9 percent of dollar portfolio and grew by 57.3 percent since CY2010; SME Loans (85.4 percent of which were generated by SMEs) represent 90.1 percent of the entire MSME dollar portfolio and demonstrated improvement by 41.8 percent in dollar terms.

- A total of 225 clients reported in CY2010 and CY2011. During this period, the number of MSME loans they provided grew by 64.7 percent and volume increased by 15.6 percent.

6. The deposits data includes retail, MSME and commercial portfolio in accordance with definition of relevant loan size.
In addition to making investments, IFC provides advisory services that strengthen and build capacity of FIs to effectively provide financial services to MSMEs. IFC Advisory Services range from developing new financial products to setting up full MSME banking operations in commercial banks. Much of IFC’s advisory services work is conducted by its regional teams, with client contribution and funding assistance from partnerships with donor governments and other multilateral institutions.

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