



IFC

Financial Institutions Group (FIG)

MSMEs

As of December 2024

Industry Context

Micro, Small and Medium-sized Enterprises (MSMEs) are vital to economic growth, job creation, provision of goods and services, and poverty alleviation in emerging markets. MSMEs make up over 90% of all firms and account, on average, for 70% of total employment and 50% of GDP worldwide. The MSME finance gap now stands at \$5.7 trillion – a number that swells to \$8 trillion when informal enterprises are included. In emerging markets, 70% of MSMEs lack adequate financing while 1.7 billion adults lack access to basic transaction accounts. Those without access are largely concentrated in Asia and Sub-Saharan Africa and are disproportionately poor and female.

IFC Strategy and Portfolio

MSME financing is a significant part of IFC's business.

IFC works across emerging markets to improve financial infrastructure and scale new tools to deliver impactful financial products and services for MSMEs. Working through financial intermediaries, IFC provides access to finance for millions of MSMEs that would be challenging to reach directly. IFC has launched innovative and complementary platforms targeting MSMEs, including enhancing bank risk appetite for SME on-lending, supporting micro-borrowers, increasing access to trade finance, and support to supply chain finance.

IFC enables digital and embedded financial service providers to better serve MSMEs by partnering with innovative banks, FinTechs, and digital platforms. IFC also works with financial intermediaries to provide training, mentoring, networking, and access to markets. These non-financial services have been shown to benefit the MSMEs as well as the financial institutions that serve them, and are particularly impactful for women entrepreneurs who face constraints related to knowledge and networking.

FIG MSME COMMITTED PORTFOLIO

\$18 billion 

FIG IMPACT & REACH

 **65 million**
loans to MSMEs

Strategic Initiatives



MSME Finance Platform

In May 2024, IFC launched the MSME Finance Platform, a new financial package of up to \$4 billion from IFC's own account to help financial service providers deliver funds to MSMEs in emerging markets. This new platform will utilize various forms of credit enhancement to mobilize private capital, including an innovative Catalytic First Loss Guarantee aiming to crowd in an additional \$4 billion in financing. The platform will be supported by the International Development Association's Private Sector Window (IDA PSW), the Global SME Finance Facility (GSMEF) and the Women Entrepreneurs Opportunity Facility (WEOF).



SMALL LOAN GUARANTEE PROGRAM (SLGP)

In April 2018, IFC established the SLGP, a programmatic approach to unfunded risk sharing which aims to enhance and strengthen the capacity of financial institutions for risk taking and financing to SMEs/Very Small Enterprises in IDA PSW eligible countries. The SLGP uses a pooled first loss structure provided by the IDA PSW Blended Finance Facility, and incorporates product enhancements to offer more efficient, competitive, and scalable risk sharing facilities. The SLGP has supported a total of 5,949 loans to SMEs totaling \$527 million across 14 countries, focused on bridging financing gaps for businesses operating in the most challenging environments.



THE GLOBAL SME FINANCE FACILITY

The Global SME Finance Facility (GSMEF) is a partnership focused on helping to close the financing gap faced by SMEs in emerging markets. By providing investment and advisory services to financial institutions, the Facility helps them expand lending to SMEs in challenging markets and segments. The Facility focuses on the most underserved SME segments that are not normally reached by financial institutions. These include SMEs in fragile countries, Very Small Enterprises, climate-smart SMEs, and women-owned SMEs. In addition, the Facility aids governments to improve their nations' financial infrastructure, thus enabling capital to flow more efficiently to SMEs. The program has committed \$140 million to 196 investment and advisory services projects in 43 countries, of which 28% are fragile and conflict-affected states.

Project Examples



BANCO INDUSTRIAL (GUATEMALA)

IFC committed a \$150 million financing package to Banco Industrial, the largest bank in Guatemala, to expand its green portfolio, focusing on agriculture, green buildings, SMEs, and the silver economy – a critical segment representing millions of jobs. This marks IFC FIG's first long-term investment in climate-smart agriculture in Central America. The commitment is the first tranche of an approved \$350 million package with a 2.5:1 mobilization ratio and will be accompanied by advisory services to strengthen the bank's E&S standards.



BANK RESPUBLIKA (AZERBAIJAN)

IFC committed a \$20 million equivalent in local currency senior loan to Bank Respublika under the MSME Finance Platform – SME envelope to support the bank's lending to micro, small and medium enterprises and low-income households, boosting job creation across the economic spectrum. Fifty percent of the proceeds will be allocated to climate finance projects. The commitment is the first tranche of an approved \$30 million equivalent financing package.



ACBA BANK & CONVERSE BANK (ARMENIA)

IFC committed two risk sharing facilities (RSFs) for the first time in Armenia with Acba Bank and Converse Bank. The unfunded RSF to Acba Bank consists of an up to \$50 million equivalent SME portfolio, with a maximum IFC exposure of up to \$25 million equivalent with a focus on women-owned, agriculture and rural, health, and education SMEs. The unfunded RSF to Converse Bank consists of an up to \$10 million equivalent SME portfolio, with a maximum IFC exposure of up to \$5 million equivalent with a focus on women-owned, agriculture and rural, health, and education SMEs.



BANCO PICHINCHA (ECUADOR)

IFC committed a US\$100 million subordinated debt financing package to Banco Pichincha to support Ecuador's blue economy and women microentrepreneurs. This financing will help the bank grow its portfolio of ocean-friendly sustainable aquaculture and fisheries that meet international standards as well as close the financing gap for women-owned businesses.