

# LOCAL CURRENCY SOLUTIONS FOR EMERGING MARKETS

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*Creating Markets, Creating Opportunities*

# LOCAL CURRENCY LOANS

- IFC CAN MAKE LOCAL CURRENCY LOANS IN OVER 30 CURRENCIES
- LOANS CAN BE FIXED OR VARIABLE RATE
- TENOR DEPENDS ON THE ABILITY OF IFC TO HEDGE ITS RISK THROUGH THE SWAP MARKETS OR BY WAY OF ISSUING LOCAL CURRENCY BONDS IN THE DOMESTIC MARKETS OR IN OFFSHORE MARKETS ( E.G. MASALA BONDS IN RUPEES)
- SWAPS ARE DONE WITH LOCAL OR INTERNATIONAL BANKS AND IN SOME FRONTIER MARKETS WITH LOCAL CENTRAL BANKS TO HEDGE IFC'S CURRENCY RISK
- ABILITY TO EXTEND TENORS IN FRONTIER MARKETS USING BLENDED FINANCE SUPPORT

# LOCAL CURRENCY BONDS

- IFC CAN INVEST IN LOCAL CURRENCY BONDS OF DOMESTIC ISSUERS AS A SOLE INVESTOR OR AS ANCHOR INVESTOR IN THE BOND ISSUE.
- IFC HAS TO BE ABLE TO HEDGE THE CURRENCY RISK EITHER IN THE SWAP MARKETS OR BY ISSUING A BOND OF CORRESPONDING MATURITY IN THE DOMESTIC OR INTERNATIONAL MARKETS
- WHERE IT CAN HEDGE THE CURRENCY RISK IFC IS ABLE TO TAKE ON LARGER RISK AMOUNTS BY OFFLOADING ITS RISK IN THE INTERNATIONAL REINSURANCE MARKET THROUGH UNFUNDED RISK SELL DOWNS TO PRIVATE CREDIT INSURERS

# PARTIAL CREDIT GUARANTEES

- IFC CAN GENERATE LOCAL CURRENCY FOR ITS CLIENTS BY GUARANTEEING THEIR CREDIT OBLIGATIONS TO LOCAL CURRENCY PROVIDERS WHO HAVE THE FUNDING BUT NOT THE CREDIT APPETITE FOR SUCH BORROWERS
- GUARANTEES CAN BE MADE AVAILABLE FOR BOTH BONDS AS WELL AS LOAN OBLIGATIONS OF SUCH CLIENTS
- IFC PARTIAL CREDIT GUARANTEES HELP CLIENTS EXTEND MATURITIES, ISSUE AT GREATER VOLUME AND TAP A BROADER INVESTOR BASE BY IMPROVING RATINGS.
- A WIDE RANGE OF STRUCTURING OPTIONS ARE AVAILABLE TO SUIT THE NEEDS OF THE ISSUER

# SPECIALIZED FINANCING PLATFORMS

- SPECIALIZED LENDERS FOR TERM LENDING TO INFRASTRUCTURE PROJECTS
- STRONG EQUITY BASE, AND SHAREHOLDER GROUPS LEADING TO AAA RATINGS
- ABILITY AND WILLINGNESS TO UNDERTAKE LONG TERM PROJECT FINANCE MANDATES
- ABILITY TO PARTICIPATE THROUGH A VARIETY OF POSITIONS IN THE CAPITAL STRUCTURE
- STRONG SECTOR AND DOMAIN KNOWLEDGE
- STRONG NETWORKS AMONGST KEY STAKEHOLDER GROUPS SUCH AS GOVERNMENT, LOCAL FINANCIAL INSTITUTIONS AND PROJECT SPONSORS

# REFINANCING SOLUTIONS

- IFC IS ABLE TO SUPPORT SPECIALIZED REFINANCING PLATFORMS FOR LOCAL CURRENCY PROJECT DEBT BY PROVIDING EQUITY AND DEBT TO SUCH PLATFORMS
- IFC IS EXPLORING THE STRUCTURING OF A LOCAL CURRENCY TAKE OUT FACILITIES FOR PROJECT WHICH HAVE REACHED COMMERCIAL OPERATIONS BUT HAVE A LONG TAIL AND WHICH ARE BETTER FINANCED IN CAPITAL MARKETS BY INSTITUTIONAL INVESTORS
- IFC ALSO SUPPORTS REFINANCING OF PROJECT EQUITY POSITIONS THROUGH SPECIALIZED VEHICLES

# SECURITIZATION AND TAKE OUT FACILITIES

- IFC IS ABLE TO STRUCTURE AND PARTICIPATE IN SECURITIZATION OF LOCAL CURRENCY LOANS IN THE BOOKS OF ITS CLIENTS
- IFC'S PARTICIPATION IN LOCAL CURRENCY SECURITIZATION IS TYPICALLY ON AN UNFUNDED BASIS
- IFC CAN CONSIDER EQUITY IN A DEDICATED INFRASTRUCTURE SECURITIZATION PLATFORM

# SWAP INTERMEDIATION

- IFC CAN SUPPORT LOCAL CURRENCY ACCESS FOR CLIENTS WHO CAN NOT ACCESS SWAP MARKETS DIRECTLY DUE TO SWAP COUNTERPARTY LIMIT CONSTRAINTS
- IN SUCH CASES IFC TAKES THE CREDIT RISK ( PERFORMANCE RISK ) OF THE CLIENT ON ITS BALANCE SHEET AND SERVES AS THE AAA COUNTERPARTY TO THE HEDGE PROVIDING ENTITY



# INFRASTRUCTURE DEBT FUNDS

- IFC CAN SUPPORT INFRASTRUCTURE DEBT FUNDS
- INFRASTRUCTURE DEBT FUNDS MOBILIZE LOCAL CURRENCY FUNDING FROM LOCAL SOURCES TO FUND DOMESTIC PROJECTS
- IFC CAN SUPPORT SUCH VEHICLES THROUGH A COMBINATION OF INSTRUMENTS INCLUDING INVESTMENT IN THE EQUITY OF SUCH FUNDS
- INFRASTRUCTURE DEBT FUNDS CAN MOBILIZE MORE RESOURCES THAN WHAT CAN BE SOURCED FROM IFC'S OWN BALANCE SHEET

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Thank you