



Industry Context

Well-functioning capital markets mobilize supplies of private capital by channeling finance from savers/ issuers (institutional, retail, asset managers) to borrowers (firms, governments, and others). Well-developed capital markets provide a competitive spur to bank finance and improve the quality and efficiency of resource allocation within an economy by directing capital to its most productive uses. They also finance activities often perceived as too risky for bank financing, and often at longer tenors.

The potential for private capital to drive development impact is immense, with global banks, institutional investors, and asset managers holding approximately \$400 trillion in assets under management. Just a 1% annual reallocation could bridge the SDG financing gap. Yet significant barriers remain to unlocking this capital at scale, from limited benchmarks and market data to challenging regulatory environments.

	<p>FIG's Capital Market Portfolio (as of end FY23)</p> <p>\$9 billion</p>
	<p>Total LTF Commitments (as of end FY23)</p> <p>\$18.9 billion</p>

IFC Strategy and Portfolio

IFC builds the ecosystem for private investment in Emerging Markets and Developing Economies, through advisory services and capital market reforms, thereby improving access and opportunities. Forging partnerships with diverse institutional investors, IFC demonstrates the investment case and brings in co-investors across our portfolio. IFC's expertise in structuring innovative Capital Markets investment products supports new avenues to channel private capital into productive EMDE investments, enabling social safety nets, financial stability, and resilience.

Reflecting different stages of countries' Capital Markets development, FIG Capital Markets work is guided by three strategic pillars:

- Developing local Capital Markets by attracting a wider range of issuers, diversifying the investor base, and building robust market infrastructure.
- Deepening and broadening Capital Markets and fostering innovation by supporting and/ or introducing new asset classes and products, leveraging innovative Capital Markets solutions, and prompting better information, transparency and standard-setting.
- Increasing access to global capital by building market capacity to mobilize global investment flows and developing and leveraging co-investment and de-risking instruments and platforms.

Investment & Advisory Examples



BNP PARIBAS BANK POLSKA S.A., POLAND

In March 2024, IFC invested in a Synthetic Significant Risk Transfer (SRT) in favor of BNP Paribas Bank Polska S.A., the Polish subsidiary of global banking group BNP Paribas S.A. IFC provided a PLN218 million guarantee (US\$55 million-equivalent) on a PLN2.18 billion reference portfolio (US\$548million-equivalent) of corporate-loan related credit exposures originated and retained by the Bank on its balance sheet. It was the second SRT with the Group. The SRT in Poland supports the growth of the Bank's franchise in sustainable financing for renewable energy, water efficiency and clean transportation projects in Poland, by using released regulatory capital that the Bank otherwise would have been required to hold against the reference portfolio assets. IFC is proud to be playing a leading role in the introduction of SRTs to banks in emerging markets that can increase access to sustainable finance at a time when massive investments are needed to accelerate the green transition. The project also represents IFC's first SRT transaction under the Simple, Transparent, and Standardized (STS) designation which helps eliminate market frictions by making synthetic securitizations - and the mechanics associated with them - comparable and replicable. It increases transparency and reduces uncertainty for issuers, investors, and regulators alike.



T. ROWE PRICE BLUE BOND FUND

IFC and T. Rowe Price launched a pioneering blue bond strategy to increase access to finance for blue projects in emerging markets and help improve market standards. The fund will mobilize international capital from eligible investors to support blue-labeled investments in emerging markets through bonds issued by financial institutions and real sector companies.



CREDICORP CAPITAL, COLOMBIA

Building on successful Upstream work in Colombia, IFC invested \$50 million equivalent in FCP Credicorp Capital Deuda Privada I, an untranching debt fund established in Colombia by Credicorp Capital Colombia S.A., an existing IFC partner and leading asset manager in the country. IFC's investment supported capital market deepening by establishing an alternative investment vehicle for institutional investors to channel longer-term local currency private sector financing to Colombia's real economy. IFC's investment is contributing to setting market standards, building local capacity, and generating confidence among institutional investors in this new asset class to facilitate and enhance access to alternative funding sources for real sector entities, including SMEs.



BANCO PICHINCHA, ECUADOR

The project entails 5-year financing to Banco Pichincha Ecuador, through a \$50 million subscription of senior gender bonds in a total \$100 million bond issuance in the local market. The proceeds of the issuance will be used to provide access to finance for women-owned small and medium enterprises (WSMEs) in Ecuador. The project is the first gender bond, aligned with international Social Bond Principles, to be issued by Banco Pichincha and the first of its kind to be issued in Ecuador.