Sector – Leasing Companies

1. **Sponsors:** Avoid reliance on local sponsor referrals due to potential conflicts of interest. The technical partner is key. Indigenous companies may have competitive advantages. Motivate foreign controlled companies to bring in a local partner over time.

2. **Financial institutions:** Review projects as they evolve. Guard against a larger partner stifling the initiative of the smaller project manager. Consider the effects of inflation and devaluation on an institution's net worth. Ensure proper asset-liability information generation.

3. **Maximizing development impact:** IFC should move more rapidly in association with pioneering investments in fast-evolving markets, and focus on less developed markets. Added value is often highest for SMSEs. IFC should be able to monitor the impact of sub-projects.

4. **Management:** Include adjustments for under-provisioning in profit-based fees. Foreign management reliance can result in poor continuity and local understanding: expatriate credentials are key. Development and training is crucial in growing, competitive markets.

5. **Transition economies:** Leasing is an appropriate funding source for the emerging private sector. Rather than establishing stand alone leasing companies, consider providing credit lines through solid local commercial banks to benefit from their funding capacity.

6. **Local currency funding access:** This often constitutes a serious obstacle for new companies. Consider mechanisms to raise such funding, such as facilitating the development of primary and secondary bond markets, and guarantees for local currency bond issues.

7. **Investment structure:** Select specific obtainable assets as security. Stress the enforcement of exposure limits (by sector, client, etc.) at the structuring and supervision stages.

The above lessons are based on 25 lessons from past IFC investments.
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