

## Country - Argentina

1. **Loan structure:** Be flexible. Negotiate a security which is valuable to the company. Good communication and client involvement in proposed terms may reduce delays in achieving restructuring approval.
2. **Economic uncertainty:** Conservative financing is important during market instability. Base investment decisions on judgments of management and underlying comparative advantage rather than on forecast returns or assumed consumption increases.
3. **Management:** Quality is crucial, regardless of other positive business factors. If concerns arise, IFC should be prepared to withdraw from a project. Family-controlled businesses may place personal loyalty above professional expertise.
4. **Technical assistance** (foreign or local) can improve operational performance and benefit IFC appraisal. It cannot overcome a sponsor's lack of experience in an industry.
5. **Export markets:** IFC must understand the policies of countries/regions using complex agriculture and trade policies (e.g., the EU) to help check client optimism in market projections. Reliance on export markets requires conservative financing and risk analysis.
6. **Performance parameters:** Where performance conflicts of interest arise between IFC and the company, alternative indicators should be sought, and returns should be based on equivalent parameters. Explicit minimum performance targets can facilitate project monitoring.
7. **Competition:** Do not underestimate the intensity of competition from alternative sources. Technological developments may undermine a company's future competitiveness.
8. **Sensitivity analysis:** Consider potential large adverse impacts. Structure investments to succeed under severe conditions, regardless of stabilization programs or proposed government protection.
9. **Cost/price sensitivity:** Processors are highly sensitive to fluctuations in major raw material input prices. Small project or fund profitability can be undermined by high fixed costs.
10. **Business mix:** A project must be considered as one link in an economic chain. Analyze all significant business operations of a group.
11. **When difficulties arise in a project**, IFC should be active in restructuring and force necessary changes.
12. **Hedging activities:** Review a sponsor's hedging program thoroughly, and consider limiting a company's exposure potential to improve IFC investment control.

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The above lessons are based on 45 lessons from past IFC investments.  
Last updated November 1998.