

Country - Pakistan

1. **Sponsors:** Financial strength, business integrity and willingness to seek technical advice are key. Ensure agreement on IFC's role. Transform companies based on an individual's expertise into corporate entities. Investment banking is local with little need for foreign partners.
2. **Management:** A highly experienced local team, with sound international training, and a substantial financial stake, is the ideal scenario. On privatization, take care to mitigate the possible adverse impact of a new management style on the organization.
3. **Leasing:** Stress the importance of exposure limits (by sector, client, etc.). Monitor the development impact of sub-projects. Consider mechanisms to raise local currency funding, such as facilitating the development of primary and secondary bond markets.
4. **Foreign exchange:** Consider evaluating projects in constant currency and conducting a sensitivity analysis for future devaluations. Match revenue and debt payment currencies.
5. **Loan structure:** Select specific obtainable assets as security. Include hedging facilities in the financial plan where debt payment currencies are not matched to that of revenue.

The above lessons are based on 16 lessons from past IFC investments.
Last updated February 1999.