

Seminar IFC day

The Warehouse Enabled Securitization Program



November 6th, 2024

The world faces an enormous financing gap to achieve the UN Sustainable Development Goals

**(\$20+)
TRILLION**

Total financing gap to achieve the
UN Sustainable Development
Goals (SDGs) by 2030
(5 years @ \$4 trillion/year)



**\$422
TRILLION**

Global financial assets held by
banks, institutional investors and
asset managers
(FSB, 2022)

How do we bridge this gap?

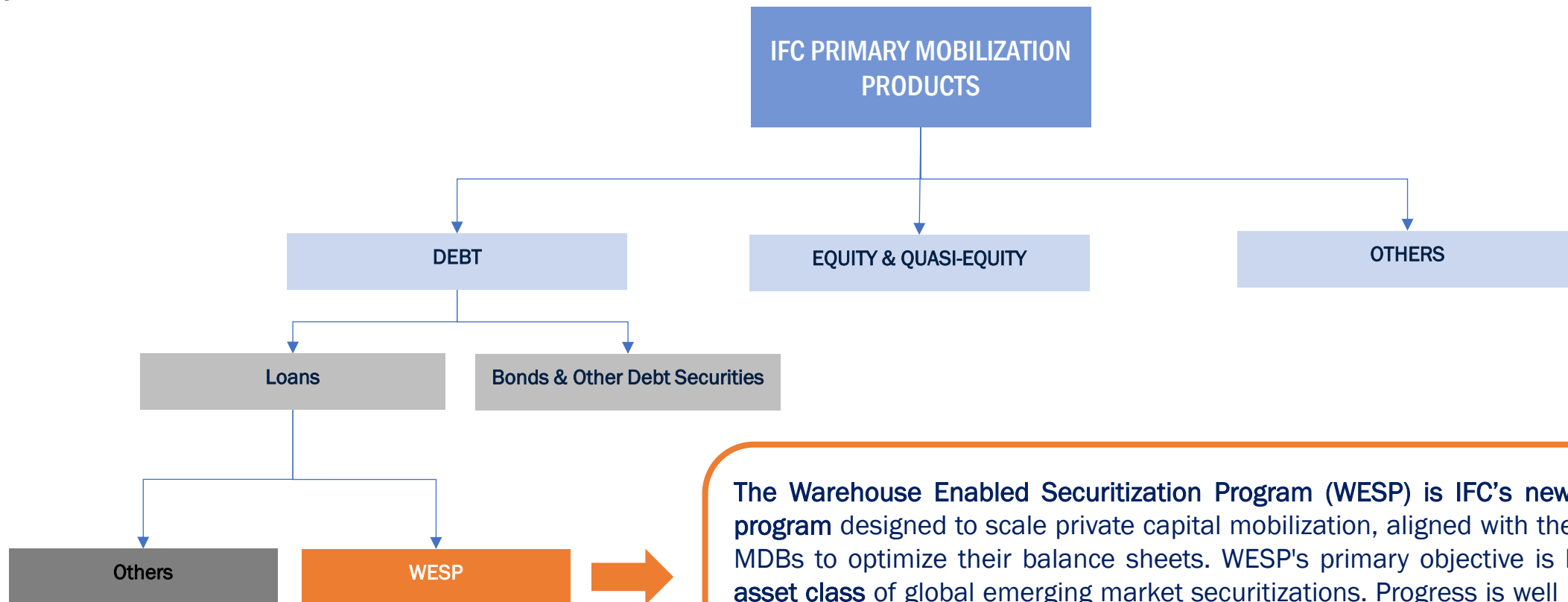
Mobilizing private capital is at the forefront of IFC's mission. We have embarked on a journey to significantly expand our annual mobilization activities by introducing new products and creating new markets

FSB = Financial Stability Board.

Source: <https://desapublications.un.org/publications/financing-sustainable-development-report-2024>, <https://www.oecd.org/newsroom/covid-19-crisis-threatens-sustainable-development-goals-financing.htm>

IFC's mobilization strategy

IFC's mobilization efforts are focused on directly and indirectly raising third-party capital to invest in private firms in Emerging Market and Developing Economies (EMDEs), leveraging IFC's balance sheet, track record, and investment approaches.



The Warehouse Enabled Securitization Program (WESP) is IFC's new securitization program designed to scale private capital mobilization, aligned with the G20's call for MDBs to optimize their balance sheets. WESP's primary objective is building a **new asset class** of global emerging market securitizations. Progress is well underway, with plans to launch the inaugural issuance in the coming months. WESP will give investors **direct exposure to a portfolio of investment projects in EMs**, with a wide range of risk/return options (Senior, Mezzanine and Residual/Equity)

What is the new IFC Warehouse Enabled Securitization Program (“WESP”)?

WESP is structured to closely resemble a Collateralized Loan Obligation (“CLO”)

- Securitization product that pools a portfolio of loans and repackages them into different tranches sold to investors.
- Each tranche has a different risk/return profile.
- The interest and principal payments from the loans are used to pay investors of the SPV.



	WESP	BSL CLO
Collateral Description	Project and corporate finance loans across industries and countries	Leveraged loans to sub-investment-grade borrowers across industries
Originator	Single	Multiple
Rating	Credit Estimate Required	By Credit Rating Agencies

Illustrative Structure Overview

IFC Balance sheet

- IFC remains lender of record for entire loan;
- IFC retains own-account risk of at least 25% of every loan
- IFC fills warehouse with new assets (loan participations) until target size and diversification are achieved

Sale of
Participations

SPV

(buys the participations in A loans and issues notes)

Issue Notes

Investors/Noteholders

AAA/Senior Tranche

Mezzanine Tranche(s)

Equity Tranche

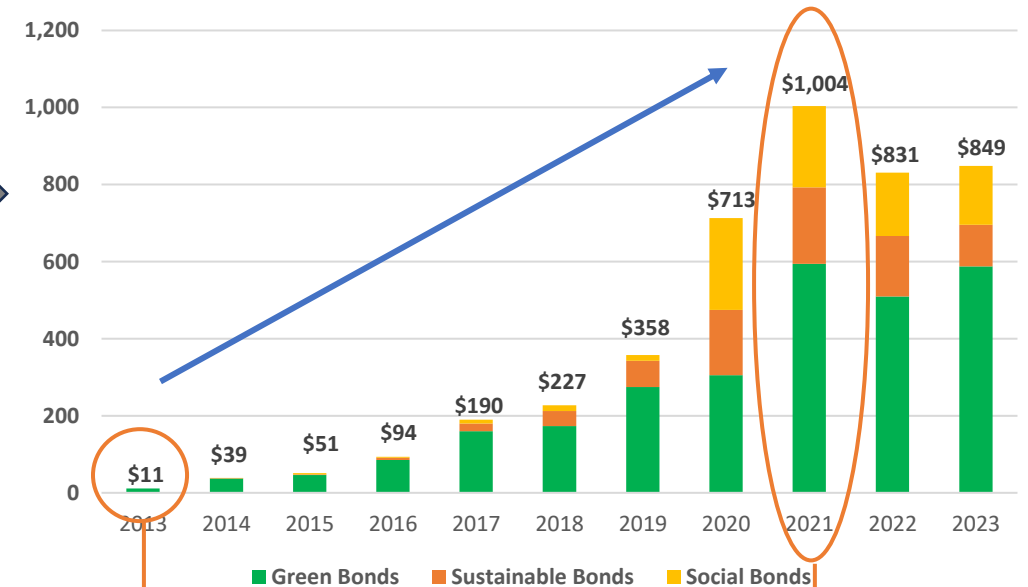
WESP's long term strategic goal is to build a new asset class

Building on IFC's success in the sustainable bonds market, WESP aims to create a new asset class of securitized MDB-originated assets, setting a blueprint for other originators to follow.

"We are at the beginning of a years-long effort to build a securitization platform for the emerging markets, making it easier for institutional investors - pension funds, insurance companies and sovereign wealth funds - to bring some portion of the \$70 trillion they manage to these developing countries"

Ajay Banga, WBG president

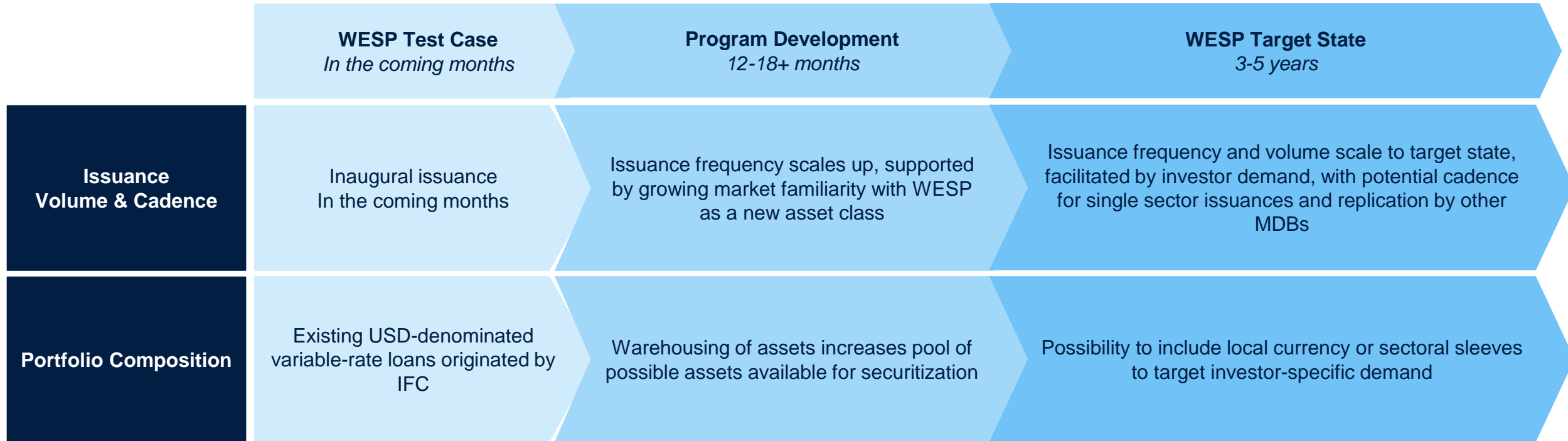
Global Sustainable Bond Annual Issuance (US\$ billion)*



In 2008 the World Bank issued the first green bond. Shortly after, in 2010, IFC launched the Green Bond Program and in 2013 IFC issued the first global U.S. dollar benchmark green bond in the market, demonstrating mainstream demand for what was a niche product.

It took over a decade for the market to overpass the \$1 trillion mark.

What is the path forward after the inaugural issuance?





Thank you!
Any questions?