IFC

Products & Clients

Distressed Asset Recovery Program (DARP)

As of June 30, 2026

Industry Context

Addressing high levels of non-performing loans (NPLs) is key to preserving financial stability, while special situations capital helps distressed companies remain viable. Without effective distressed assets markets to offload under/non-performing assets from their balance sheets, financial institutions often suffer from weaker regulatory/capital adequacy ratios, higher operating costs and higher regulatory capital charges, which ultimately curtail lending capacity. In addition, distressed borrowers gradually lose access to financing and are at risk of losing their assets, while the absence of adequate credit availability defers planned investments and keeps many high-potential SMEs and corporates from recovering from financial distress, which, in turn, may lead to significant production and job losses.

In response to these challenges, IFC has taken the lead in supporting the development of strong distressed assets and special situations markets across emerging economies through its Distressed Asset Recovery Program (DARP). Since 2007, DARP has helped financial institutions offload over $50 billion worth of face value NPLs, enhancing their capacity to originate new loans. In addition, DARP is supporting more than 23 million debtors (both individuals and businesses) to normalize their obligations, so that they become creditworthy again. DARP also provides special situations capital to viable but financially stressed companies to support corporate recovery, preserve productive assets, and sustain economic activity. DARP has been able to achieve this by committing $11.9 billion in investments, including $8.3 billion mobilized from third-party investors.

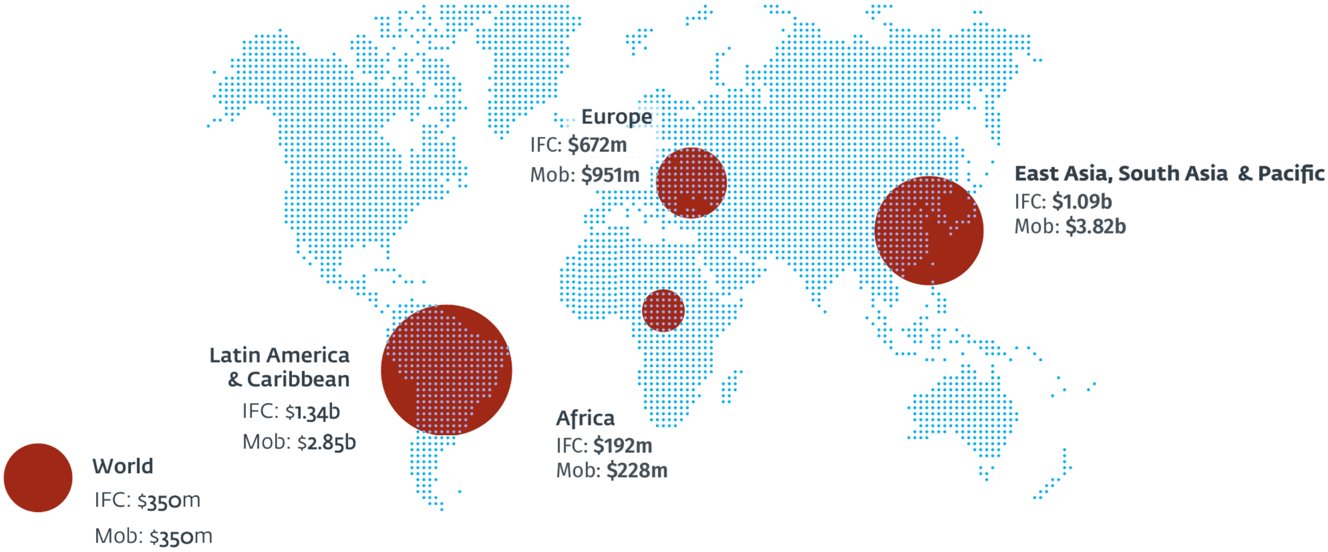
IFC Strategy and Portfolio

IFC has developed a systematic and holistic approach to supporting the expansion of distressed assets and special situations markets in emerging economies (Africa, Latin America, Asia, Europe) guided by three core strategic pillars:

1. Creating an enabling environment: DARP collaborates with the World Bank Group Knowledge Bank's Insolvency & Debt Resolution Program, IFC's Upstream and Country Advisory and Economics (CAE) teams to develop conducive investment conditions across emerging markets through upstream efforts with local stakeholders to address key distressed assets market challenges, such as loan transferability, pricing gaps and unfavorable legal and regulatory regimes.
2. Investing and mobilizing private capital: DARP stimulates the development of distressed assets markets by deploying its own funds and mobilizing third-party capital for the acquisition and resolution of distressed assets and providing special situations capital.
3. Building Servicing Infrastructure: IFC engages with local servicing companies and facilitates the transfer of world class debt resolution knowledge and ESG standards, including integrity, corporate governance and environmental and social policies and procedures.

DARP contributes to the World Bank Group's development outcomes by mobilizing and enabling private capital, expanding access to financial services, and preserving and, eventually, creating jobs through corporate recovery and NPL resolution.

IFC DARP Committed Portfolio: $3.6 billion
Mobilization Amount: $8.3 billion



Project Examples

INDIA RF II (INDIA)

Committed in September 2025, the project involves IFC's equity investment of $40 million in India Resurgence Fund II (Fund II), the successor vehicle to Fund I managed by India Resurgence Fund (IndiaRF). Fund II is targeting total commitments of $1 billion. Capital raised from other investors will be counted as core mobilization, implying an expected mobilization ratio of up to 24x. Building on the strategy of Fund I, Fund II will focus on distressed and special situations opportunities in India, with an emphasis on control-oriented turnarounds. The project is expected to support the restructuring of distressed companies, helping restore enterprise value, preserve and, eventually, create jobs, and contribute to increased economic activity.

ARES (ASIA)

In December 2025, IFC closed a $150 million investment in a $1.5 billion DARP Facility managed by Ares Asia (~9x mobilization ratio). The purpose of the vehicle is to invest in special situations in India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. The facility will aggregate capital from IFC, Ares Asia, as general partner, and Ares SSG VII, their seventh special sits fund. This project helps financially stressed companies in Asia avoid liquidation or bankruptcy, preserving and, eventually, creating jobs, and contributing to increased economic output. Additionally, the Project helps financial institutions by offloading NPLs from their balance sheets, freeing up capital for new lending, and contributing to credit expansion and economic growth.

EOS IV (EUROPE)

In May 2026, IFC and EOS Group, a leading investor in receivables portfolios in Europe, expanded their partnership with the signing of a new €400 million facility to invest in distressed assets across Bosnia and Herzegovina, Bulgaria, Croatia, Poland, Romania, and Serbia. This marks the fourth joint initiative between IFC and EOS, aimed at maintaining a functioning distressed asset resolution infrastructure in the region. This builds on their earlier collaboration in 2022 and 2023, when IFC and EOS established a $450 million facility focused on the acquisition and resolution of non-performing loans (NPLs) from financial institutions in Poland and Eastern Europe, including retail, SME, and real estate-owned assets.