IFC

Products & Clients

Structured Products

April – June 2026

Industry Context

Well-functioning capital markets mobilize supplies of private capital by channeling finance from savers/issuers (institutional, retail, asset managers) to borrowers (firms, governments, and others). Well-developed capital markets provide a competitive spur to bank finance and improve the quality and efficiency of resource allocation within an economy by directing capital to its most productive uses. They also finance activities often perceived as too risky for bank financing, and often at longer tenors.

The potential for private capital to drive development impact is immense, with global banks, institutional investors, and asset managers holding approximately $400 trillion in assets under management. Just a 1% annual reallocation could bridge the SDG financing gap. Yet significant barriers remain to unlocking this capital at scale, from limited benchmarks and market data to challenging regulatory environments.

IFC Strategy and Portfolio

IFC builds the ecosystem for private investment in emerging markets and developing economies, through advisory services and capital market reforms, thereby improving access and opportunities. Forging partnerships with diverse institutional investors, IFC demonstrates the investment case and brings in co-investors across our portfolio. IFC's expertise in structuring innovative capital markets investment products supports new avenues to channel private capital into productive EMDE investments, enabling social safety nets, financial stability, and resilience.

Reflecting different stages of countries' capital markets development, IFC Structured Products work is guided by three strategic pillars:

- Developing local capital markets by attracting a wider range of issuers, diversifying the investor base, and building robust market infrastructure.
- Deepening and broadening capital markets and fostering innovation by supporting and/or introducing new asset classes and products, leveraging innovative capital markets solutions, and prompting better information, transparency and standard-setting.
- Increasing access to global capital by building market capacity to mobilize global investment flows and developing and leveraging co-investment and de-risking instruments and platforms.

Project Examples

Credit Funds: EM private credit continues to operate in a "lender's market." Ongoing bank retrenchment at the wholesale level continues to redirect mid-market demand toward non-bank lenders, while the supply-demand balance has shifted further in lenders' favor, with less capital competing for each transaction and greater room to negotiate pricing and structure. Through bank partnerships, EM private credit lenders are capturing higher yields while applying tighter underwriting, stronger collateral protections, and more robust covenants. Recent market concerns around 2021–22 vintages, AI-related repricing of software exposure, and redemption pressure at non-traded BDCs remain largely developed-market issues. EM private credit is comparatively insulated, supported by closed-end capital rather than redeemable wealth flows, limited software exposure, and a focus on asset-heavy, cash-flow-generative borrowers.

DFP ALLIANZGI APAC INFRA FUND

IFC served as an anchor investor in the first close of the DFP AllianzGI APAC Infra Fund, committing up to US$60 million toward a US$270 million first close and a target fund size of US$500 million. IFC's commitment enabled the mobilization of US$210 million, including US$160 million of private capital mobilization (PCM), representing a 4.0x core mobilization ratio and a 3.05x PCM ratio. Mobilization is expected to increase further by the Fund's final close, reinforcing IFC's role in attracting private capital to infrastructure financing in Asia.

This marks IFC's first investment with Allianz Global Investors (AllianzGI), one of the world's leading asset managers, and supports the development of a scalable private credit platform focused on addressing Asia's infrastructure financing gap. The Fund will provide senior secured loans to mid-market companies across key infrastructure sectors, including energy transition, digital infrastructure, transport and logistics, and environmental infrastructure, with approximately 40% of investments expected to support climate-related projects. The transaction, jointly led by IFC's Financial Institutions Group (FIG) and Infrastructure teams, advances IFC's strategic objective of mobilizing institutional capital into infrastructure and climate-focused investments in emerging markets.

Bonds: Emerging market (EM) bond markets remained resilient despite continued geopolitical uncertainty and macroeconomic volatility. Credit spreads tightened over the quarter, supported by renewed investor inflows into emerging market debt, while primary markets remained active as issuers continued to access funding. Although major central banks maintained a cautious policy stance amid ongoing inflation and geopolitical risks, investor appetite for high-quality EM issuers strengthened as market sentiment improved. IFC remained an active and visible participant in global capital markets, supporting bond transactions across key currencies and reinforcing investor confidence in emerging market debt.

FIRSTRAND BANK CAPE WATER BOND (SOUTH AFRICA)

IFC served as an anchor investor in FirstRand Bank's ZAR2.5 billion (~US$148 million) Cape Water Bond, committing ZAR1.6 billion (~US$95 million) and helping establish a new investable asset class that links private capital returns to measurable environmental outcomes. The transaction represents a landmark innovation in conservation finance, combining traditional capital markets with outcome-based financing to mobilize private capital for nature-positive investments while supporting climate adaptation and water security in South Africa.

The bond links investors' returns to verified ecological outcomes from the removal of invasive alien plants in South Africa's Western Cape, which is expected to restore 16.5 million cubic meters of water, benefiting an estimated 314,000 people daily and contributing to long-term water security for Cape Town's 4.8 million residents. Building on the World Bank's pioneering Rhino Bond, the transaction aligns investor and donor incentives to deliver measurable environmental impact. Proceeds from IFC's investment will support FirstRand Bank's lending to MSMEs in South Africa's agriculture sector, supporting food security, rural livelihoods, and value-chain development.

AT&S PERPETUAL BOND (INDIA, MALAYSIA)

IFC served as an anchor investor in AT&S' inaugural US$458 million convertible perpetual bond issuance, committing US$17.5 million and supporting mobilization of US$441 million from private investors. The transaction marks IFC's first investment in a perpetual hybrid bond instrument.

The bond will support AT&S's expansion in India and Malaysia, including a greenfield high-density interconnect (HDI) PCB manufacturing facility in India and an additional IC substrates production line in Malaysia. As a leading manufacturer of advanced PCBs and IC substrates used in AI and high-performance computing applications, AT&S plays a critical role in global semiconductor value chains. The project is expected to create approximately 1,100 direct and 3,300 indirect jobs while strengthening the integration of both countries into high-value-add manufacturing ecosystems.

This transaction builds on IFC's existing partnership with AT&S following the US$400 million sustainability-linked loan to AT&S Malaysia in 2025 and demonstrates IFC's ability to support mobilization of private capital at scale for strategically important manufacturing and technology sectors in emerging markets.

Cash Securitization and Asset-Backed Lending: In Q4 FY2026, structured credit across EMs continued to grow, but activity remained selective and largely private, with asset-backed lending / asset-based finance continuing to outpace public securitization (ABS). Globally, structured finance issuance remained resilient despite market volatility, while private credit momentum increasingly shifted toward asset-backed finance as banks stayed constrained and investors sought collateralized yield. Public ABS markets remained active but differentiated, with stronger demand for senior tranches and higher-quality collateral, while mezzanine and subordinated risk required greater structural protection. In EMs, activity remained focused in markets with clearer legal frameworks, reliable collateral enforcement, and experienced originators. Private and hybrid formats, including warehouse facilities, receivables-backed lending, DPRs, and structured ABL solutions, continued to dominate. Overall, EM structured finance is evolving toward a more disciplined convergence of private credit, DFIs, banks, and institutional capital to fund real-economy assets, while investors remain cautious on FX, legal, regulatory, servicing, and credit-cycle risks.

Digital Bonds: Interest in distributed ledger technology (DLT) based bonds, a product with increasing interest from emerging market participants, including investors and issuers, continues to grow as market participants seek to capitalize on the benefits of tokenization and DLT to realize more efficient, transparent, and secure alternatives to traditional bond issuance and settlement processes. IFC is actively supporting the development of innovative market infrastructure, including tokenization, which can deliver significant transformational benefits to emerging market debt capital markets where liquidity and accessibility are often constrained. Beyond DLT-based bonds, IFC is actively exploring opportunities in a wider range of tokenized financial assets, reflecting the rapid expansion and growing momentum of capital market tokenization globally.

Credit Risk Transfers/Synthetic Significant Risk Transfers (SRTs): The SRT market continued to gain momentum as banks used synthetic securitizations to transfer credit risk, optimize capital, and preserve lending capacity while retaining underlying loans on balance sheet. European banks remained the most established issuers, but activity and investor interest continued broadening across regions, supported by clearer regulatory frameworks, bank balance sheet pressures, and demand from institutional and private credit investors for diversified credit exposure. In EMs, adoption remains earlier-stage but is becoming more relevant, highlighting the role of IFC. Overall, the market is evolving from a bank capital management tool into a scalable mobilization platform, with IFC positioned to use SRTs to deepen investor participation in EM credit and expand lending capacity in underserved markets.

IFC TRADE FINANCE SYNTHETIC SECURITIZATION

IFC launched its inaugural Trade Finance Synthetic Securitization (TFSS), referencing a US$500 million portfolio of trade assets originated under IFC's Global Trade Finance Program (GTFP), with over 50% in low-income and fragile and conflict-affected countries, underscoring IFC's focus on the most challenging markets.

The transaction is designed to mobilize private capital for trade and job creation across emerging markets and achieves a mobilization ratio of 19x. The transaction synthetically transfers the selected IFC portfolio credit risk to private investors, creating additional balance sheet capacity for new trade finance guarantees and expanded support for global trade flows. The placement of the transaction with 6 investors (Deutsche Bank, Santander CIB, AXA XL, AXIS Capital, Liberty Specialty Markets, and Newmarket), demonstrates appetite for well-structured emerging market risk.

TFSS is a milestone for IFC and the broader development finance market, showcasing the potential of securitization to crowd institutional capital into emerging markets at scale. Its three-tranche structure and revolving mechanism contribute to closing the trade finance gap for businesses in developing countries, particularly SMEs, while advancing IFC's strategy of mobilizing private capital for development impact.

Diversified Payment Rights (DPRs): DPRs remained an active and resilient funding tool in Q4 FY2026, particularly for EM banks seeking longer-tenor hard-currency financing in volatile markets. The market continues to benefit from a revived investor base, including private credit and institutional investors, as DPRs offer structural protections through offshore collection of hard-currency flows while providing exposure to EM yield. Overall, DPRs are evolving from a specialized future-flow product into a scalable platform for thematic EM bank funding, supported by DFIs, private investors, and growing demand for resilient structured credit instruments.

QNB BANK DIVERSIFIED PAYMENT RIGHTS (TÜRKIYE)

IFC served as an anchor investor in QNB Bank Türkiye's US$320 million Diversified Payment Rights (DPR) issuance, committing US$20.4 million from its own account and mobilizing the remaining capital from private institutional investors, achieving an approximately 16x private capital mobilization (PCM) ratio. IFC was the sole development finance institution participating in the transaction, which was executed on an accelerated timeline, reaching financial close just 32 working days from mandate to disbursement.

The transaction represents a significant milestone for IFC and the market, as it is IFC's first Blue DPR transaction globally, demonstrating the potential of capital markets instruments to support sustainable finance objectives. Proceeds from the issuance will be used to finance green and blue finance initiatives in Türkiye, expanding access to climate- and ocean-related financing. Beyond its investment, IFC played a catalytic role in attracting private institutional capital to the transaction and helping establish an innovative funding structure that advances sustainable development and capital market diversification in emerging markets.