



Financial Institutions Group (FIG)

Distressed Asset Recovery Program (DARP)

As of October 2025

Industry Context

Addressing high levels of non-performing loans (NPLs) is key to preserving financial stability. Without effective distressed assets markets to offload under/non-performing assets from their balance sheets, financial institutions often suffer from: lower earnings (due to provisioning), weaker regulatory/capital adequacy ratios, higher operating costs and higher regulatory capital charges, which ultimately curtail lending capacity. In addition, defaulted 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 markets across emerging economies through its Distressed Asset Recovery Program (DARP). Since 2007, DARP has helped financial institutions offload \$49 billion worth of face value NPLs, enhancing their capacity to originate new loans. In addition, DARP is supporting more than 22 million debtors (both individuals and businesses) to normalize their obligations, so that they become creditworthy again. DARP has been able to achieve this by committing \$10.2 billion in investments, including \$6.7 billion mobilized from third-party investors.

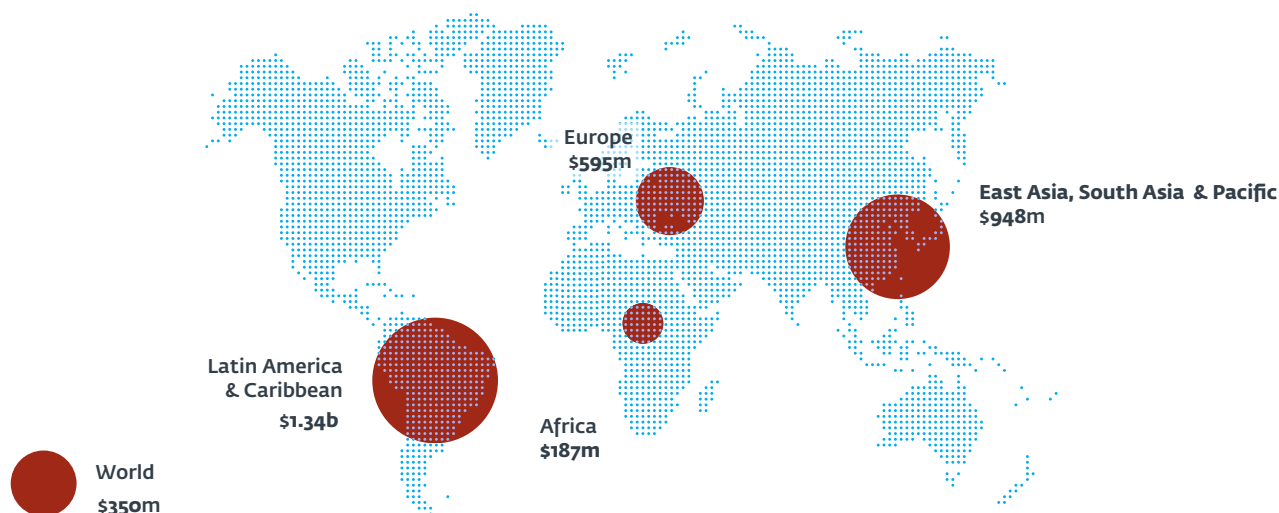
IFC Strategy and Portfolio

IFC has developed a systematic and holistic approach to supporting the expansion of distressed assets 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 (WB)'s Finance Competitiveness and Innovation (FCI) and 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.
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.



FIG DARP Committed Portfolio: \$3.4 billion



Project Examples



TLG (Sub-Saharan Africa)

In April 2025 IFC committed US\$15 million to the Africa Growth Impact Fund II (AGIF II), a Fund managed by TLG Capital Limited (TLG), an alternative investment manager focused on investments across Africa. With a target size of US \$200 million, the Fund focuses on refinancing viable, but financially stressed, Mid-Market and SMEs in sub-Saharan Africa that have been affected by macroeconomic dynamics and lack of flexible capital from local banks. Defying the current challenging fundraising environment, the Fund reached a US\$75 million first close with US \$15 million from IFC and the rest mobilized from other DFIs and commercial LPs.



GICAM (ASIA)

This project supports financially stressed but viable mid-sized companies in Asia by committing up to US\$30 million in the Asia Debt Opportunities Fund II, managed by GI Capital Management. The Fund targets distressed debt, special situations, and asset-backed credit across Asia. IFC's anchor commitment achieved a strong mobilization ratio of 6:1, catalyzing significant private capital. The initiative enables financial institutions to offload non-performing loans and helps borrowers restructure and normalize obligations, preserve jobs, and regain credit access, fostering financial inclusion, deepening private credit markets, and promoting economic resilience across the region.



RETURN CAPITAL (BRAZIL)

In May 2025, IFC made its first commitment of US\$37.5 million, alongside US\$37.5 million of mobilization, into a new DARP facility focused on the acquisition and resolution of NPLs in Brazil. IFC will be partnering with Return Capital, a servicer and wholly owned subsidiary of Santander Brazil. IFC's investment into this DARP facility can reach up to \$300 million in total commitments to be contributed 50/50 by IFC and Return Capital. This DARP facility will support Santander and other systemic banks in Brazil to manage their non-performing loan volumes more efficiently so they can focus on their core lending activities.