Emerging Markets Securitization Program (EMSP)

History – part of a larger World Bank Group plan

- In 2023, the World Bank Group (WBG) launched the Private Sector Investment Lab (PSIL) and recruited 15 of the world's leading CEOs to identify barriers to private sector investment and test solutions.
- Five priorities emerged from the PSIL:

Clearer and more predictable regulation

Guarantees to share risk

Foreign-exchange solutions

Junior equity to absorb first loss

Originate-to-distribute — the hardest, but the one with the biggest reward

- The goal is to move towards larger, packaged securities in which investors such as pension funds, asset managers and insurance companies can put their money to work.
- Over time, this originate-to-distribute toolkit will expand to include instruments across the World Bank Group.

Why it matters – the big picture

- The development financing gap is larger than governments, multilateral banks, or philanthropy can cover.
- Mobilizing private investment at scale is key to job creation, poverty reduction, and tackling tough development challenges.

WORLD BANK GROUP

Photo credit: IFC

What it unlocks

- It expands the pool of long-term investors with exposure to emerging markets assets.

What's next

- Over time our aim is to build a new asset class of emerging market loans; help investors get comfortable taking independent emerging market risk; and support deeper, more liquid markets.
- In the next couple of years, we aim to grow EMSP to reach a quarterly cadence of issuances and build a consistent market presence.

Overview of IFC's Emerging Markets Securitization Program

- EMSP is a first-of-its-kind collateralized loan obligation (CLO) issued by an MDB since the 2008 global financial crisis, designed to open emerging markets to global investors.
- It offers a standardized, scalable channel for institutional investors to access emerging market credit—aligned with their risk/return appetite.
- It demonstrates the World Bank Group's commitment to actively attract more private capital for development and marks a tangible step forward in the WBG's strategy to transform how development finance attracts private capital.

Transaction details

- The program has issued two CLO transactions packaging more than $1 billion for jobs, growth and resilience in developing economies.
- The two CLO structures consist of a $640 million senior tranche sold to private investors and rated Aaa, a $50 million tranche rated Aa1, a $210 million mezzanine tranche insured by a consortium of credit insurers, and a $119 million equity tranche held in partnership with MOBILIST, backed by the UK's Foreign, Commonwealth and Development Office (FCDO). All ratings were assigned by Moody's.
- The portfolio is made up of globally diversified IFC-originated loans to 119 borrowers spanning multiple industries and geographies.
- The structure offers a great opportunity to mobilize more private capital.
  - It is a structure that investors are already familiar with, making it easier for pension funds, asset managers, and insurers to participate in emerging markets, where they might not otherwise invest.
- Goldman Sachs was arranger for both transactions.

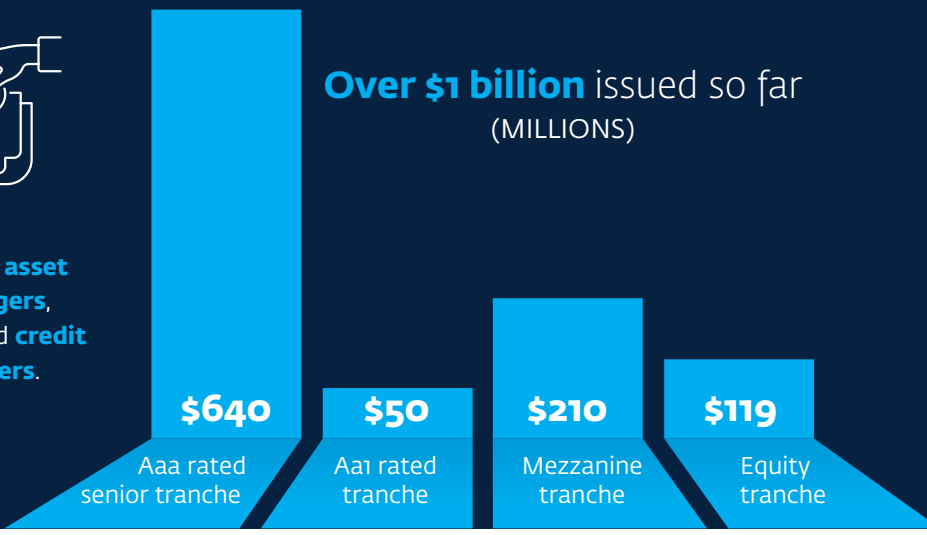
Flagship **originate-to- distribute** program.

Pools a diversified portfolio of **high-quality IFC-originated loans**.

Attracts **asset managers**, **banks** and **credit insurers**.

Over $1 billion issued so far

(MILLIONS)



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