Managed Co-Lending Portfolio Program (MCPP)

A GROUNDBREAKING SYNDICATIONS PLATFORM FOR DEBT INVESTMENTS IN EMERGING MARKETS
MCPP marks a breakthrough in the search for large-scale financing solutions to the challenges of development. It is a key building block in the global effort to move from billions to trillions in development finance.

Philippe Le Houérou
Chief Executive Officer
IFC

$10bn
Total MCPP funds raised

11
MCPP investors

8
MCPP facilities

2013
Year launched

ABOUT IFC SYNDICATIONS

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world.

IFC Syndications enables our partners—commercial banks, institutional investors, insurance companies, sovereigns and other development institutions—to participate alongside us as we make debt investments in emerging markets. By mobilizing these partners’ capital, we forge new connections that increase foreign investment and chart a path for other growing enterprises to follow.
An Innovative Approach

Connecting Investors with Emerging Market Opportunities

The MCPP, or Managed Co-Lending Portfolio Program, is IFC’s pioneering Syndications platform that creates diversified portfolios of emerging market debt investments, allowing investors to increase exposure—or get first-time entry—to this asset class. The platform leverages IFC’s successful track record and deep market knowledge to source unique opportunities that cater to individual investor needs.

BENEFITS TO INVESTORS

- **Diversified portfolio of emerging market assets.** Portfolios can be tailored to follow IFC’s global loan book or replicate specific industry or geography subsets with a target risk level.

- **Cost-effective delivery.** Investors leverage IFC’s inbuilt origination capacity, robust due diligence and credit culture, and more than 60 years of experience in making profitable investments in emerging market firms.

- **Alignment of interests.** IFC keeps “skin in the game” by retaining a portion of exposure for its own account.

- **Long-term partnership and ease of administration.** IFC manages investor’s exposure in line with decisions taken for IFC’s own for the life of the loan.

BENEFITS TO BORROWERS

- **Larger financing packages.** Access to investor funds means borrowers can get more capital than IFC could provide on its own, and investors finance on the same terms as IFC.

- **Simplified operational relationship and faster disbursement.** Investor funds are automatically applied based on established eligibility criteria, and IFC is the sole interface for the borrower on all loans.

- **Reduced costs.** With the MCPP’s ability to channel larger amounts of capital from multiple sources, borrowers can have all their financing needs met in a single transaction, reducing costs.
**HOW DOES MCPP WORK?**

Investors and IFC sign upfront administration agreements determining the makeup of the portfolio, and as IFC identifies and disburses funds for eligible deals, investor exposure is allocated per the terms of the agreement.

MCPP effectively creates a loan portfolio for an investor that mimics IFC’s own future portfolio or subset thereof—similar to an index fund.

**A FLEXIBLE APPROACH**

To meet the varying business and regulatory requirements of different investor classes, IFC has adapted the MCPP platform to offer distinct structures:

1. **TRUST FUNDS**
   - For sovereign investors, IFC can set up a dedicated Trust Fund to hold funds. IFC signs borrower loan agreements for its own account and as “implementer” for the fund.

2. **B LOANS**
   - Institutional investors can establish a vehicle and contract with IFC to originate transactions. IFC lends for own account; investors participate through B Loans.

3. **CREDIT MOBILIZATION**
   - Insurance companies can use unfunded structures to provide credit insurance or risk guarantees. IFC lends for own account, with insurers’ credit coverage on a portion.

**OPTION FOR CREDIT ENHANCEMENT**

In certain situations, IFC and partners can provide first-loss coverage on the portfolio by taking a junior tranche so that investor exposure reaches a target risk level.
Supporting Development Goals

Investing for Impact

Through the MCPP, partners join IFC to invest for impact. MCPP provides investors a broad platform for participation in emerging market projects that address development needs and reduce poverty.

IFC lends to companies on the front lines of many of the world’s most pressing challenges. Immense financing shortages exist for the infrastructure that is critical to the movement of goods, the operation of businesses, and the health of households. Trillions of dollars more are needed each year to pay for health care and education. Investment in new systems and technologies is needed to help address the worsening effects of climate change.

The MCPP offers investors a vehicle for supporting IFC projects that work toward overcoming many of these global challenges. Investors directly contribute to reaching development and sustainability goals and improving the lives of the world’s poor. With the joint support of IFC and MCPP investors, firms in emerging markets can expand operations, creating new opportunities for their owners and employees to escape poverty and achieve prosperity.

Global Recognition

An Award-Winning Solution

The MCPP is one of the first global initiatives to forge a direct link between institutional investors and emerging market firms.

Global investors are connected with unique opportunities that can support their business strategies while also contributing to social responsibility. Emerging market borrowers gain access to larger financing packages and reduced transaction times. And IFC is able to bring billions of dollars of additional investment into the world’s poorest countries.

By creating value for all participants, the MCPP has demonstrated proof of concept and can be used as a reference point to support the standardization of portfolio loan syndication platforms by other development institutions. The Financial Times acknowledged IFC’s leadership and recognized the groundbreaking structure of the MCPP—along with its success in opening new markets to investment—at the 2017 FT Innovative Lawyers awards.

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FT
WINNER
Innovative Lawyers North America 2017
Innovation in legal expertise: New markets and capital
“We work to ensure that our activities are profitable and sustainable. The partnership with IFC and our co-investment in infrastructure is a perfect example of how Allianz can provide thought-leading investment expertise to support the economic development of emerging countries as well as serving the interest of our customers.”

Oliver Bäte
Chief Executive Officer
Allianz SE

“As a business with a strong focus in the developing world, we have long been committed to realizing the full growth and development potential of emerging markets. Raising awareness and boosting infrastructure investment is a crucial part of that and we are always looking for innovative and sustainable ways to provide attractive long term returns for our clients. This partnership enables us to make a significant contribution to the economies and communities of developing countries while investing in infrastructure projects that deliver compelling returns for our clients.”

Virginie Maisonneuve
Chief Investment Officer
Eastspring Investments

“The MCPP … is a benchmark transaction for us and highlights how private insurance capacity can be deployed to help an institution like IFC increase its development impact through more lending to financial institutions in the emerging markets. At the same time, it offers Liberty access to new types of business in the emerging markets that we might not otherwise see.”

Edith Quintrell
Underwriting Development Director
Liberty Specialty Markets

“Providing insurance capacity to IFC’s MCPP will facilitate the mobilization of much-needed long-term loans to micro, small, and medium enterprises in some of the poorest countries in the world. By doing so, we have the opportunity to contribute to IFC’s objective of stimulating private sector development and economic growth in low- and middle-income countries, while developing future markets for our business.”

Doris Höpke
Member, Board of Management
Munich Re

“We are pleased to support this IFC initiative, which will help release much-needed capital into emerging markets to support tomorrow’s resilient societies and economies. Furthermore, by strengthening our relationship with the IFC, we will be able to further expand our well-established trade and infrastructure finance platform and increase the diversity of our emerging market portfolio.”

Andreas Hillebrand
Head, Credit & Special Lines
Swiss Re Corporate Solutions

“Emerging markets present a broad array of untapped investment opportunities with good long-term growth potential. Joining hands with IFC allows long-term institutional investors like HKMA to ride on the considerable expertise, experience and network of IFC in sourcing investable opportunities with proper risk management and governance framework.”

Norman Chan
Chief Executive Officer
Hong Kong Monetary Authority

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