

# MCPP Infrastructure

## AN INNOVATIVE STRUCTURE TO MOBILIZE INSTITUTIONAL INVESTMENT IN EMERGING MARKET INFRASTRUCTURE LOANS

In partnership with



### MCPP Infrastructure is significantly scaling up IFC's debt mobilization from institutional investors.

Experts estimate that \$1 trillion a year is needed to finance the construction of modern infrastructure in emerging markets. Because banks are increasingly constrained in their ability to meet the financing needs of emerging market projects, unlocking capital flows from new sources, in particular institutional investors, has become a priority for IFC. MCPP Infrastructure offers one solution to channel more funding into emerging-market infrastructure while demonstrating a path for other investors to follow.

#### WHAT IS THE MCPP?

MCPP, or the Managed Co-Lending Portfolio Program, is IFC's groundbreaking Syndications platform launched in 2013 that creates diversified portfolios of emerging market loans. The portfolio approach allows investors to increase exposure—or get first-time entry—to this asset class. The platform leverages IFC's origination capacity and deep market knowledge to source opportunities for third party investors to co-lend alongside IFC.

#### HOW DOES MCPP INFRASTRUCTURE WORK?

The MCPP Infrastructure initiative was specifically developed in close collaboration with leading insurance companies and other development partners. For participating institutional investors, the MCPP platform creates a diversified loan portfolio that mimics IFC's own future portfolio of infrastructure investments—similar to an index fund.

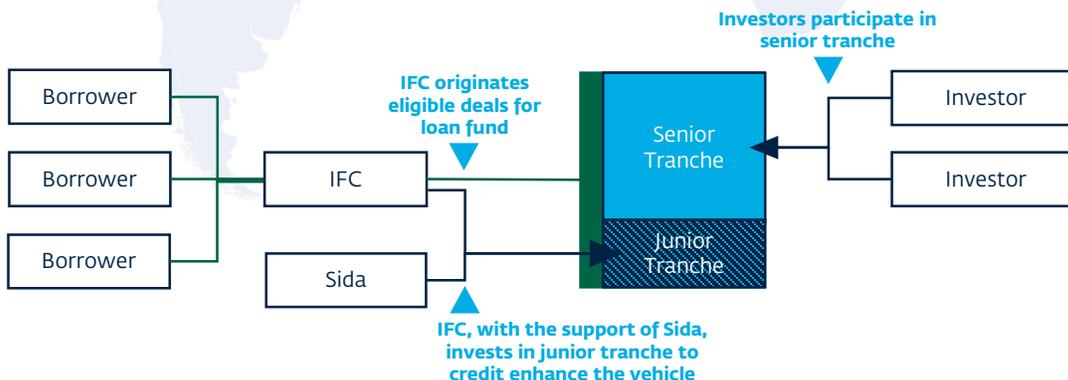
Investors and IFC sign upfront administration agreements setting eligibility criteria and concentration limits. As IFC identifies eligible deals, investor exposure is allocated alongside IFC's own per the terms of the agreement.



#### CREDIT ENHANCEMENT

MCPP Infrastructure offers an example of how a first-loss structure can be used to provide credit enhancement for institutional investors in order to achieve a target risk level on their portfolio.

In this facility, IFC provides first-loss coverage on the portfolio by taking a junior tranche so that investors can take investment-grade exposure in a senior tranche. The first loss splits the cash flows (principal and interest) from the portfolio of loans between the investors and IFC. IFC has in turn partnered the Swedish International Development Cooperation Agency (Sida), which has agreed to share the risk with IFC on the first-loss tranche.



#### BY THE NUMBERS

**\$1.6bn**

Total MCPP Infrastructure funds raised

**3**

MCPP investors

**\$300mn**

Total investments approved

**9**

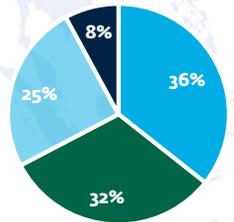
Projects approved

**8**

Countries with approved projects

#### Approved funds by region

- South Asia
- LatAm & Caribbean
- East Asia & Pacific
- Sub-Saharan Africa



#### Approved investors

