

GLOBAL CHALLENGES, TRANSFORMATIVE SOLUTIONS

Regional overview – Latin America and the Caribbean

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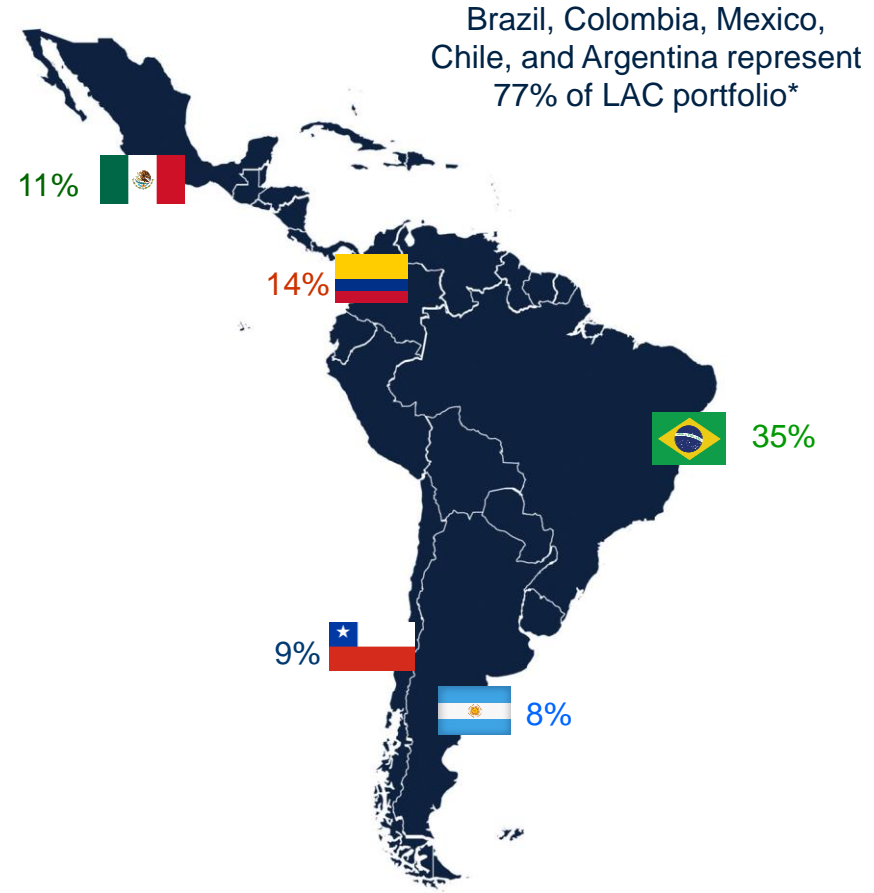
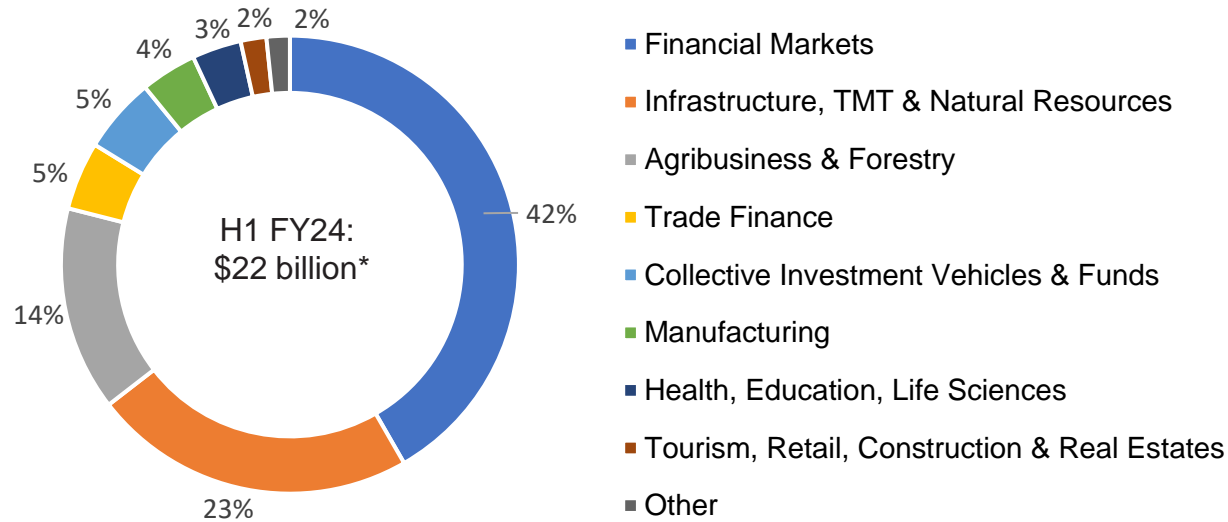
IFC OVERVIEW IN LATIN AMERICA AND THE CARIBBEAN (LAC)

A strong presence in the region

In H1 FY24, IFC committed **US\$6.6 billion of long-term financing** in LAC, of which **US\$3.5 billion** were own account and **US\$3.1 billion** mobilized.

LAC PORTFOLIO

(IFC own account and mobilization)



*Committed portfolio as of December 2023, including IFC own account and mobilization.

IFC PRODUCTS AND SERVICES

Integrated Solutions, Increased Impact

A WIDE RANGE OF PRODUCTS AND SERVICES

Upstream/IFC 3.0

IFC is committing time and resources to create, and implement investment projects through, deepen, and expand markets and imagine, design:

- **Global Delivery Platforms**, including design and development of scalable products and/or solutions applicable to multiple projects in a sector
- **Sector-Wide Initiatives** such as country-specific interventions to unlock markets in a sector
- **Early-Stage Project Development**, covering project-specific engagements with potential sponsors and co-investors

Investment

Loans

- Project and corporate financing
- On-lending through intermediary institutions

Equity

- Direct equity investments
- Private equity funds

Trade and Commodity Finance

- Guarantee of trade-related payment obligations of approved financial institutions

Derivative and Structured Finance

- Derivative products to hedge interest rate, currency, or commodity-price exposures of IFC clients

Blended Finance

- Using donor funds to crowd in private financing

Advisory

Innovative solutions combining IFC's expertise and tools to:

- Help create new markets
- Unlock investment opportunities
- Strengthen clients' performance and impact
- Improve environmental, social, and corporate governance standards

Mobilization

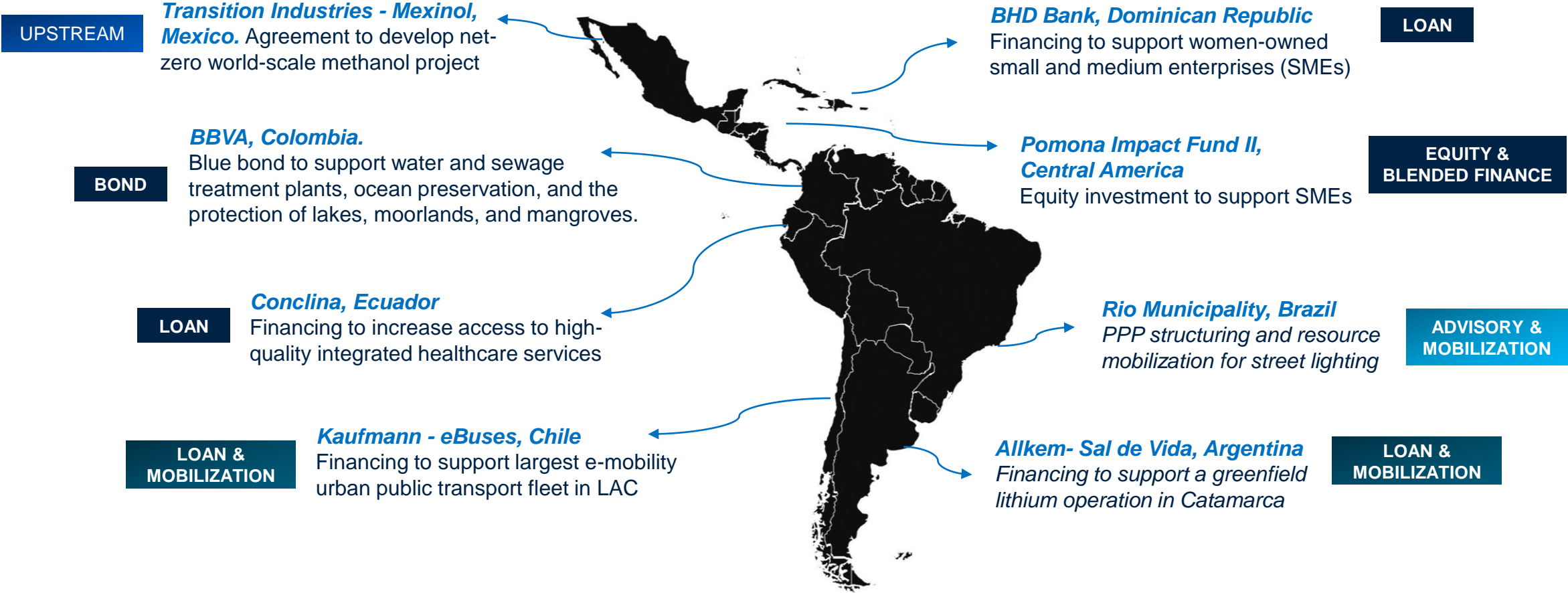
Syndications

- Capital mobilization to serve developmental needs
- Over 80 co-financiers: banks, funds, DFIs

Equity mobilization

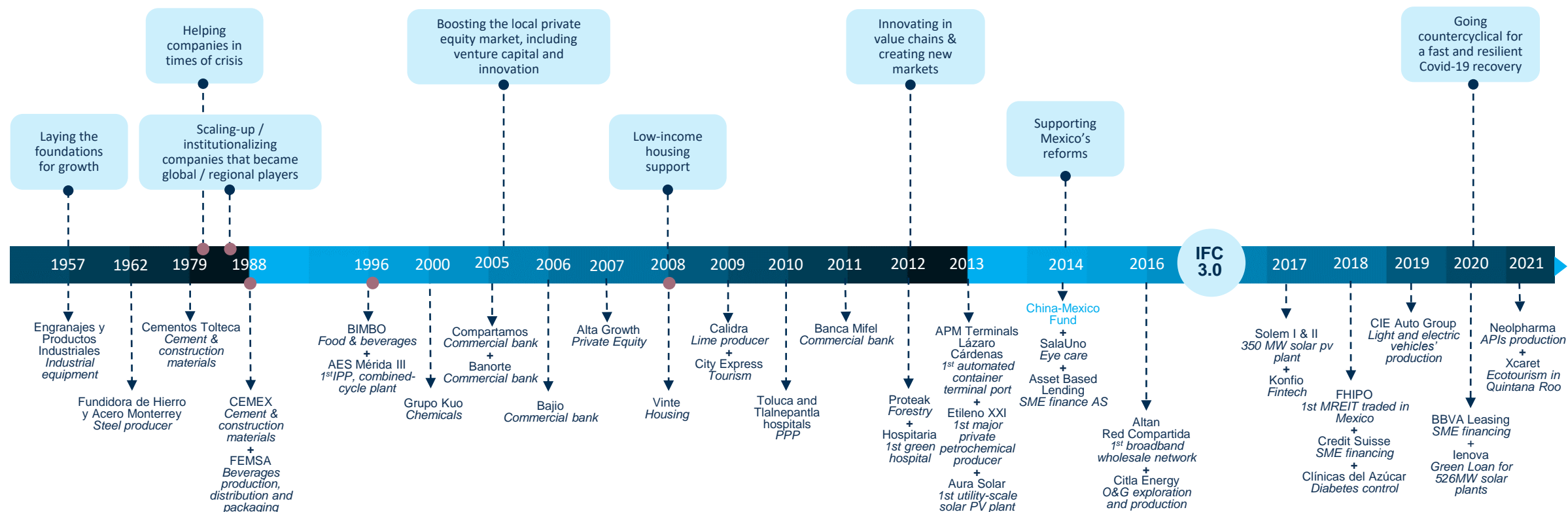
SOME EXAMPLES IN THE REGION

IFC supports its clients through a variety of products, designed to attend its needs



MEXICO CASE: LEVERAGING SIX DECADES OF EXPERIENCE

IFC has been a partner in the transformation of the Mexican economy into the diverse and sophisticated economy it is today



SELECTED IFC INVESTMENT TRANSACTIONS IN MEXICO



Infrastructure

Financial Markets

Manufacturing, Agribusiness and Services

Disruptive Technologies and Funds

SELECTED IFC ADVISORY PROJECTS IN MEXICO

TECH EMERGE COOLING TechEmerge Sustainable Cooling In partnership with UK Government

Match-making program between leading Mexican companies and cutting-edge innovators from across the world to implement pilot projects and accelerate the adoption of climate-start and cost efficient cooling technologies.

ADOPTERS



INNOVATORS



2021-2023

EMX Empresas Mexicanas por la Equidad In partnership with the government of Japan

Program to reduce gender gap in the Mexican labor market. IFC supports 17 companies to achieve their gender commitments and share knowledge through a Peer-to-Peer Platform.



2022

30 BY 30 ZERO 30by30 zero

Mobilization of private sector financing for climate mitigation and adaptation projects by supporting the banking sector to increase the climate finance share of their loan portfolio/assets from 1.37% to 4.80% by 2027.



Supported by: Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety

based on a decision of the German Bundestag

2021-2027

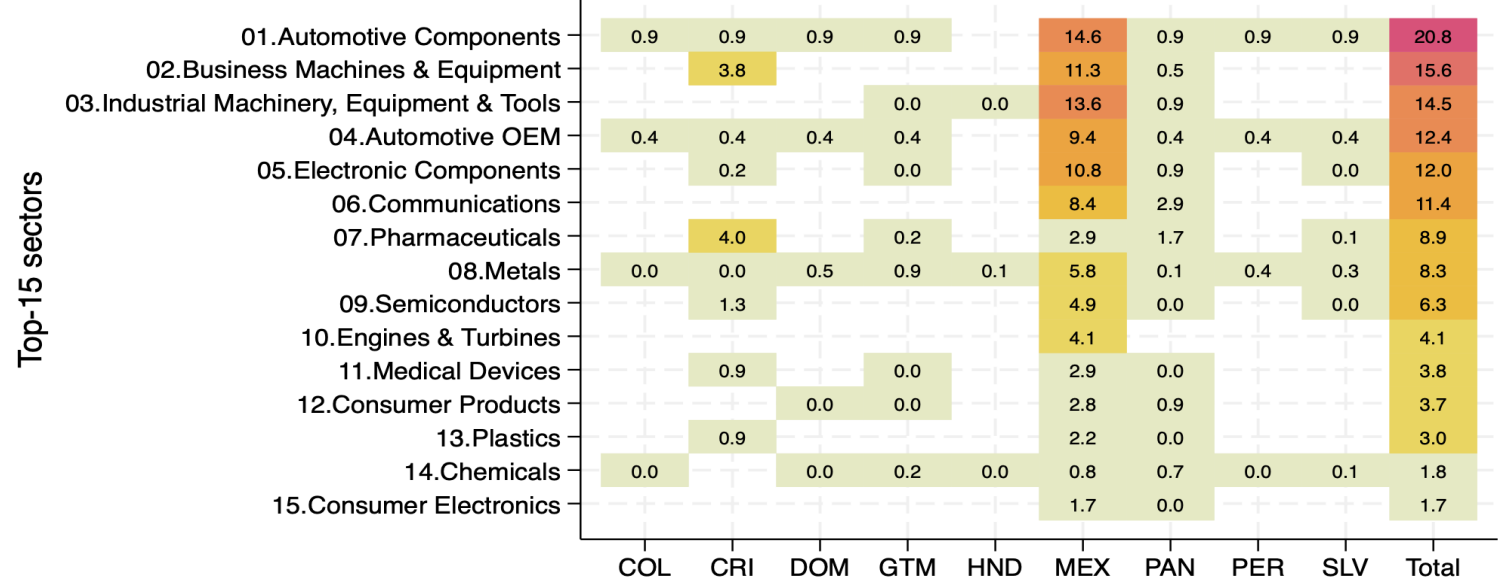
NEARSHORING TREND BENEFITS LAC

- LAC is expected to benefit from investments resulting from the **relocation or expansion of production** close to the markets of US and Canada.
- **Nearshoring opportunities** for 10 selected LAC countries could represent cumulative **additional exports between US\$89.3 and US\$178.6 billion in the next 5-10 years**, only from the most promising and feasible products.*
- **Private investment** related to this exports are projected **between US\$157.2 and US\$314.4 billion**.



Projected exports to the US market, USD billions

Assuming a market share gain of 15pp in US imports



Note: Projected exports using NAS, an estimated principal component across 10 LAC countries with factors from demand, supply and ease of market access including US FDI by country destination. Nearshoring potential is defined as having attractiveness of high and medium scores. Source: nearshoring/

*Source: Determining Nearshoring Opportunities for Latin America and the Caribbean: New Market Intelligence from Trade and Investment Data Science. IFC (Forthcoming). Selected countries for the study: Mexico, Costa Rica, Panama, Guatemala, El Salvador, Dominican Republic, Peru, Colombia, Honduras, and Nicaragua.

IFC FOCUS ON NEARSHORING

IFC can contribute to attract not only more but better private sector sustainable investments

- IFC aims to **accelerate private sector development** in key segments of Global Value Chains (GVCs), supporting projects with the highest development impacts related to our **3 strategic priorities**:



PRODUCTIVITY

- ✓ Increased productive capabilities
- ✓ Higher value-addition on exports
- ✓ Symmetric integration into GVCs
- ✓ Advanced skills building
- ✓ Consolidation of clusters
- ✓ More competition, innovation and knowledge dissemination



INCLUSION

- ✓ Integration of small and medium enterprises (SMEs) into GVCs and access to finance
- ✓ Technology absorption
- ✓ Enhanced managerial practices and international quality standards by local firms
- ✓ Productive opportunities for women, vulnerable groups, and lagged regions



SUSTAINABILITY

- ✓ Greener investments
- ✓ Use of decarbonization technologies
- ✓ Improved Environmental and Social standards
- ✓ Paris-aligned business operations
- ✓ Reduction of greenhouse gas emissions

IFC value-add that gains relevance for nearshoring investments

Global industry expertise, credibility, and presence

A **reliable partner** for clients who currently have no operations or credit history locally

A “stamp of approval” of the **highest ESG** standards

Multicurrency Funding (key for projects generating FX revenues)

Long-term funding and investment horizon (up to 10–12 years)

Equity (a key differentiator from banks and other financial institutions)

Advisory & upstream services for “soft-landing” or adoption of best practices

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