

Creating Markets, Creating Opportunities

# GLOBAL CHALLENGES, TRANSFORMATIVE SOLUTIONS

Regional overview – Latin America and the Caribbean

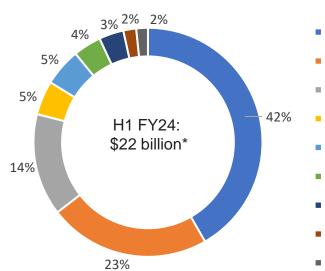
Juan Gonzalo Flores Country Manager for Mexico

MAY 2024

# 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)
  - Financial Markets
  - Infrastructure, TMT & Natural Resources
  - Agribusiness & Forestry
  - Trade Finance
  - Collective Investment Vehicles & Funds
  - Manufacturing
  - Health, Education, Life Sciences
  - Tourism, Retail, Construction & Real Estates
  - Other





# **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 countryspecific 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

# Innovative solutions combining IFC's expertise and tools to:

**Advisory** 

- 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

### UPSTREAM

*Transition Industries - Mexinol, Mexico.* Agreement to develop netzero world-scale methanol project

#### BBVA, Colombia.

BOND

Blue bond to support water and sewage treatment plants, ocean preservation, and the protection of lakes, moorlands, and mangroves.

LOAN

*Conclina, Ecuador* Financing to increase access to highquality integrated healthcare services



*Kaufmann - eBuses, Chile* Financing to support largest e-mobility urban public transport fleet in LAC

**BHD Bank, Dominican Republic** Financing to support women-owned small and medium enterprises (SMEs)

> **Pomona Impact Fund II, Central America** Equity investment to support SMEs

EQUITY & BLENDED FINANCE

LOAN

**Rio Municipality, Brazil** PPP structuring and resource mobilization for street lighting

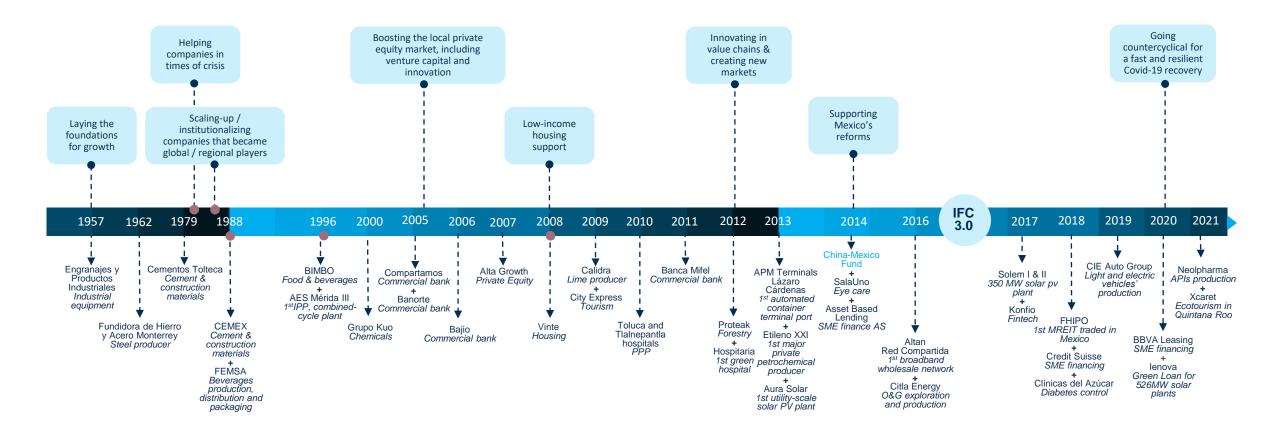
ADVISORY & MOBILIZATION

Allkem- Sal de Vida, Argentina Financing to support a greenfield lithium operation in Catamarca LOAN & MOBILIZATION



# **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

SME financing	Telecom	Education	Supply Chain Finance	Specialized clinic
📣 Santander	axtel	JUAG	citi	Clínicas del Azúcar
\$93M credit guarantee	\$40M loan \$20M mobilization	\$43M loan	\$67.5M credit line \$67.5M mobilization	\$2M equity / \$4M equity
2023	2023	2023	2023	2023/2018
Medical laboratories	Venture Capital	Tourism	Fintech	Housing Finance
Genomma Lab.® Internacional	Mountain Nazca		< konfio	FIDELCOM ISO
\$60M loan/ \$50M loan	\$15M equity/ \$10M equity	xcaref \$90M loan	\$8.5M equity/ 10M equity and debt package/	\$124M loan/ \$137M loan
2022/2018	2022/2020	2021	2021/2019	2021/2018
Renewable Energy	Real Estate	Green Finance	Motor Vehicle parts	Transport
NFRAESTRUCTURA ENERGETICA UNA EMPRESA de Sempra	Vinte	<sup>®</sup> Sabadell	<b>CIE</b> Automotive	TURPAN PORT TERMINAL
\$241M mobilization/ \$100M loan \$100M mobilization	\$20M loan/ \$18M loan/ \$8M guarantee/ \$10M equity and \$13M loan	\$100M loan	\$75M loan \$75M mobilization	\$75M loan \$149M mobilization
2020/2019	2020/2016/2011/2008	2019	2018	2013
Infrastructure	Financial Markets Manufact	uring, Agribusiness and	Disruptive Technologies and Funds	Creating Markets, Creating Opportunities

# SELECTED IFC ADVISORY PROJECTS IN MEXICO



TechEmerge Sustainable Cooling In partnership with

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.





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.** 





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

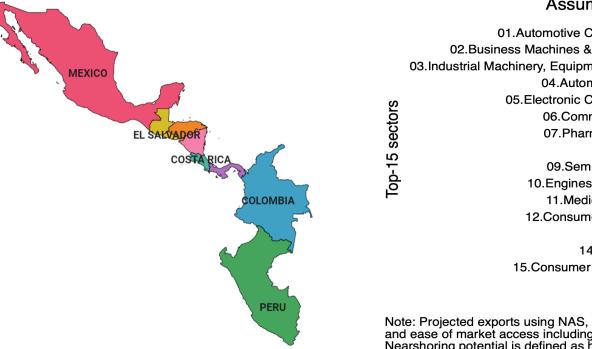
based on a decision of the German Bundestag

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

01.Automotive Components 0.9 0.9 0.9 0.9 14.6 0.9 0.9 0.9 20.8 02. Business Machines & Equipment 3.8 11.3 0.5 15.6 03. Industrial Machinery, Equipment & Tools 0.0 0.0 13.6 14.5 0.9 04.Automotive OEM 0.4 0.4 0.4 0.4 9.4 0.4 0.4 0.4 12.4 05.Electronic Components 0.2 0.0 10.8 0.9 0.0 12.0 06.Communications 8.4 11.4 2.9 07.Pharmaceuticals 4.0 0.2 2.9 1.7 0.1 8.9 08.Metals 0.0 0.0 0.5 0.9 0.1 5.8 8.3 0.1 0.4 0.3 09.Semiconductors 1.3 4.9 0.0 0.0 6.3 10.Engines & Turbines 4.1 4.1 11.Medical Devices 0.9 2.9 0.0 0.0 3.8 12.Consumer Products 0.0 0.0 2.8 0.9 3.7 13.Plastics 0.9 2.2 0.0 3.0 14.Chemicals 0.0 0.0 0.0 0.8 0.7 0.0 0.1 1.8 0.2 15.Consumer Electronics 1.7 1.7 0.0 COL CRI DOM GTM HND SLV MEX PAN PER Total

### 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/



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# **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

<b>Global</b> industry expertise, credibility and presence		A <b>reliable</b> clients who have no op credit histo	o currently erations or		of the		approval" <b>lest ESG</b> ards		(ke	ey for projects enerating FX revenues)	
investme	<b>Long-term</b> funding and investment horizon (up to 10–12 years)		<b>Equity</b> (a key differentiator from banks and other financial institutions)		m r	Advisory & upst services for "so landing" or adopti best practices			oft- ion of		rna



# CONTACTS

Torre Reforma, Paseo de la Reforma 483, 18th floor, Cuauhtémoc, 06500, Mexico City

Juan Gonzalo Flores Country Manager Mexico

gflores1@ifc.org +52 55 3098 0236

Gabriela Olvera Cravioto

Country Officer Mexico

golveracravioto@ifc.org +52 55 7961 5069

Sophia Herrou Operations Analyst Mexico

<u>sherrou@ifc.org</u> +52 55 7907 7493

Julie Veguer Operations Analyst Mexico

jveguer@ifc.org +52 55 5047 2617 **Guillermo Villanueva** Senior Investment Officer Financial Institutions

gvillanueva@ifc.org +57 60 1313 6457

Diana Ruan Hernandez Senior Investment Officer Infrastructure

druanhernandez@ifc.org +52 55 5047 2615

Javier Posas Senior Investment Officer Manufacturing, Agribusiness and Services

jposas@ifc.org +52 55 30980154

Anais Furia Investment Officer Health and Education

afuria@ifc.org +52 55 3098 0144

