(2) Equity investments;

(3) Quasi-equity instruments (subordinated loans, preferred stock, income notes);

(4) Guarantees and standby financing; and

(5) Risk management instruments (intermediation of currency and interest rate swaps, provision of hedging facilities).

The IFC provides financial instruments singly or in a combination necessary to ensure that projects are adequately funded from the outset. It can also help structure financial packages by coordinating financing from foreign and local banks, companies and export credit agencies.

To be eligible for IFC financing, projects must be profitable for investors, benefit the economy of the host country and comply with stringent environmental guidelines. Financing is provided for projects in all types of industries, from agribusiness to mining, from manufacturing to tourism. Although it is primarily a financier of private sector projects, the IFC may provide financial instruments for a company with some government ownership, given that there is private sector participation and the venture is run on a commercial basis.

To ensure the participation of investors and lenders form the private sector, the IFC limits the total amount of debt and equity financing it will provide for any private sector project to 25 percent of the total estimated project costs; it may provide up to 35 percent of the equity capital for a project provided it is never the largest shareholder. IFC investments typically range from $1 million to $100 million, and the IFC's funds may be used for permanent working capital or for foreign or local expenditures in any borrowing member country to acquire fixed assets.

The IFC's equity and quasi-equity investments are funded out of its net worth -- the total of paid-in capital and retained earnings. Paid-in capital is provided by the IFC's 155 member countries, and voting is in proportion to the number of shares held. The IFC's authorized capital is $2.45 billion. Of the funding required for its lending operations, 80 percent is borrowed in the international financial markets through public bond issues or private placements; the remaining 20 percent is borrowed from the IBRD.