

# NZAOA MDBs/DFIs webinar series: IFC (World Bank Group)

April 5, 2023



*Creating Markets, Creating Opportunities*



# AGENDA

- 1. IFC CLIMATE FINANCE OVERVIEW – page 3**  
Vivek Pathak, Director, Climate Business (10 min)
- 2. FIG CLIMATE OVERVIEW – page 12**  
Xavier Jordan, Chief Investment Officer, Capital Markets & JCAPS (15 min)
- 3. INTRODUCTION TO MANAGED CO-LENDING PORTFOLIO PROGRAM (MCP) – page 24**  
Anjali Varma, Principal Syndications Officer, Co-Investor Solutions Uni (10 min)
- 4. IFC GREEN BOND PROGRAM – page 29**  
Yuri Kuroki, Financial Officer, Funding Operations (10 min)
- 5. OTHER WBG PRODUCTS/PROGRAMS FOR PRIVATE CAPITAL MOBILIZATION – page 36**  
Laila Nordine, Senior Advisor, Lead World Bank PCM/PCE (15 min)
- 6. Engaging with AOs on collaboration opportunities, including AO feedback on investor requirements/preferences (10 min)**
- 7. Q&A and Open Discussion (10 min)**

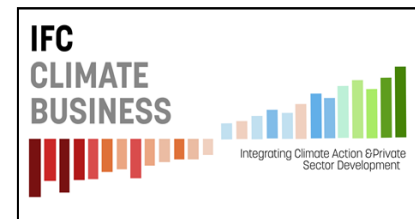
# IFC CLIMATE FINANCE Overview

## IFC and NZAOA

Vivek Pathak

Director, Climate Business Department

April 2023



## IFC CLIMATE TARGETS

**IFC targets to double its own account climate commitment by 2030 to deliver at least 35% climate finance share for new investments.**

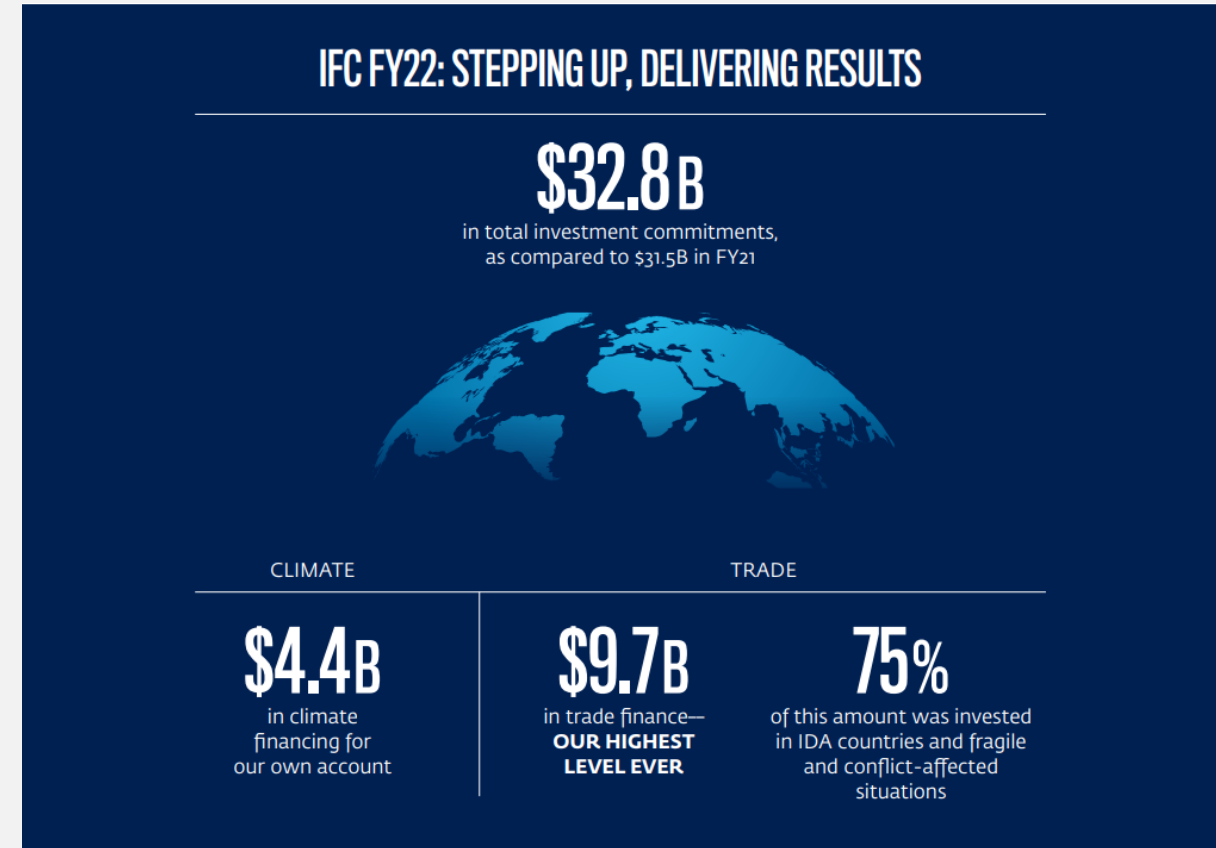


## IFC FY22 RESULTS

### In FY22, IFC delivered for climate:

A record **\$4.4 billion** was achieved in **own account financing**, which represents 35% climate share of own account financing.

Additional **\$3.3 billion** was mobilized achieving the total of **\$7.7 billion** in **combined own financing and mobilization**.



# IFC CLIMATE FINANCE OVERVIEW



**IFC's objective is to mainstream climate finance in the Emerging Markets by integrating climate and development in private sector engagements.**

**IFC has a proven track record of mobilizing and intermediating concessional finance through successful partnerships that work toward the transition to a low-carbon future.**

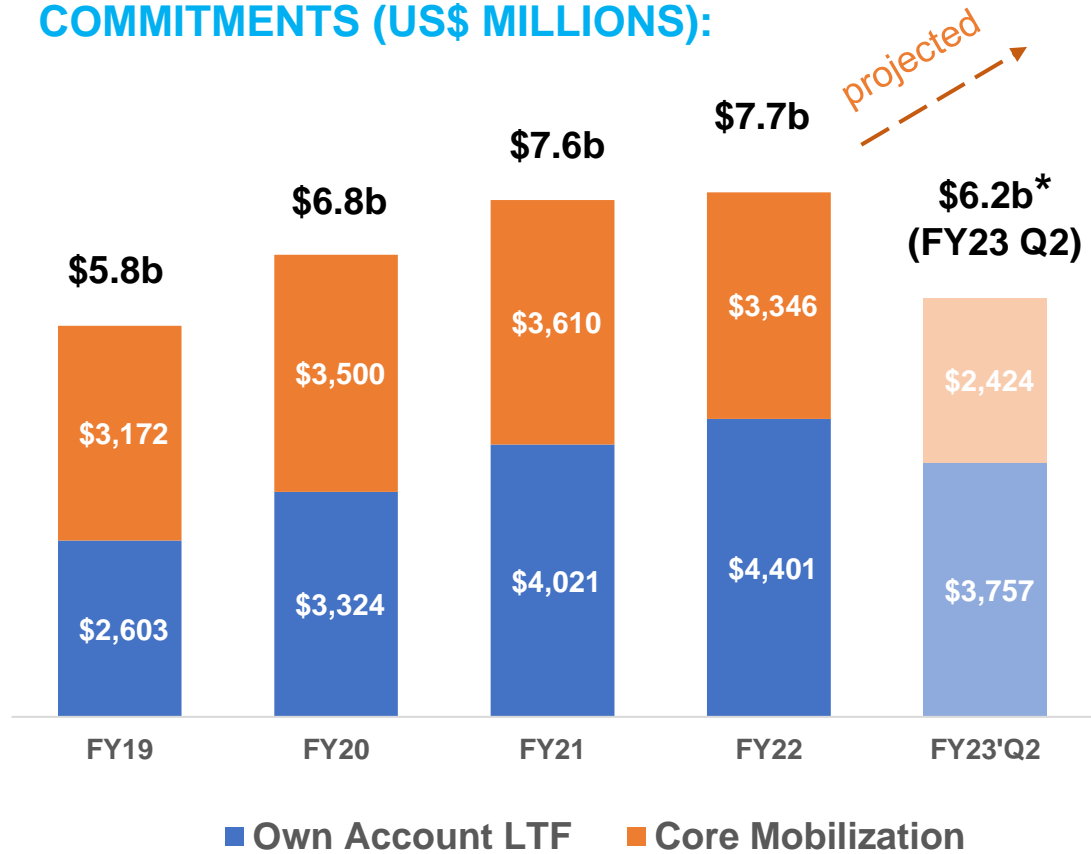
**IFC's Climate Deliverables** are achieved through collaboration between Industries, Regions, and supporting departments (Treasury, Risk, Economics, CBD)

- 1 **Climate Mitigation and Adaptation/Resilience**
- 2 **Paris Alignment**
- 3 **CCDRs**
- 4 **Climate Risk**
- 5 **Thought Leadership and Partnerships**

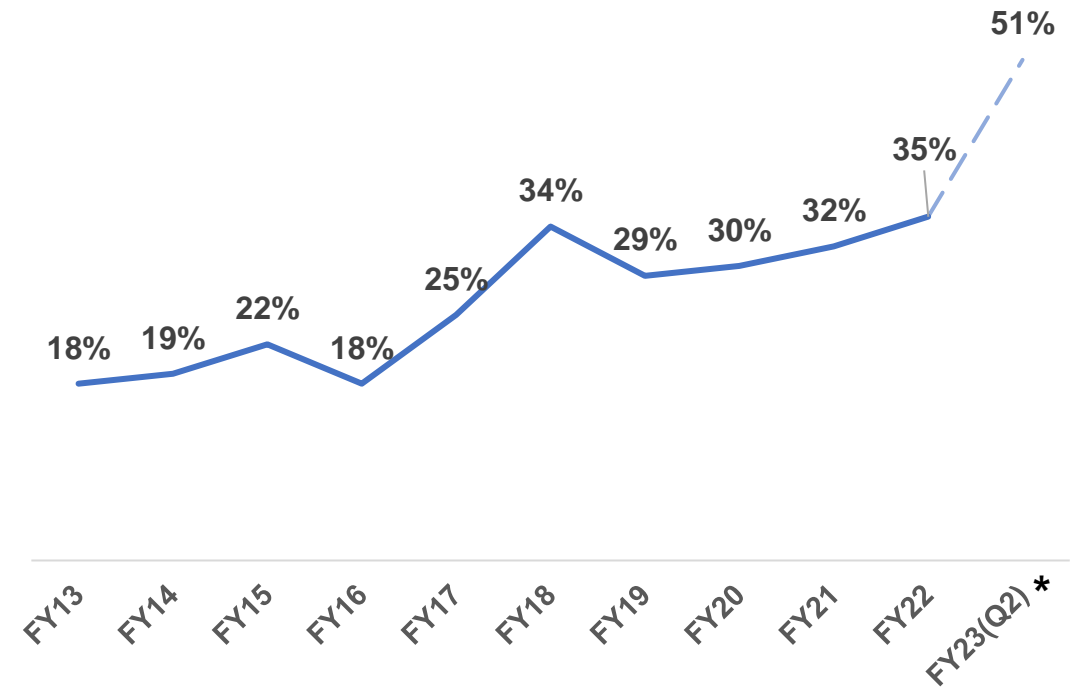
# IFC CLIMATE FINANCE OVERVIEW

## HISTORIC RESULTS AND PROJECTIONS

### TOTAL CLIMATE FINANCE COMMITMENTS (US\$ MILLIONS):



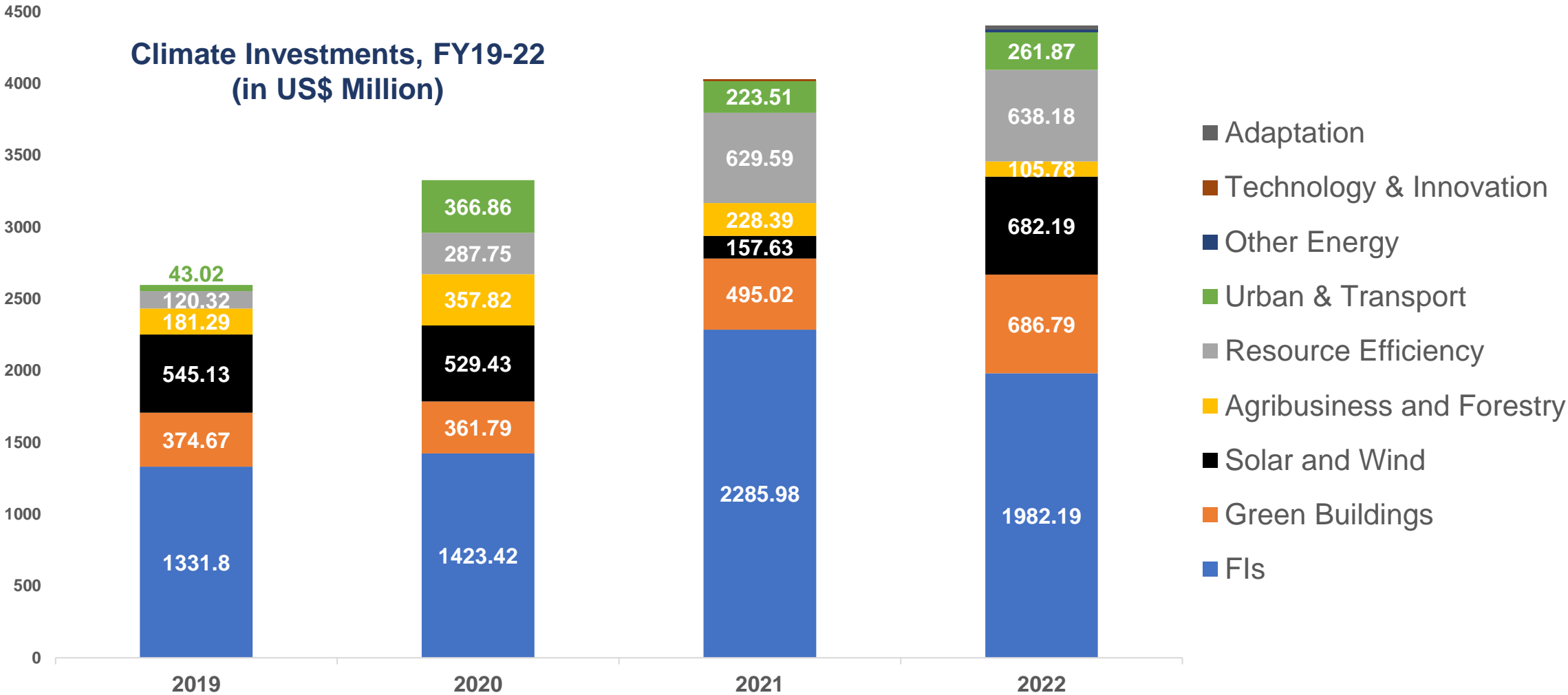
### IFC CLIMATE BUSINESS AS PERCENTAGE OF TOTAL OWN ACCOUNT COMMITMENTS:



\* Data for the first 6 months of FY23, ending December 31, 2022

# IFC CLIMATE INVESTMENTS

## PAST INVESTMENT TRENDS BY SECTOR





# SCALING UP CLIMATE FINANCE

## EXPANDING PARTNERSHIPS WITH PROVEN FINANCIAL SOLUTIONS

IFC's key role is to help clients identify, plan and realize investments, over and above their business-as-usual investments, which can lead to decarbonization benefits and GHG mitigation. IFC's innovative platforms include:

### *Investment Platforms (Internal)*

- **Syndications** (B Loans, Parallel Loans) and **Mobilization** Managed Co-Lending Portfolio Program (MCP) - *MCP One Planet* - \$3 billion. **AMC** raising two equity funds totaling **US\$ 500 million**.

### *Mobilization Platforms (External)*

- **EGO**, The Amundi Planet Emerging Green One Fund (\$2 billion), **REGIO**, Real Economy Green Investment Opportunity GEM Bond Fund (\$538 million), and **SEED** Bond Fund with Amundi (\$2 billion).

### *PPP*

- **Public Private Partnerships (PPPs)** – advise governments on climate smart PPP solutions, create pipelines of new bankable investments, engage at early stage on development and design of projects.

# SCALING UP CLIMATE FINANCE

## DRIVING GROWTH WITH INNOVATIVE PLATFORMS AND FACILITIES

IFC designs and develops new platforms to drive strategic partnerships and grow the business by unlocking new opportunities. These innovative platforms include:

*Decarbonization*

*Transition Platforms*

*Investments in Disruptive Technologies*

*Green Securitization*

- IFC can establish platforms or facilities that include **Blended Finance**, **advisory**, own **account financing** and **mobilized capital** - packaged in a holistic approach by sector to help address clients needs across multiple sectors: Green Buildings, Hard-to-abate sectors, Green hydrogen, Greening supply chain, and Energy efficiency.
- **Climate Transition Finance (CTF)** aims to help carbon-intensive companies significantly reduce their emissions & embark on a decarbonization pathway in line with the host country's climate & environmental objectives.
- IFC supports **private investments** in disruptive technologies such as *Green H2 supply chains, mobility, and decarbonizing industry* to achieve climate impact at scale. Often financed with **blended finance** (BF) and supported by IDA, PSW and other BF sources.
- **Securitize assets** and raise institutional capital. Green securitization can help unlock finance for *smaller scale* climate-resilient assets and projects.

# THOUGHT LEADERSHIP AND PARTNERSHIPS

- Partnerships with universities, research centers, and climate networks to advance the WBG's climate action plan.
- Knowledge products such as research papers to establish thought leadership in field of climate finance.



## Universities

### Massachusetts Institute of Technology

- MIT Energy & Climate
- Future Energy Systems Center
- MIT-Industry partnerships programs to combat climate change



### Stanford University

- John Doerr School of Sustainability
- Stanford Energy Hydrogen Initiative



### Georgetown University

- Georgetown Climate Center



### George Washington University

- Environmental and Energy Management Institute



## Climate Think Tanks and Alliances



CLIMATE  
POLICY  
INITIATIVE



**Green Finance  
Institute**



WORLD  
RESOURCES  
INSTITUTE



INTERNATIONAL  
SOLAR  
ALLIANCE



## Global Climate Networks



United Nations Framework  
Convention on Climate Change



UNEP

**C40  
CITIES**



WORLD OCEAN COUNCIL

The International Business Alliance  
for Corporate Ocean Responsibility

**WORLD  
ECONOMIC  
FORUM**



**IRENA**  
International Renewable Energy Agency



# FIG CLIMATE OVERVIEW - NZAOA

Xavier Jordan



*Creating Markets, Creating Opportunities*

April 2023

# IFC CLIMATE TARGETS ALIGN WITH WBG CLIMATE CHANGE ACTION PLAN

World Bank Group  
CLIMATE CHANGE ACTION PLAN  
2021-2025

All **WBG operations to align 100%** with Paris agreement goals by July 2025.  
By 2023: 85% IFC/MIGA and 100% WB

Increase **WBG climate finance to 35%** of overall flows

Establish new **diagnostics** to support countries manage climate transition

Prioritize transition of **5 key systems** that generate 90% of GHG emissions

Help countries boost **public domestic resources** and mobilize domestic and **private capital**



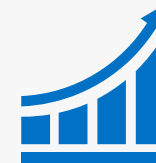
## IFC Climate Objectives



**100%** Paris aligned by end July 2025  
(85% by end July 2023)



**35%** average own account business over FY21 to FY25



**Mobilizing and catalyzing private capital** over FY21 to FY25

# FIG VISION AND STRATEGY TO DELIVER ON IFC CLIMATE OBJECTIVES

## Climate Finance

“Investments through Financial Institutions (FI) that reduce GHG emissions or support climate change adaptation.”

## FIG’s vision

When the history of IFC is written, IFC will be recognized most for our contribution to **mitigating climate change in Emerging Markets** – even more so than poverty alleviation.

We will do so by being a global leader in **creating and growing climate markets** through investment, mobilization, and institution building.

We will also enable emerging markets to meet their **Paris Agreement commitments**.

Tailored approach

Addressing differentiated needs across EM countries.  
GHG reduction focus in upper-/ middle-income countries.  
Adaption and resilience focus in lower-income.

Capital markets

Invest: i) climate bonds, ii) climate funds, and iii) structured vehicles.  
Mobilize: 900 to 1 ratio of institutional money to DFI investments.  
Create: new products and develop climate capital markets.

Advisory services

Advisory services are the pillar of climate finance.  
Firm level AS build client capacity to deploy climate investments.  
Programmatic AS to build climate markets.

800 Network + Innovation

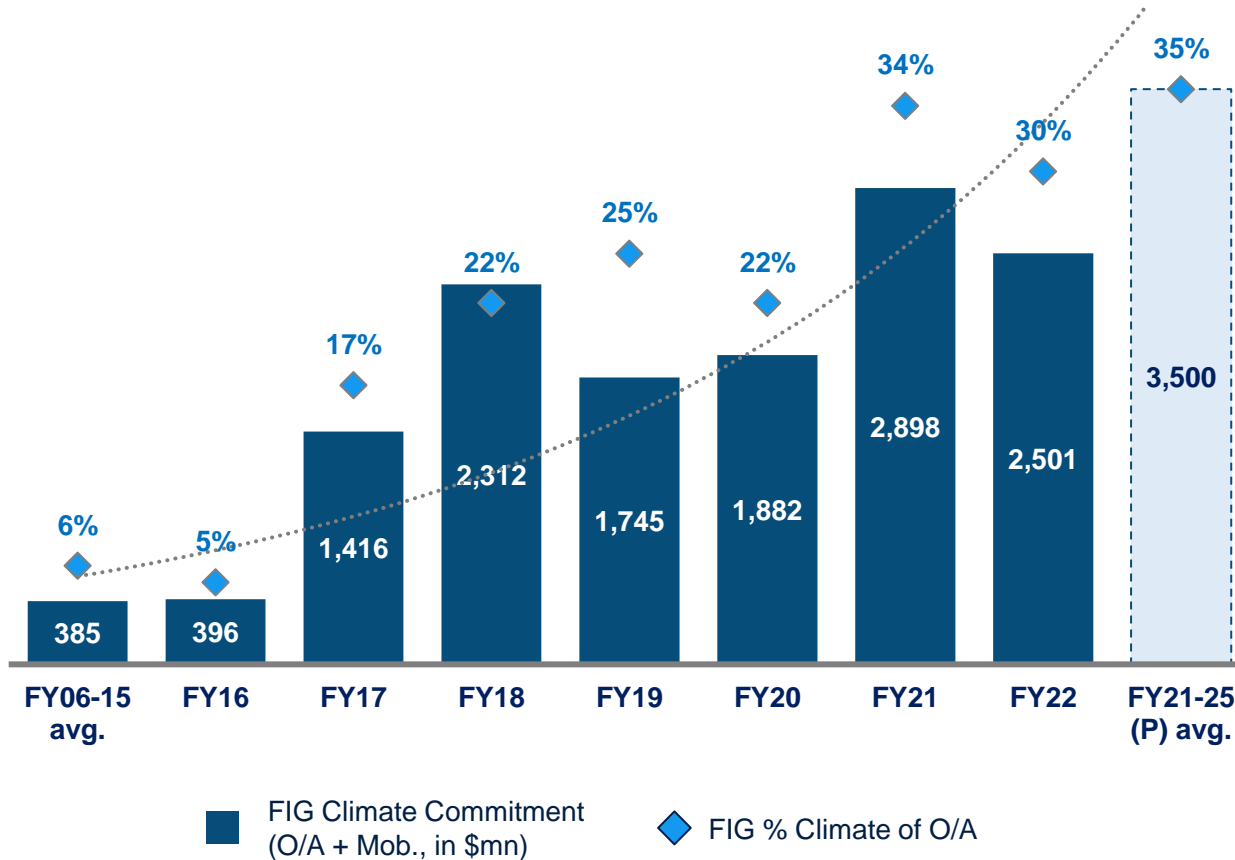
Leverage FIG’s network of 800 client FIs (US\$5.5 trillion assets).  
Prioritize innovation to create products to be used throughout the capital structure and across sectors.

Paris Alignment and CCAP

By 2025, align all FIG investment projects with the targets set out in the Paris Agreement.  
Aim to exceed the CCAP targets.

# FIG CLIMATE TARGETS ALIGN WITH OVERALL IFC AND WBG GOALS

IFC historical climate finance lending through financial institutions (FI)<sup>1</sup>



IFC Climate Finance impact to date

**\$17.0 bn**

IFC FIG commitments in climate finance (own account and mobilization)<sup>1</sup>

**\$11.7 bn**

IFC FIG commitments in climate finance (own account)

**> 210**

Financial Institutions supported through climate Investment or Advisory Services

**18.1 million tCO<sub>2</sub>e/yr**

Expected annual reduction in GHG emissions from direct investment & mobilization

**87.5 million tCO<sub>2</sub>e/yr**

Expected annual reduction in GHG emissions from climate finance Advisory Services

1: FY22 Mobilization numbers preliminary.

Source: IFC Portfolio

# FOCUS AREAS OF FIG CLIMATE STRATEGY IN FY23-25



## Capital Markets Development

Creating **green bond** markets and developing new types of **climate bonds**  
Launching targeted **debt funds** and offering **structured products** like green MBS



## Green Buildings

UK-IFC's Market Accelerator for Green Construction (**MAGC**) program  
Investing in **green bonds** and **green loans** for financing **green buildings**



## New products

Opportunities in **green transport**, **climate-smart agriculture**, and **blue finance**  
Managing and advising on **climate risks**  
Developing **green equity**, **climate-smart trade** and **supply chain finance**, and **carbon credits**



## Greening Financial Sector

**30 by 30 program**  
Sustainable Banking Network (**SBN**)



## Thought Leadership

**Green Banking Academy** and **Alliance for Green Commercial Banks**  
Climate Assessment for Financial Institutions (**CAFI**)  
Advise on Task Force on Climate-related Financial Disclosures (**TCFD**)



## Distributed solar

Providing **Energy Access** and **Lighting Solutions**



# CAPITAL MARKETS ARE CORE TO ACHIEVING FIG CLIMATE TARGETS



## Climate Finance Opportunity for EM FIs

IFC identified **US\$23 trillion climate opportunities** across 21 emerging market economies by 2030.

**EM banks** need to increase **climate assets to 30%** by 2030 (up from 7% in 2016) to finance **US\$13 trillion** of these opportunities.



## The role of capital markets and DFIs

The additional **US\$10 trillion** of these investments are expected to be funded by **debt capital markets**.

The growing sustainable bonds market (**US\$1.35 trillion by 2022E,+36% y-y**) is expected to play an important role in this.

At **US\$200 trillion**, global capital markets are 900x the size of the DFI investment universe. **DFIs** need to **mobilize the 900x** for much-needed impact investments in EM.



## IFC in debt capital markets

Through US\$350mn O/A investment in two debt funds, IFC mobilized over **US\$1.5 trillion (>4x)** capital for sustainable bond investments.

Since 2018, **FIG DCM investments** have consistently **outperformed** loan investments.

# IFC POSITIONED TO GROW CLIMATE FINANCE AND CAPITAL MARKETS

IFC is a leading institutional climate finance investor and issuer globally...

## Issuances

Issued over 175 green bonds in 20 currencies amounting to over **US\$10 billion**

## Investments

Invested around **US\$12 billion** in climate finance investments in EM FIs

## Funds

Innovating to create sustainable bond markets via **EGO**, **REGIO**, and **BEST Fund**

## Technical Assistance

Providing **technical assistance** on green bonds and impact reporting

## Policy

Chairing the **ICMA** Executive Committee of the Green Bond Principles in 2021

## Upstream

Supporting regulators to develop national green bond frameworks and **taxonomies**

... while continuously innovating climate-related products.

## Climate Bonds

Investments, **upstream** work on taxonomy development, and technical assistance for issuers of **sustainability-linked/transition** and **blue bonds**.  
Training on use of proceeds and impact reporting

## ESG Fund & Performance Indicators

**ESG performance indicators** developed by IFC provide framework for a **sustainability data reporting framework** in EM capital markets

## Private Credit Fund

Leverage **experience** from two targeted energy access debt funds to support new **climate-related debt funds** (climate-smart agri, energy efficiency)

## Carbon Credits

Build fund opportunities and investment portfolios in carbon credits and **commercialize** on carbon credits from client portfolios


## New Products

Exploring **opportunities** to develop products in **climate-smart trade**, and **green supply chain finance**


# HOW CAPITAL MARKETS CAN HELP THE CLIMATE AGENDA

# SELECT IFC INVESTMENTS IN CLIMATE BOND ISSUANCES

## Green Bond Investments

<p><b>BANCO GALICIA GREEN BOND</b></p>  <p>US\$100 million 2018, IFC as Anchor Investor</p>	<p><b>BANCOLOMBIA GREEN BOND</b></p>  <p>COP350,000 million 2016, IFC as Investor</p>
<p><b>BCP MOROCCO</b></p>  <p>EUR135 million 2017, IFC as Anchor Investor</p>	<p><b>FRANSABANK GREEN BOND PROGRAM</b></p>  <p>US\$45 million 2018, IFC as Anchor Investor</p>
<p><b>BDO UNIBANK</b></p>  <p>US\$150 million 2018, IFC as Investor</p>	<p><b>TSK GREEN BOND</b></p>  <p>US\$50 million 2016, IFC as Anchor Investor</p>
<p><b>DAVIVIENDA GREEN BOND</b></p>  <p>COP433,000 million 2017, IFC as Investor</p>	

## Blue Bond Investments

<p><b>BDO UNIBANK</b></p>  <p>US\$100 million 2022, IFC as Investor</p>
<p><b>TMB THANACHART BANK</b></p>  <p>US\$50 million 2022, IFC as Investor</p>
<p><b>BANCO INTERNACIONAL</b></p>  <p>US\$79 million 2022, IFC as Anchor Investor</p>

## Sustainability Bond Investments

<p><b>OCBC NISP GREEN BOND</b></p>  <p>IDR2 trillion 2018, IFC as Anchor Investor</p>
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## Sustainability-Linked Bond Investments

<p><b>sembcorp SLB</b></p>  <p>S\$150 million 2021, IFC as Anchor Investor</p>
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# GLOBAL CLIMATE BOND FUNDS

*International investor flows are channeled to priority development objectives, such as climate, to support the transition to low carbon economies*

**Innovation / Standard Setting / Mobilization of Private Capital**

## EGO

In partnership with Amundi, IFC has set up the world's largest green bond fund which raised US\$1.42 billion to invest in green bonds issued by financial institutions in EMDEs.

**Amundi**  
ASSET MANAGEMENT

## REGIO

In partnership with HSBC, IFC created the first global green bond fund targeting real economy issuers in EMDEs, which raised close to US\$538 million of institutional capital.

**HSBC**   
Global Asset Management

## BEST

IFC and Amundi will soon close another vehicle which will deploy close to US\$1 billion in social, sustainability, sustainability-linked, and green bond issuances from EMDE corporates and financials.

**Amundi**  
ASSET MANAGEMENT

## AVATAR

IFC has recently started an effort to establish a new investment vehicle that will target blue bonds issued by EMDE corporates and financials with a target size of up to US\$500 million.

*Leading global asset manager*

- The capital structure of some of these vehicles (i.e., BEST, EGO) converts global portfolios of geographically diversified but mostly sub-investment grade EMDE bonds into Senior Tranches characterized by risk that is well into investment grade territory, thereby making these funds more “investable” for a wider gamut of investors than would otherwise be the case.
- Beyond being a key anchor investor in these vehicles, IFC co-designed their impact investment as well as ESG risk management frameworks – features which differentiate these vehicles from others in the market.
- IFC set up dedicated Technical Assistance Facilities for each of these funds, which are managed by IFC, and support more issuance of EMDE Target Bonds and improve market awareness of as well as standards for these developmentally impactful instruments.

# SELECT REGIONAL / GLOBAL CLIMATE PRIVATE CREDIT & CARBON FUNDS

*International investor flows are channeled to priority development objectives, such as climate, to support the transition to low carbon economies*

**Innovation / Standard Setting / Mobilization of Private Capital**

## AfricaGoGreen Fund

The fund will provide financing for climate-friendly projects in Africa, including purchasing high-efficiency appliances and industrial equipment, retrofitting existing buildings and new green buildings, and installing rooftop solar and battery storage.



## Access to Clean Power Fund / Global Climate Partnership Fund

IFC invested in two private debt funds managed by responsAbility that address access to renewable energy and energy efficiency equipment for households and SMEs, one with focus on Africa and one taking EMDE exposures globally.



## Voluntary Carbon Markets

IFC is currently structuring investments in two separate carbon funds that will source and finance nature-based solution projects, which will generate high-quality carbon credits that will subsequently be sold to entities who will use them to meet net zero emission targets.

*Leading global carbon  
asset managers*

# STRUCTURED FINANCE TECHNIQUES FOR CLIMATE FINANCE

## Green Synthetic Risk Transfer (SRT) with Santander Poland

- First green SRT in emerging markets
- IFC provided US\$120 million-equivalent second-loss guarantee on credit losses that might be experienced in a US\$730 million-equivalent portfolio of consumer loans
- SRT allows the bank to optimize capital and utilize the freed-up capital to undertake at least US\$600 million-equivalent of new green lending



## Green Risk Share Facility (RSF) with Santander Chile

- RSF that references a US\$300 million portfolio of trade-related assets
- IFC and Santander Chile entered into a 50:50 Risk Sharing Facility
- Santander Chile has agreed to redeploy at least 75% of the capital released as a result of the IFC's Risk Sharing Facility toward the financing of climate-related loans



## Green Covered Bond with Garanti Turkey

- 5-year TL530 million (US\$150 million-equivalent) green covered bond
- Underlying assets: residential mortgages
- Use of proceeds: half of the funds provided by IFC are used to provide green mortgages for the purchase of energy efficient housing



# INTRODUCTION TO THE MANAGED CO-LENDING PORTFOLIO PROGRAM (MCP)



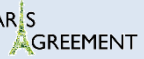
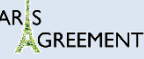













**Presentation to NZAOA**  
April 2023

Presenter: **Anjali Varma**  
**Head of MCP, Principal Syndications Officer,**  
**Syndicated Loans and Management Department**



# THE MANAGED CO-LENDING PORTFOLIO PROGRAM (MCP) BUILDS DIVERSIFIED POOLS OF EMERGING MARKET LOANS ON BEHALF OF INSTITUTIONAL INVESTORS

Under MCP, IFC has raised \$11.7 billion from 11 partners since its launch in 2013, which have been allocated into 240 senior loan transactions as of Dec-end 2022.

Product	Facility	Focus	Investor	Amount
Funded Trust Loans	MCP SAFE	Cross-Sectoral	 SAFE 国家外汇管理局 State Administration of Foreign Exchange	\$3 Billion
	MCP HKMA		 HONG KONG MONETARY AUTHORITY 香港金融管理局	\$2 Billion
	MCP OP HKMA 			\$1 Billion
Funded B Loans	MCP OP Allianz 	Infrastructure	 Allianz	\$1.112 Billion
	MCP Infra		 AXA	\$500 Million
			 PRUDENTIAL	\$556 Million
Credit Mobilization	MCP URP	FIG	 Swiss Re	\$500 Million
	MCP FIG I		 Liberty Mutual. INSURANCE  Munich RE	\$1 Billion
	MCP FIG II		 Liberty Mutual. INSURANCE  Munich RE  everest™  TOKIOMARINE HCC  Aspen  AXA  XL Insurance Reinsurance	\$2 Billion
				<b>\$11.67 Billion</b>

# MCPD IS AKIN TO AN INDEX FUND WHERE IFC'S FUTURE LOAN ORIGINATION IS THE INDEX

MCPD provides investors an efficient way to make one large allocation of capital, and then receive priority access to IFC's pipeline, passively co-lending alongside IFC in every eligible project. Over time, investors receive a globally diversified pool of new senior loans across all sectors on the same terms as IFC's own future origination.

**Priority access to IFC pipeline:** MCPD follows a passive "tracker" process receiving an allocation into every eligible new loan, effectively receiving priority access to IFC's proprietary pipeline of emerging market loans.

**Connection to IFC's global origination capacity:** MCPD connects investors with IFC experts in 95 countries and unique investment opportunities in IFC's global and cross-sectoral loan book.

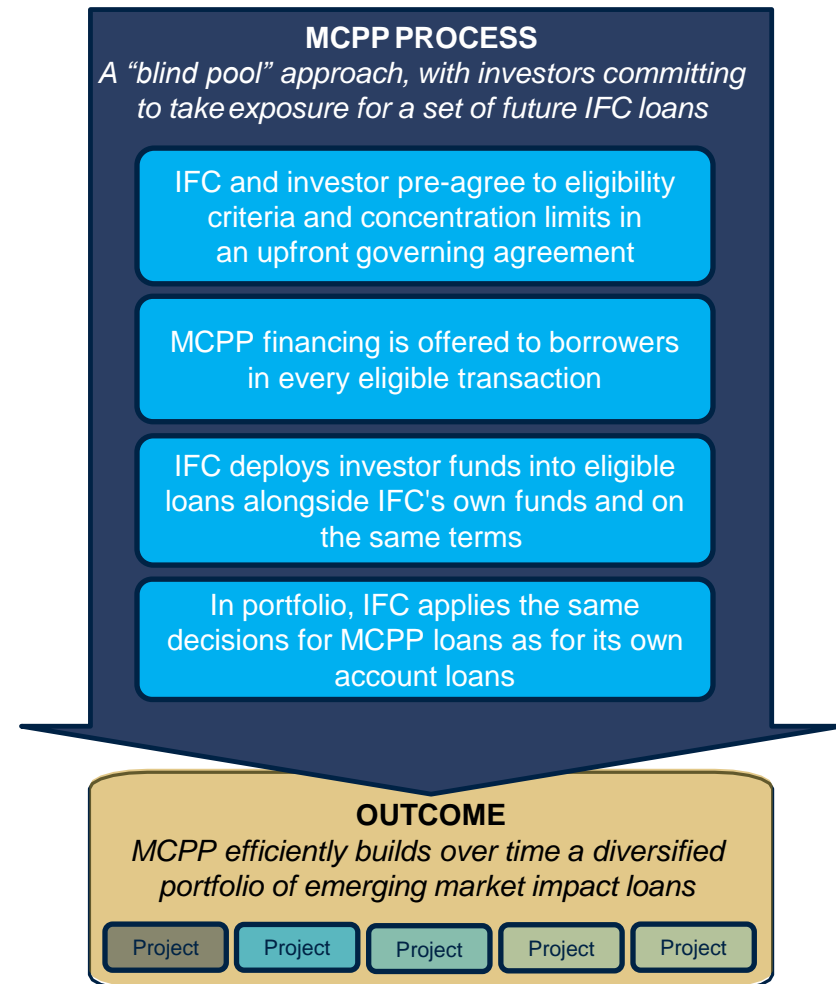
**Alignment of interests:** MCPD aligns incentives through a co-investment approach where IFC retains as much exposure for its own account as the investor in any individual loan.

**Long-term partnership and ease of administration:** IFC manages the supervision process (ongoing waivers and amendments) for its own account and applies the same decisions to the MCPD tranches.

**Risk-return diversification:** IFC's senior loans have limited correlation with other asset classes and low volatility, creating a stable return profile. Floating-rate nature of the loans provide investors with near-zero duration and a continuous reflow of principal and interest back as loans amortize.

**Best practice sustainability and impact reporting:** All loans are assessed and managed against both ESG and impact criteria using IFC's world-class standards. IFC processes underpin both the Equator Principles and the Operating Principles for Impact Management.

**Impact returns against most SDGs:** Impact is a key criterion in asset selection. IFC makes a broad-based contribution across the SDGs and in projects in the poorest countries.



# IFC'S LATEST MCPP INITIATIVE, ONE PLANET

MCPP One Planet was designed in part to address the growing body of regulation on institutional investors (particularly in the EU) regarding environmental, social, and corporate governance – including building books of Paris Aligned assets and enhanced reporting required under the Sustainable Finance Disclosure Regulation.



**MCPP One Planet will build for institutional investors the world's first cross-sectoral portfolio of EM senior loans aligned with the Paris Agreement**, supporting the WBG in its ambitious Climate Change Action Plan.

IFC will provide investors with enhanced impact and ESG-related reporting, allowing them to tangibly demonstrate their contributions to the climate agenda and SDGs, as well as meet their latest disclosure commitments and regulations.

Intention to raise up to \$3 billion initially under One Planet, with **\$1.5 billion raised already across the Hong Kong Monetary Authority (HKMA) and Allianz Global Investors (AGI)**. 3<sup>rd</sup> investor expected to sign soon.

*"MCPP One Planet will create a global model for mobilization of institutional investor financing in support of the climate agenda for the most vulnerable communities on the frontlines of climate change – in emerging and developing economies"*

—Makhtar Diop, Managing Director, IFC

*"...we believe the MCPP One Planet initiative will support emerging markets in accelerating their transition to low-carbon economies and provide the catalytic and demonstrative effect in the scaling of climate-responsible investments"*

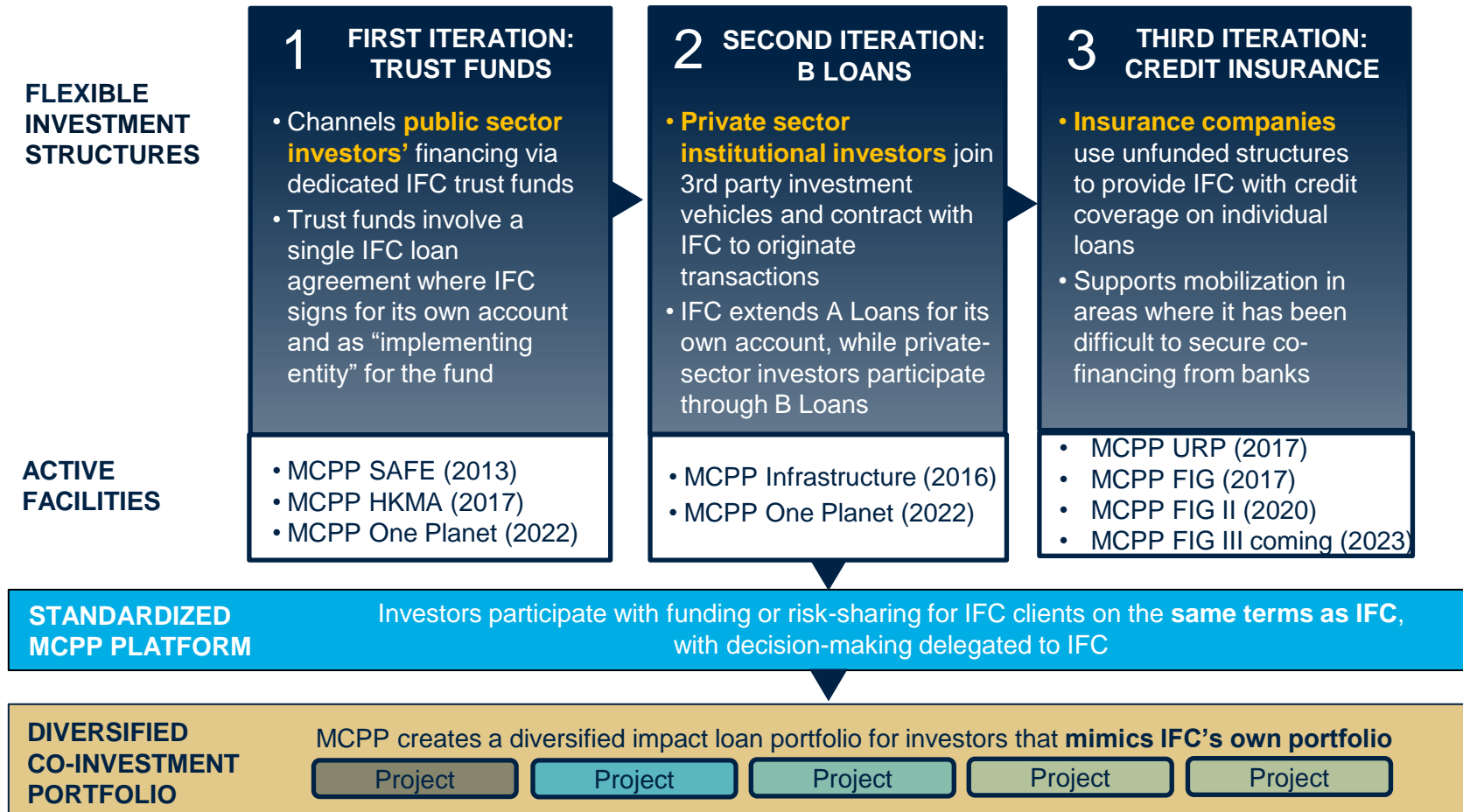
—Eddie Yue, Chief Executive, HKMA

*"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, CEO, Allianz

# MCPP FACILITIES ARE STRUCTURED TO CATER TO DIFFERENT INVESTORS' NEEDS

While IFC is providing all MCPP programs with a consistent loan syndication process, investors participate in the underlying loans through varying legal structures to meet their own business and regulatory requirements.



# IFC'S GREEN BOND PROGRAM



*Creating Markets, Creating Opportunities*

**Yuri Kuroki**  
**IFC Funding, Treasury**  
**April 2023**

# IFC as a Sustainable Bond Issuer

IFC is a sustainable bond issuer with two focused thematic bond programs fully aligned with the **Green and Social Bond Principles**

## Green Bonds

Program established: 2010

Use of Proceeds: Climate friendly projects including renewable energy, energy efficiency, green banking, etc.

## Social Bonds

Program Established: 2017

Use of Proceeds: Projects that aim to address access to essential services and income generation to underserved target populations in developing countries



IFC's FY22 Green and Social Bond Impact Report.  
Access the report [here](#).

# IFC's Green Bond Funding Highlights

**2010**

IFC issues its first green bond: a \$200 million private placement in response to demand from niche investors

**2011**

IFC issues first green bonds in currencies other than the US dollar

**2012**

- IFC issues \$500 million green bond
- IFC issuances account for 27% of global green bond volume in 2012
- IFC launches the Sustainable Banking Network to advance sustainable finance in line with international best practices

**2013**

IFC issues the largest green bonds to date – two \$1 billion green bonds representing 17% of total green bond volume in 2013

**2014**

IFC hosts first meeting of the Green Bond Principles in the USA

**2015**

- The International Capital Market Association (ICMA) publishes The Harmonized Framework for Impact Reporting authored by IFC, IBRD, EIB and AfDB
- IFC issues first offshore green bond in Indian rupee, named “Masala bond”, for direct onlending to an IFC client

**2017**

- IFC, IBRD and Japan's Government Pension Investment Fund of Japan (GPIF) announce partnership to collaborate on initiatives that promote strategies for including environmental, social and governance criteria in investment decisions across different asset classes

**2018**

- ICMA publishes Green, Social and Sustainability Bonds: A High-Level Mapping to the SDGs, co-authored by IFC
  - IFC becomes first development institution to make TCFD disclosure on climate risk
- IFC implements carbon pricing for project finance in the thermal power generation, chemical production, and cement production sectors
- IFC and Amundi launch the Amundi Planet Emerging Green One Bond Fund, the world's largest green bond fund in emerging markets

**2019**

- GPIF managers start making investments in green and social bonds issued by IFC
- IFC and HSBC Global Asset Management launch the Real Economy Green Investment Opportunity Fund to increase access to climate finance for nonfinancial companies increase versus 2018
- Milestone for IFC: Green Bond Program crosses \$10 billion in issuances and IFC surpasses \$10 billion in climate finance investments in financial institutions in emerging markets

**2020**

IFC is elected as Chair of ICMA's Steering Committee of the Green, Social, and Sustainability-Linked Bond Principles

**2021**

IFC is re-elected as Chair of ICMA's Steering Committee of the Green, Social, and Sustainability-Linked Bond Principles

**2022**

IFC updated its Green Bond Framework to incorporate blue and biodiversity categories

# IFC's Green Bond Funding Proceeds

IFC's green bonds finance select and the greenest projects from the climate portfolios in these areas:



Renewable Energy



Energy Efficiency



Sustainable Agriculture



Green Buildings



Waste Management



Climate Change Adaptation

IFC's updated Green Bond Framework will finance:



Ocean and Water Protection



Biodiversity

IFC's Green Bond Program has supported these UN SDGs:





# IFC's Updated Green Bond Framework

In December 2022, IFC updated its Green Bond Framework with three major updates:

- Adding **biodiversity** and **blue finance** (ocean and water) as green categories.
- Explicitly **excluding** activities that support the fossil fuel industry, livestock, hydropower and deforestation.
- Harmonizing the eligible categories for mitigation and adaptation projects with the Common Principles developed by the Joint Climate Finance Tracking Group of MDBs and the International Development Finance Club.

A **Second Party Opinion** issued by **CICERO Shades of Green** rated the new framework as **Medium Green** with a governance score of **Excellent**.

*“We rate the framework CICERO Medium Green and give it a governance score of Excellent, supported by sufficient project categories receiving Dark Green or Medium Green shadings, IFC’s Excellent governance score, its conservative approach in applying criteria and exclusions in project selection processes, and its efforts to support both standard and innovative or undervalued green finance project categories.”*

## SHADES OF GREEN



## GOVERNANCE ASSESSMENT



## GREEN BOND PRINCIPLES






Based on this review, this framework is found aligned with the principles.

# IFC's Green Bond Impact Summary

- Since launching the Green Bond Program in 2010, IFC remains one of the world's most prolific issuers of green bonds, having issued **178 green bonds** for **\$10.6 billion** in **20 currencies** that finances **258 projects** across **8 sectors**, as of FY22 end.
- The expected impact of the green bond proceeds are seen in the reduction of green house gas emissions, production of renewable energy, conservation of energy and greening of buildings.



## Impact Summary

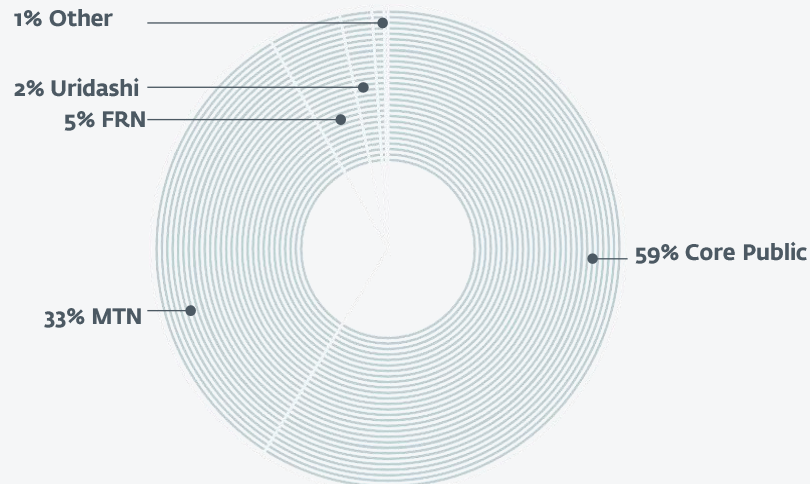
-  Reduce greenhouse gas emissions by **25.6 million metric tons** of CO<sub>2</sub>-equivalent per year
-  Produce **31,755,857 megawatt hours** in renewable energy
-  Construct **9,753 megawatts** in renewable energy capacity
-  Save **868,656,239 kilowatt hours** of annual energy annually
-  Green **863,685 square meters** of buildings

# IFC's Issuer Profile

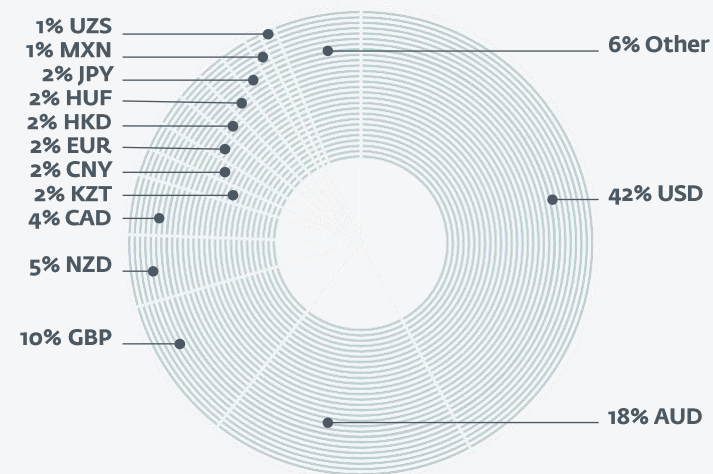
- Consistently rated **AAA/Aaa**
- **0% risk weighting** under Basel framework
- **Well capitalized:** net worth exceeds a quarter of the balance sheet
- **Robust liquidity position** with a liquidity coverage ratio above the minimum requirement
- Annual funding program of **up to \$14 billion** for FY23
- IFC complements its public issuance by accessing a variety of different markets such as **MTNs and retail programs**



**Borrowings by market in FY22**



**Borrowings by currency in FY22**



# **PCM for Climate**

## **Leveraging World Bank work to crowd-in Institutional Investors for Public sector Climate Projects**

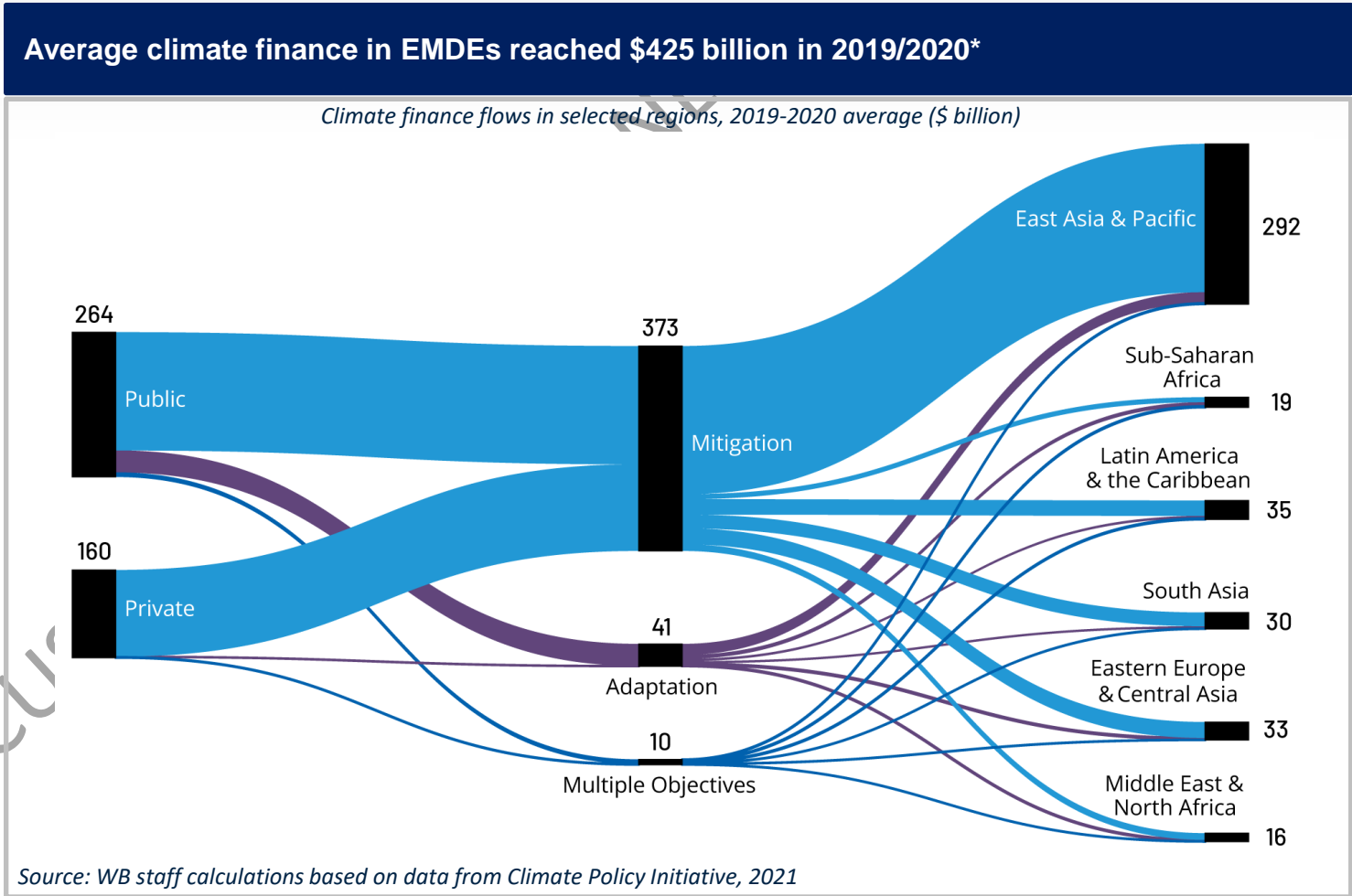
**Presentation for discussion purposes only and does not constitute an offer to invest or subscribe to any securities**

**Laila Nordine,  
Senior Advisor,  
Lead World Bank PCM/PCE  
April 2023**



# Context- Less than 40% of climate finance flows are from private sources

- *Current Climate finance flows to EMDEs are uneven, dominated by flows in China (over 50%) and mitigation (over 85%)*
- *Over 60% of climate finance sourced from public sector.*
- *Adaptation finance is at less than 15% of needs*
- *Reasons for Gap vary, and all stakeholders have a role to play*



*Climate finance to increase 4x by 2030 to meet the needs for the transition without which annual gap could reach between \$1.3 and \$3 trillion by 2030*

## ...with all sources of climate finance facing specific challenges..

### PUBLIC RESOURCES ARE SCARCE AND UNDER STRESS DUE TO COMPOUNDING CRISES

- Public finances constrained by high debt levels, rising interest rates and soaring prices
- And billions spent on inefficient subsidies that are counterproductive to climate action.

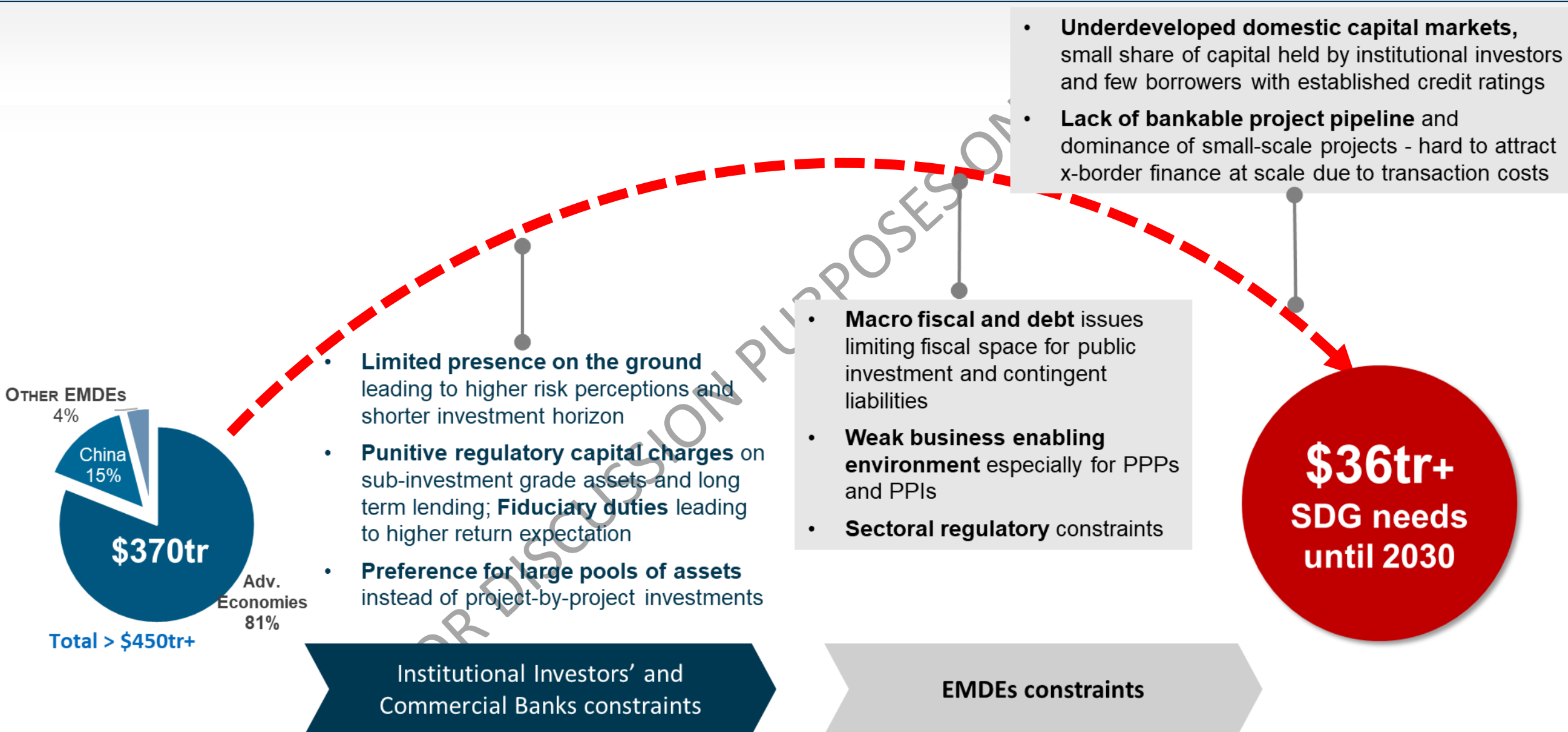
### PRIVATE CLIMATE INVESTMENTS SUFFER FROM LACK OF

- Certainty around the government's climate ambition, policies and plans;
- Carbon pricing mechanism that levels the playing field for green investments
- Bankable projects that can generate cashflows to pay back within 5-7 years;
- Investment track record in most EMDEs
- Common standards to measure, track and report climate financing

### INTERNATIONAL CONCESSIONAL FINANCE STILL BELOW REQUIRED SCALE

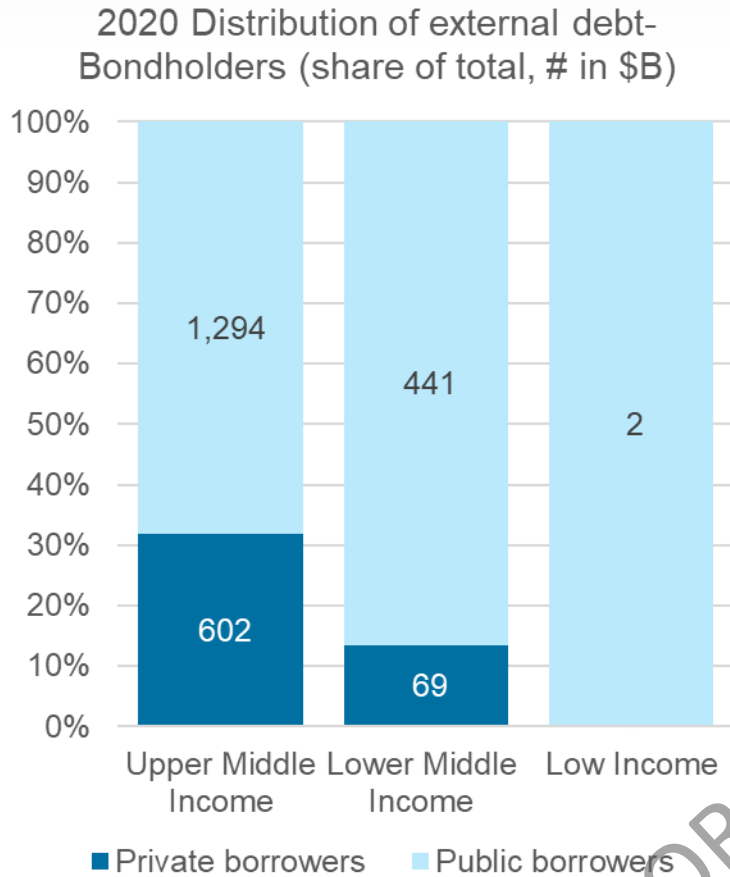
- Developed countries have not delivered the \$100 billion annual commitments target
- Philanthropic capital for climate action is limited (2% of global dedicated to climate)

# Institutional private capital is also not flowing at the necessary scale for other SDGs...

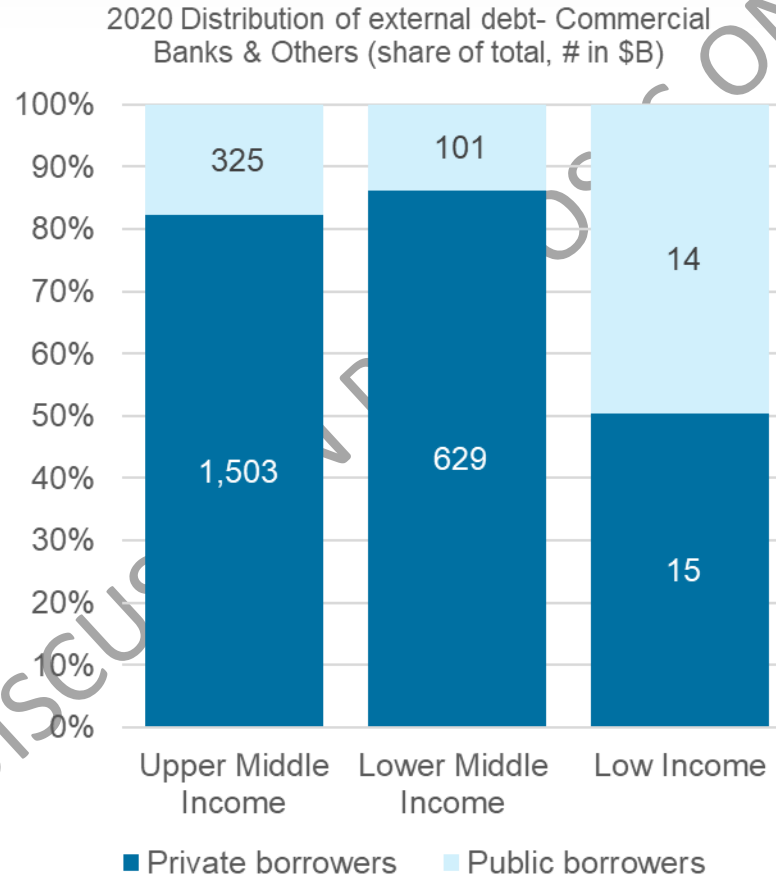


# .. with private investors (institutional investors, commercial banks and corporate sponsors) showing targeted and limited risk appetite for investing in EMDEs across all sectors

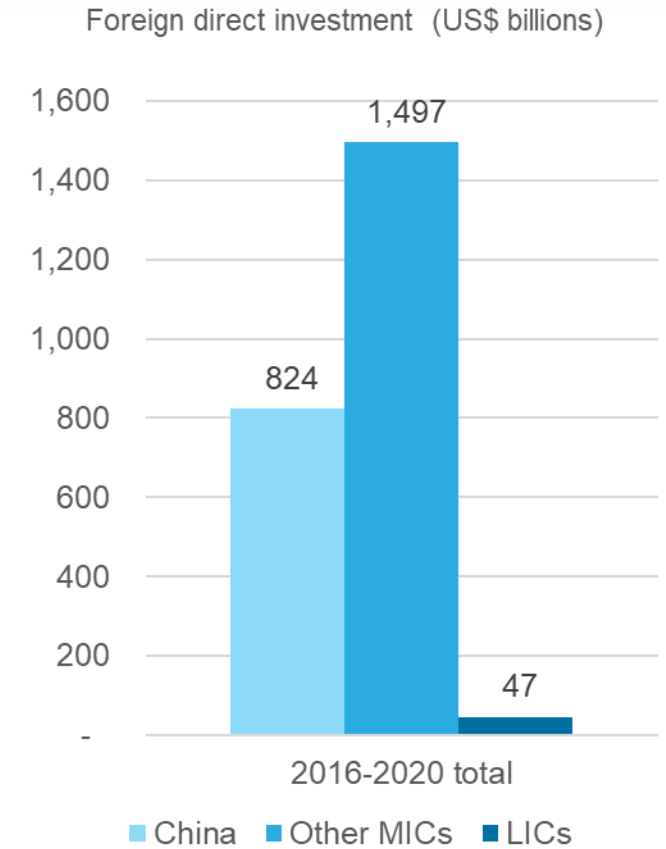
*Institutional investors favor exposure to public sector esp. in LMICs and LICs*



*Lending from commercial banks favors exposure to MICs' private-sector*



*Equity investment dominated by flows to China and MICs, with very limited flows to LICs*



Source: [International debt statistics](#)



# What could the different stakeholders do to scale up climate finance?

## National Governments

- Policies including Subsidies, Carbon pricing
- Procurement and public investments
- National resilience plan
- Taxonomies and regulations

## World Bank Group

- Analytics and Diagnostics at country level
- Technical Assistance for long term strategies and NDC implementation
- Advising on and Lending for climate focused reforms
- Capacity building for Green finance and Carbon markets
- Financing green projects (mitigation and adaptation)
- Political and credit risk guarantees
- **Private capital enabling and mobilization**

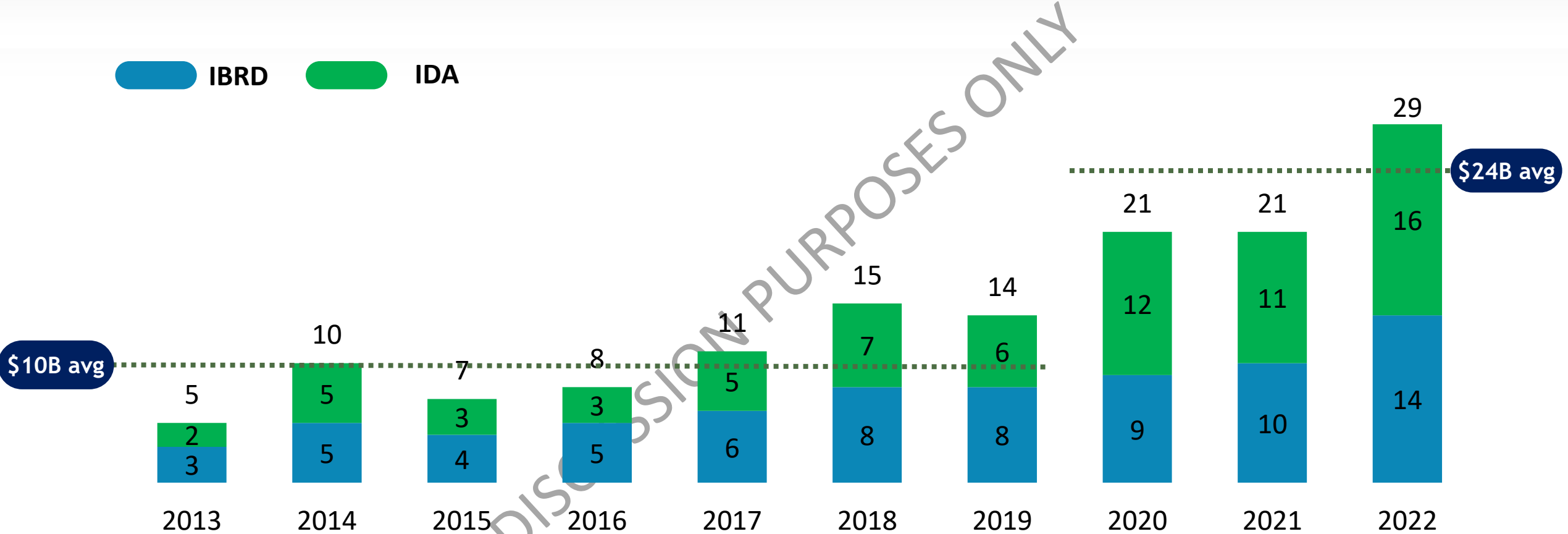
## Private Sector (Corporates and Financial Sector)

- New Technologies
- Supply chains
- GHG (including value chain)
- Financing public and private sector climate transition investment projects

## International Donors (public and philanthropies)

- Grants and concessional finance sources
- De-risking and credit enhancements
- Results-based financing and payments

# As we grow our own Climate finance delivery..



Note: Calendar year data; Numbers may not sum due to rounding

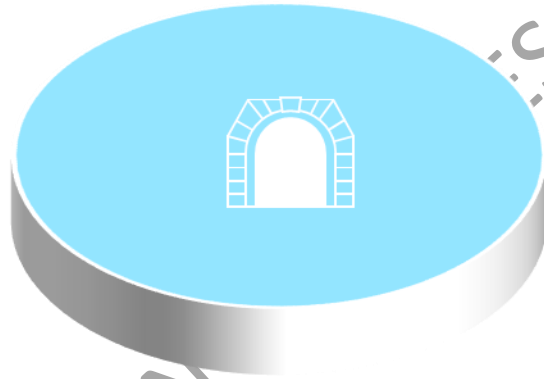
# .. we are working to further enable and mobilize private capital for Climate

## 1. Enabling private capital investments



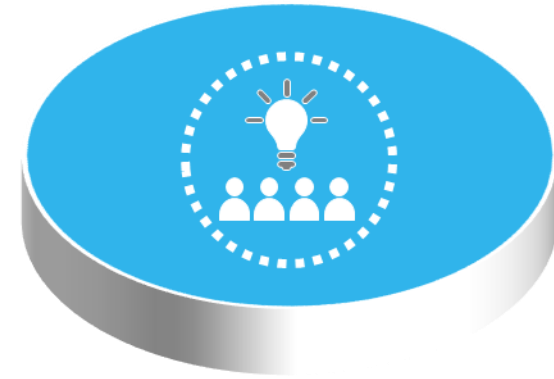
- **Diagnostics and Reforms** (Macro stability and prudent monetary, exchange rate, and fiscal policies, open, transparent and competitive markets)
- **Public investments** that are key to enabling private investments (Grid, BESS), SOE reforms

## 2. Building capital investment pipelines



- **Replicable and Scalable** Public Private approaches (solar, wind, water, e-mobility etc)
- Large scale **public investment programs for mitigation and adaptation**, SOEs CAPEX

## 3. Establishing private capital connectors

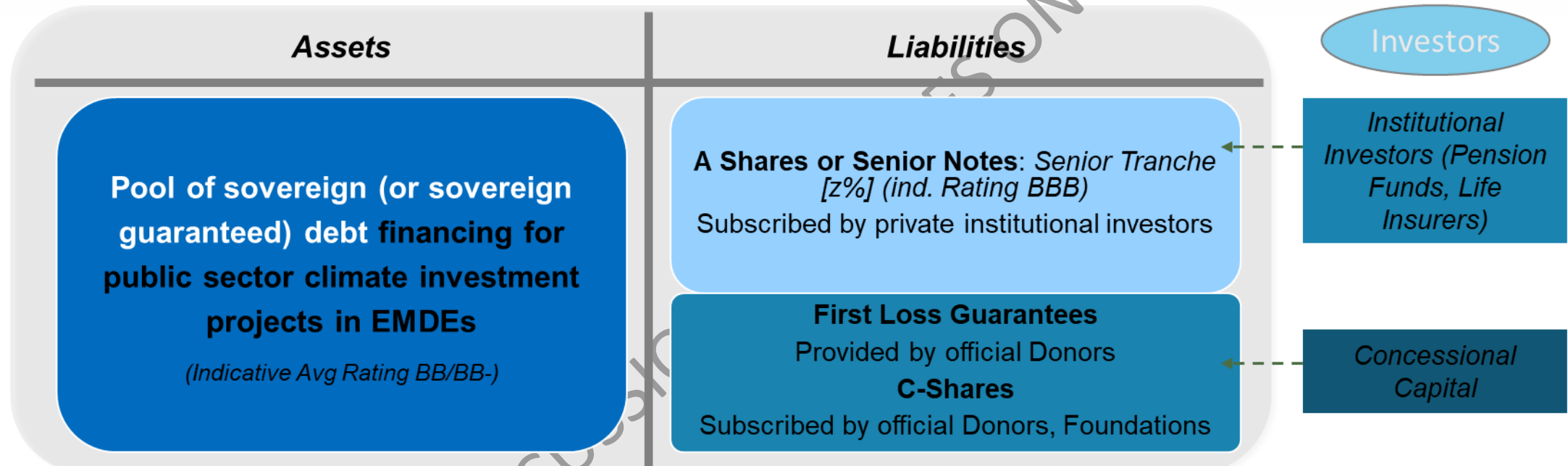


- **Aggregating and packaging** EMDE private sector loans into investable securities for institutional investors
- Creating **private Co-financing** platforms for public sector projects
- **Guarantees** and other de-risking

# Private Capital connectors - WB is exploring feasibility of a Private co-financing facility that pools Investments in public sector projects

**Goal:** Mobilize Private capital to co-finance public sector investment projects in EMDEs.

The platform/fund will leverage first loss credit enhancement



**WB Role:** Engage with governments, source projects in alignment with NDCs/PA, project set up, financing terms', ESG standards, engagement with donors

**Pool Manager Role:** Lead sourcing of investors (and any listing process), engage other serviced providers (lawyers etc), asset selection, geographic diversification, reporting and managing distressed loans

**Donors Role:** Credit enhancement and Grants

# Private Capital Connectors - WB is exploring feasibility of a platform that provides institutional investors with “project by project” investable opportunities



1. **Partial Credit Guarantee (WB or MIGA)**, advisory, feasibility analysis, project set up, safeguards standards



- E.g. Climate projects:**
- Energy transition
  - Adaptation projects (e.g. water scarcity)
  - Resilience projects (e.g. seawalls)
  - Green SMEs, Housing finance

**WB potential role:** Engage with governments, source projects in alignment with NDCs/PA, Technical assistance for debt issuance,, project set up (for use of proceeds), KPIs for SSLBs, financing terms’, ESG standards, Guarantees

FOR DISCUSSION PURPOSES ONLY

# Q&A