

IFC Supporting Decarbonization and Sustainable Finance



Creating Markets, Creating Opportunities

IFC: A MEMBER OF THE WORLD BANK GROUP

Advancing economic development and improving the lives of people by encouraging the growth of the private sector in developing countries

The World Bank Group



IBRD	IDA	IFC	MIGA	ICSID
International Bank for Reconstruction and Development	International Development Association	International Finance Corporation	Multilateral Investment and Guarantee Agency	International Center for Settlement of Investment Disputes

In working to **end extreme poverty** and **boost shared prosperity**, IFC collaborates closely with other members of the World Bank Group

Loans to middle-income and credit-worthy low-income country governments	Interest-free loans and grants to governments of poorest Countries	Solutions in private sector development	Guarantees of private sector investments' non-commercial risks	Conciliation and arbitration of investment disputes
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IFC: Quick Facts

- Founded in 1956
- Over 60-year history in emerging markets
- Owned by 186 member countries
- \$43.7bn in investment commitments (LT & ST) in FY23



~4,400
staff in 100+ offices
in 95+ countries.



AAA/Aaa
S&P/Moody's Rating

INDUSTRY DIVISIONS



Infrastructure & Natural Resources



Manufacturing, Agriculture & Services



Financial Institutions



Private Equity & Venture Capital

OUR PRODUCTS AND SERVICES

A one stop-shop from debt to equity

Investment

Loans	Equity	Trade & Commodity Finance	Derivative & Structured Finance	Blended Finance
<ul style="list-style-type: none"> Corporate and project financing On-lending through intermediary institutions Sustainable and climate finance linked loans and bonds 	<ul style="list-style-type: none"> Direct equity investments Private equity funds 	<ul style="list-style-type: none"> Guarantee of trade-related payment obligations of approved financial institutions 	<ul style="list-style-type: none"> Derivative products to hedge interest rate, currency, or commodity-price exposures of IFC clients 	<ul style="list-style-type: none"> Using donor funds to crowd in private financing

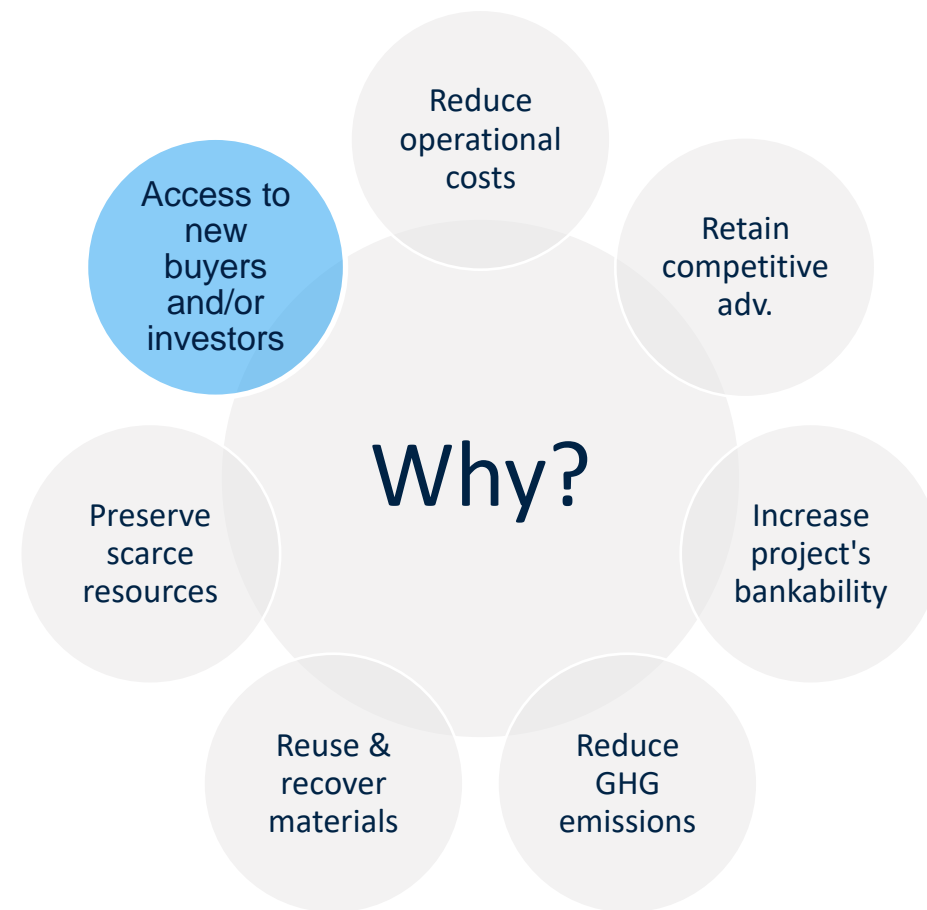
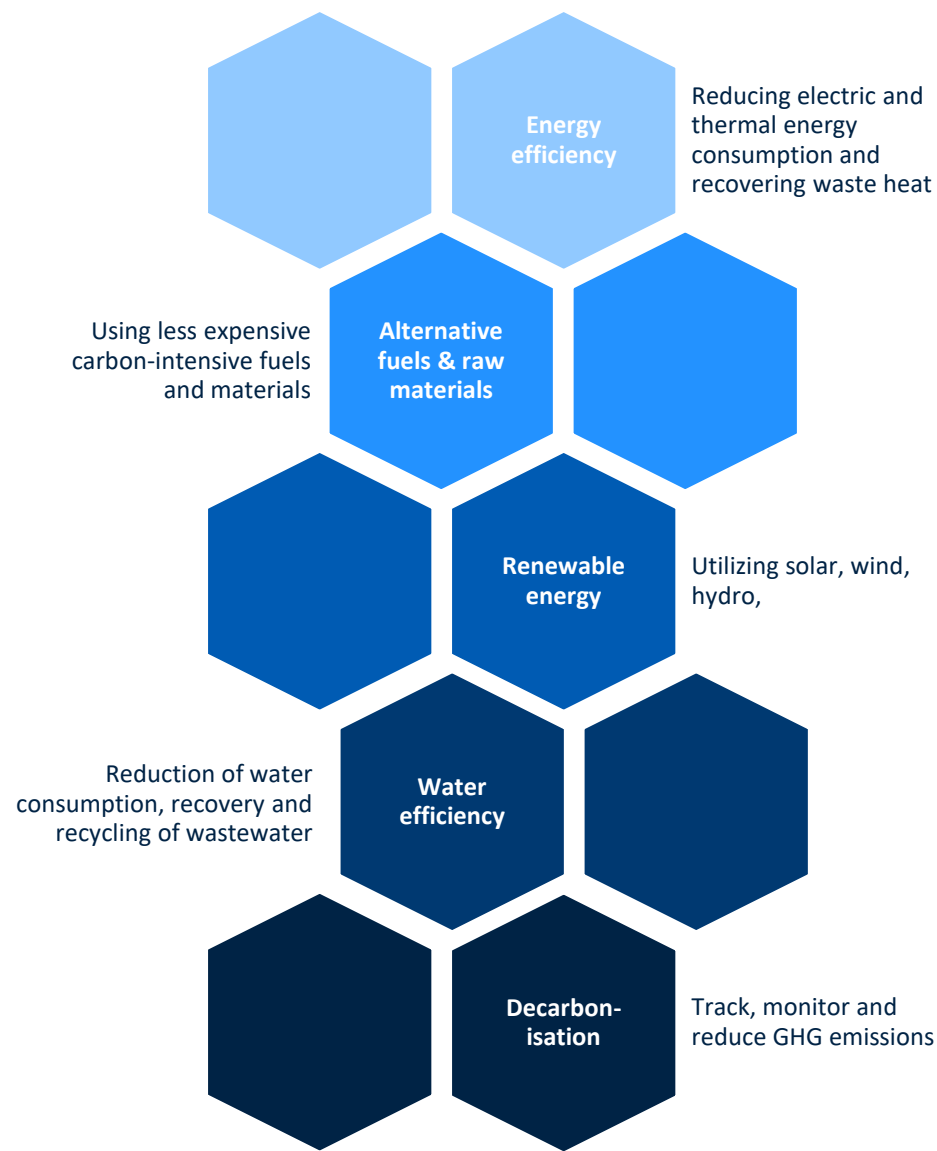
Advisory

Creating Markets	Firm level	Project Development
<ul style="list-style-type: none"> Expertise in creating enabling business environment in specific industries Track record on working with governments on implementing reforms Deep relationships across WBG help to improve coordination and delivery 	<ul style="list-style-type: none"> Strengthen clients' performance and impact Strengthen capacity of suppliers (e.g. farmers) and distributors (SMEs) Sector-specific advisory including PPP Transaction Advisory 	<ul style="list-style-type: none"> Co-develop early-stage projects Help pilot new markets Unlock investment opportunities Improve ESG standards

Mobilization

Over 80 co-financiers: banks, funds, development finance institutions

CLIMATE ADVISORY SOLUTIONS ACROSS MANUFACTURING & AGRICULTURE SECTORS



IFC SUPPORT TO CLIMATE AGENDA – 3 PILLARS

PROJECT DEVELOPMENT SUPPORT

- Assessment of resource efficiency and decarbonization opportunities
- Development of specific projects and solutions
- Building knowledge and capacity for successful project implementation

STRATEGIC SUPPORT FOR DECARBONIZATION

- Support of GHG metering and monitoring activities
- Development of emission reduction goals and milestone
- Development of detailed low-carbon roadmap with linkages to specific projects and initiative

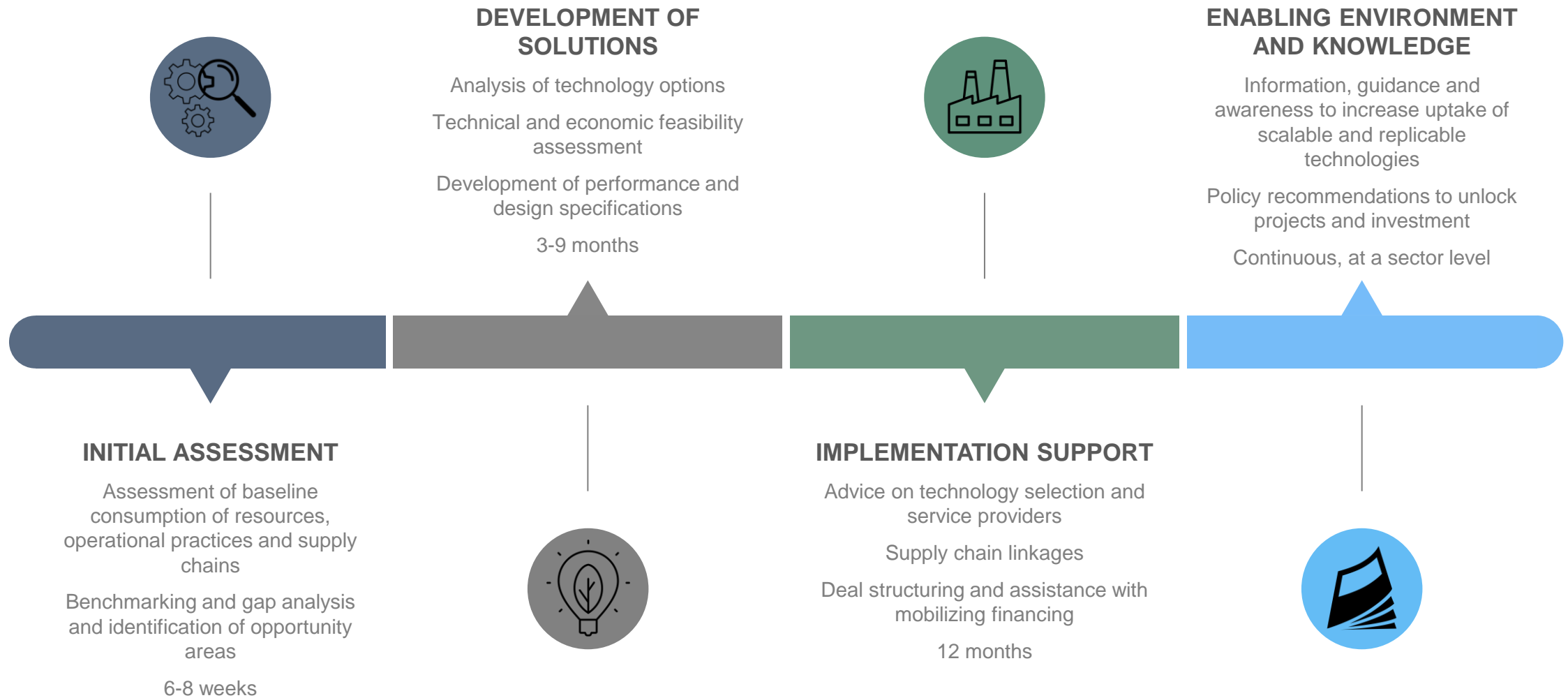
DEVELOPMENT OF GREEN FINANCING INSTRUMENTS

- Development of the green financing principles and framework
- Support in obtaining external verification
- Mobilizing financing

PROJECT DEVELOPMENT SUPPORT

- Assessment of resource efficiency and decarbonization opportunities
 - Development of specific projects and solutions
 - Building knowledge and capacity for successful project implementation
- “Technical” angle
 - Process (and later value-chain oriented)
 - Often less sophisticated clients (lack of technical and/or managerial capacity, of non-core expertise, of the resources that can be deployed in a local market)

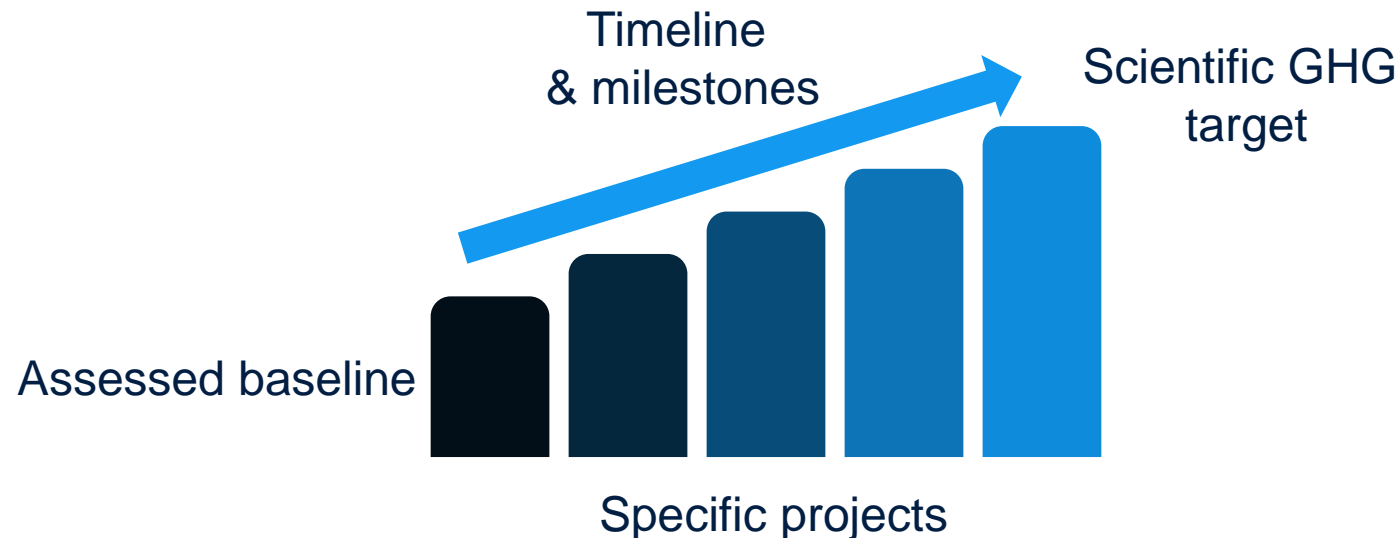
"CLASSIC" RESOURCE EFFICIENCY



PILLAR 2: STRATEGIC DECARBONIZATION

Comprehensive longer-term strategic approach

- Carbon footprint assessment (Scopes 1, 2 and where feasible 3)
- GHG reduction target setting: SBTi (or equivalent)
- Identify options for decarbonization (e.g. direct emissions reduction via energy and resource efficiency, renewable energy, explore circular economy solutions, manure management, carbon credits)
- Review and incorporate existing CAPEX plans
- Design decarbonization roadmap
- Facilitate setting internal carbon pricing
- Provide capital through Investment programs compliant with Sustainable Finance Principles
- Work with local Governments to remove barriers and adopt supportive policies



PILLAR 3: SUPPORT FOR SUSTAINABLE FINANCE INSTRUMENTS



STRUCTURING OF FINANCING INSTRUMENTS

- Development of a fit-for-purpose financing framework
- Support in selection of second-party opinion (SPO) providers
- Support in impact assessment and reporting



STRATEGIC ADVICE AND GUIDANCE

Development, review and revision of:

- **Low-carbon strategies, roadmaps and pathways**
- **Environmental, social and governance framework**
- **Capital expenditure plans**
- Sustainable debt programs

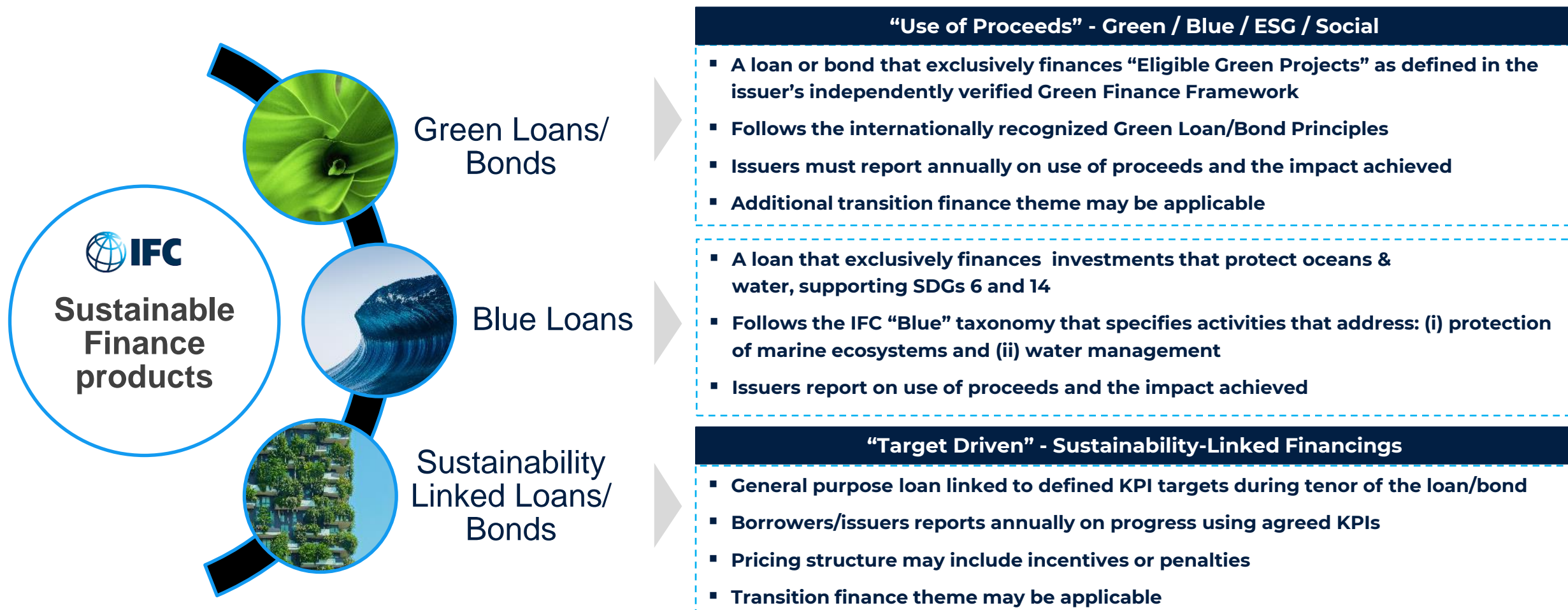


MOBILIZING CAPITAL

- **Performing a sustainability coordinator role**

- Mobilization of investors
- Support in achieving compliance with listing requirements

TYPES OF PRODUCTS AND INSTRUMENTS



FINANCING FRAMEWORK DEVELOPMENT

Uses of proceeds instruments

Identification of suitable categories of eligible projects (green / blue / social etc.), eligibility thresholds, exclusion criteria

Definition of the project selection process, including management of accompanying ESG risks and safeguards for externalities

Development of the procedure for management of proceeds, including temporary placement and reallocation

Development of the reporting scope, framework and timeline

Considerations for ex-ante, ex-post and periodic external verification

Sustainability-linked instruments

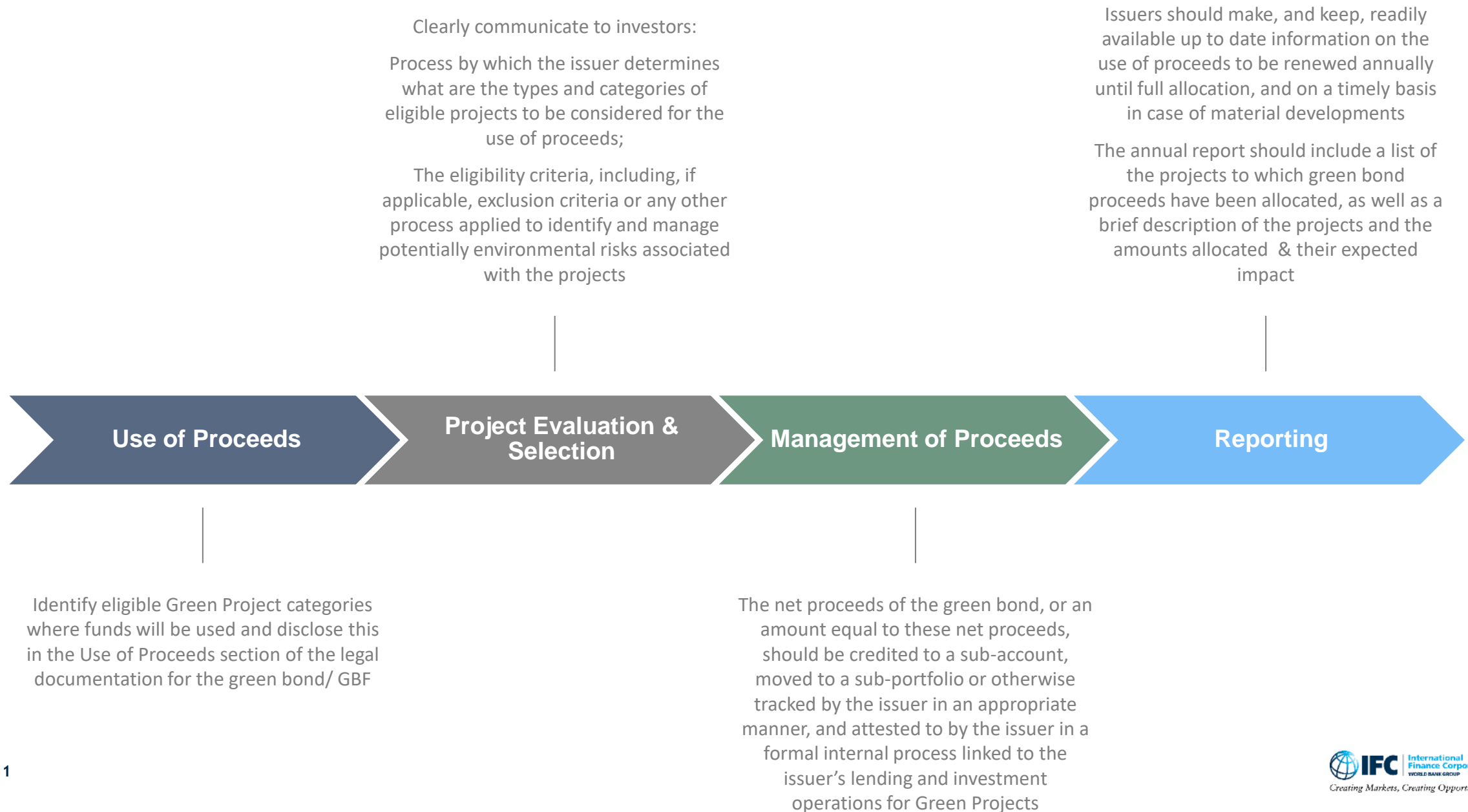
Selection of relevant KPIs aligned with the company's broader ESG agenda and definition of the KPI application rules for specific instruments

Calibration of sustainability performance targets (SPT) for each KPI and definition of SPT scope for specific instruments

Development of instrument characteristics, including a framework for incentives and/or penalties on (non) achievement of the KPIs

Aligned with the international financing Principles by International Capital Markets Association (ICMA), Loan markets Association (LMA), United Nations Sustainable Development goals (UN SDGs), GHG Protocol, relevant sector decarbonization pathways

IFC GREEN BOND / LOAN FRAMEWORK



GREEN INSTRUMENTS: EXAMPLES OF USES OF PROCEEDS



Certified Green Buildings that meet IFC standards, e.g. IFC's Excellence in Design for Greater Efficiencies (EDGE) or other recognized certification (e.g. LEED)



Renewable Energy equipment, systems or services that enable production of wind, solar hydro, biomass to power, biogas,; or the use of clean sources of power by companies



Energy Efficiency equipment, systems or services that result in energy savings, e.g., waste heat recovery, cogeneration, capacity upgrades, carbon capture and utilization.



Pollution prevention and control such as reduction of air emissions, soil remediation, waste prevention / reduction, and emissions-efficient waste to energy.



Climate-Smart Agri activities such as

- Increasing productivity without increasing GHGs (e.g., precision farming)
- Avoiding crop losses, reducing food losses
- Reducing N2O emissions from fertilizer use
- Climate resilient crops



Activities that help clients to Adapt to Climate Change e.g.

- Flood-proof infrastructure.
- Climate resilient ports
- Heat and water stress resilient agriculture



Circular Economy type measures, in products or manufacturing processes that support product redesign, waste recycling & reuse



Climate Smart Forestry and Wood Products afforestation, reforestation, sustainable forest management that increases carbon stock



Water Efficiency & Management water saving / reuse / recycling, especially in water stressed areas. Waste-water treatment, methane capture, anaerobic digestion



Low emission transport products, services and infrastructure such as electric vehicles, charging stations; and their value chains. Energy storage



Biodiversity Conservation both terrestrial and aquatic, including protection of coastal, marine and watershed environments



Disaster management & business continuity



Flood protection



Infrastructure upgrades

SUSTAINABILITY-LINKED INSTRUMENTS: EXAMPLES OF KPIS



Alternative Energies

Wind and solar capacity
Hydrogen capacity
RE share in power consumption



Circular Economy

Share or absolute amount of recycling, reuse of materials, waste reduction



GHG Emissions

Reduced GHG emissions
(Scope 1 + 2)



Energy Efficiency

Share of New and Refurbished Green Buildings
Energy storage
Efficient HVAC
Reduced system losses



Water

Freshwater use
Wastewater treated



Climate Smart Agri

Reduce food losses
Reduce input use
Add crop sustainability certifications



Gender

Share of Female staff
Share of Women in management



Community

Community investment
Youth employment
Education



Health & Safety

Reduced accidents



Biodiversity Conservation

Share or absolute amount for protection of marine ecosystems
Biodiversity KPIs



Governance

Improved governance reporting / transparency



Forestry

Reforestation, Sustainable forest management that increases carbon stock

Thank you



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