

# GREEN BOND IMPACT REPORT

Financial Year 2021



**IFC**

**International  
Finance Corporation**  
WORLD BANK GROUP

*Creating Markets, Creating Opportunities*

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## ABOUT IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2021, IFC committed a record \$31.5 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of the COVID-19 pandemic. For more information, visit [www.ifc.org](http://www.ifc.org).

*On the cover: Recycled plastic pellets collected from the sea*



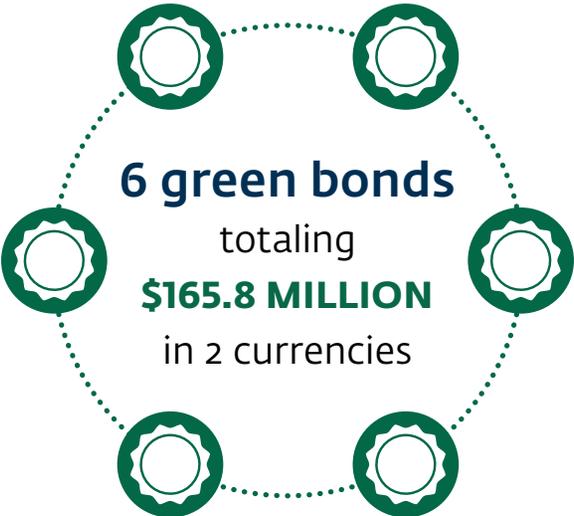


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# FY21 Highlights

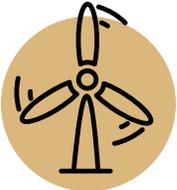
15 projects committed across 7 sectors



**BIOMASS**



**SOLAR ENERGY**



**WIND ENERGY**



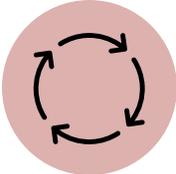
**TRANSPORT**



**GREEN BANKING**



**GREEN BUILDINGS**



**CIRCULAR ECONOMY**



invested in IFC green bonds in FY21 is expected to<sup>1</sup>:



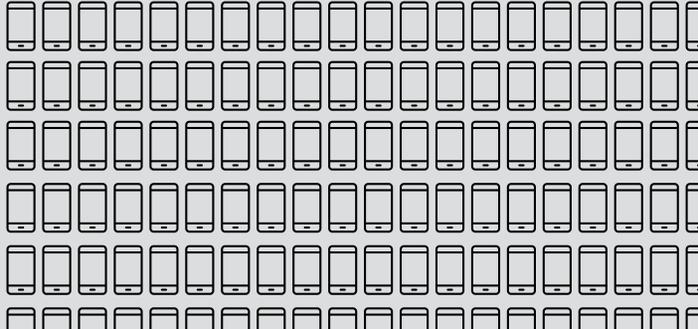
Reduce greenhouse gas emissions by **12.6 METRIC TONS** of CO<sub>2</sub>-equivalent per year

Equivalent to greenhouse gas emissions from 3 passenger vehicles driven for one year



Produce **5.4 MEGAWATT HOURS** of renewable energy

Sufficient to charge over 465,000 smartphones

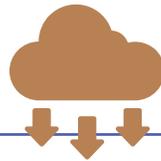


4 GREEN BOND IMPACT REPORT  
1 For illustration purposes only and not guaranteed

## FY21 green bonds are expected to...

**REDUCE** greenhouse gas emissions by 2 million metric tons of CO<sub>2</sub>-equivalent per year

Equivalent to CO<sub>2</sub> emissions from 4.8 million barrels of oil consumed



**PRODUCE** 898,844 megawatt hours of renewable energy

Sufficient to power the Turks and Caicos Islands for one year

**CONSTRUCT** 273 megawatts of renewable energy capacity

**SAVE** 115,161,121 kilowatt hours of annual energy

Equivalent to CO<sub>2</sub> emissions from over 90 million pounds of coal burned



## Cumulative Highlights

FY10–FY21

**178** green bonds totaling **\$10.5 BILLION** in 20 currencies

**235** projects committed totaling **\$9.4 BILLION**

**CONSTRUCT** 9,453 megawatts of renewable energy capacity

**SAVE** 864,611,239 kilowatt hours of annual energy

Equivalent to over 111,299 U.S. homes electricity use for one year

**GREEN** 598,685 square meters of buildings

Equivalent to the Pentagon, the world's largest office building which houses 26,000 personnel and has a total of 17.5 miles (28.2 km) of corridors

## FY10–FY21 green bonds are expected to...

**REDUCE** greenhouse gas emissions by 23.9 million metrics tons of CO<sub>2</sub>-equivalent per year

Equivalent to CO<sub>2</sub>-emissions from 2.6 billion gallons of gasoline consumed

**PRODUCE** 26,352,287 megawatt hours of renewable energy

Sufficient to power Papua New Guinea for one year



# A Letter from the Treasurer



**John Gandolfo**  
IFC Vice President and Treasurer

The recent report from the Intergovernmental Panel on Climate Change makes the stakes all too clear: without immediate action, the impacts of climate change will grow only more devastating in the years ahead. And it is the world's most vulnerable people—those who have contributed the least to climate change—that will suffer the most from its effects. Left unchecked, the climate crisis could push 132 million people into poverty over the next ten years.

Addressing this issue is our generation's greatest challenge—a global responsibility that requires collective effort. At the World Bank Group, we know that if we don't do our part to limit global warming, we will never succeed in our mission to end poverty and build shared prosperity in developing countries. Our new Climate Change Action Plan recognizes this and aims to deliver record levels of climate finance to developing countries—reducing emissions, strengthening adaptation, and aligning investments with the goals of the Paris Agreement.

I am personally committed to doing what I can to keep the planet sustainable for generations to come. IFC is staffed with colleagues who similarly feel strongly about our role in combatting this existential challenge. We recognize that the private sector needs to play a critical role in the fight against climate change and we need to green the financial system.

This has become even more of a focus for us over the last year. FY21 marked the milestone of a decade of our Green Bond Program. We reviewed it with the objective of enhancing it as we commence the next decade of the Program. We renewed the Second Party Opinion from Cicero and upon their assessment, our governance procedures were found to be excellent.

Amid the ongoing pandemic, the need for green investments remains crucial. Our strategy, within IFC Treasury & Syndications, is to build on being a multifaceted participant in the green finance market way beyond our green bond issuance program. We see great value in providing technical assistance and capacity building to those beginning their sustainable finance journeys and the continued education of investors in this regard. The IFC–Milken Institute–George Washington University Capital Markets Program is one of the channels where we work to empower capital market participants with the skills needed to develop capital markets and embed sustainability in financial systems across the emerging markets.

We must dramatically scale-up investments in sustainable finance in this decade, and green bonds can help us get there—offering an important avenue to raise funding in large volumes. IFC Treasury & Syndications is committed to being a lamplighter to the green path ahead.



# IFC Climate Business Overview for FY21

The recently published report<sup>1</sup> from the Intergovernmental Panel on Climate Change (IPCC) describes climate change as widespread, rapid and intensifying. It shows that changes already set in motion, such as sea level rise, could be irreversible over hundreds to thousands of years. Stabilizing the climate will require immediate and sustained reductions in greenhouse gas emissions.

Climate change poses a significant risk to business, but climate business is a major

economic opportunity that can promote growth, create jobs, and accelerate the transition to low-carbon development. IFC's research shows that climate business can generate \$23 trillion in investment opportunities, create 213 million cumulative jobs, and achieve 4 billion tons of CO<sub>2</sub> equivalent reduction in developing countries. These opportunities exist in a wide range of sectors, including climate-smart agriculture, urban infrastructure, renewable energy and more.

Core to IFC's Climate Business is assisting our private sector clients to make these opportunities viable through our advisory, investment and blended finance offerings. In addition, we actively work with partners including emerging market governments and public sector bodies to catalyze finance for climate action.

## Our strategy

IFC's climate business aims to support our clients' transition to a low-carbon future. Our support helps identify low-carbon investment opportunities through industry sector experts, metrics specialists, finance professionals, and strategists. It also supports analysis of climate risk through tools such as carbon pricing and assessment of physical climate risk in investment projects.

IFC uses a wide toolkit of approaches to generate investable opportunities, from policy reforms to project development, working closely with the rest of the World Bank Group to create the regulatory and policy environment that can attract private investors.

IFC invests in climate-related projects such as renewable energy and energy efficiency, sustainable agriculture, green buildings, waste management and private sector adaptation to climate change.

We are also scaling up our efforts to develop capital markets and mobilize much needed private capital to green emerging markets.

<sup>1</sup> "Climate Change 2021: The Physical Science Basis"

<sup>2</sup> The following numbers are own account and do not include core mobilization.

## The Impact of IFC Climate Business in FY21

- \$7.6 billion** combined mobilization and own account investments
- 12 million** metric tons in annual GHG reductions
- 126** projects
- 32%** of IFC's total own account investments in FY21 (equaling \$4 billion) were climate-related, plus \$3.6 billion through core mobilization efforts
- 90¢** mobilized from other investors for every dollar IFC invested
- \$32 billion** in own account climate-smart finance investments from FY05 through FY21, plus \$26 billion mobilized

# Meet IFC's New Climate Business Director



At the start of the year, **Vivek Pathak** was appointed as IFC's new Director for Climate Business, succeeding Alzbeta Klein. During a coffee chat with the millennials from the Funding & Investor Relations team, Vivek spoke about his impressive career path in Asia and his views on IFC's climate business for the years ahead.



Samer Ibrahim, Sophie Peeters, and Marsha Sneh Monteiro (clockwise) from the Funding & Investor Relations team

## **Samer: Vivek, how did you land at IFC?**

**Vivek:** I have a background in banking and spent many years working in Asia. In the early nineties, I was working in one of the “Asian tiger” countries where everyone wanted to invest because it was a hot market. But after the financial crisis hit, most banks decided to exit the market amid the chaos. After that experience, I decided I'd rather work for an organization with some staying power that can be really there for its clients when the chips are down. That's how I found IFC. Twenty-three years later, we're still going strong.

## **Samer: And what were some of the highlights of these 23 years?**

**Vivek:** Through my work in the credit department, I developed a broad-based view of our work in many different sectors and countries, and I saw first-hand the difference that we were making on the ground. Asia will always have a special place in my heart because I got to know the region very well when I was a regional director. But it also prepared me for the next challenge—when I saw the region's financial and banking industry in places like China, Korea, Singapore and Thailand grow and excel, I had to dig deep to find a comparative advantage IFC can offer. For me, the answer was sustainability—and that's what led to my current dream job at the Climate Business Department.

## **Marsha: Can you share an example of the work you are focused on?**

**Vivek:** Climate and sustainability make great business sense. Take green buildings—the area where we've built a large portfolio in Asia. The upfront cost of a green building is higher compared to conventional real estate, but after two or three years it takes to recoup the costs, you'd have a building that generates much higher revenue because it uses less electricity and water, and you'd also own a more valuable asset.

## **Sophie: What would you like to see happen at COP26 this year?**

**Vivek:** I'd like more countries to commit to practical and achievable Nationally Determined Contributions (NDCs) that will drive their efforts to reduce emissions and adapt to the effects of climate change. To a large extent, NDCs are going to shape our environment, and we can work with our clients to help them meet their goals on this journey.

## **Sophie: So, what's next for climate at IFC?**

**Vivek:** I would like this team to become a business development engine for our operations. We can make that happen by talking to our clients to help them decarbonize and think through new opportunities and new products that the climate business offers. Climate is going to become central to most of what we do, and it's going to become much more critical, so I'm happy to be here and look forward to the challenge.

## Spotlight on the Paris Agreement: What does it mean for IFC?

Recently, the World Bank Group Board approved the Climate Change Action Plan (2021–2025) that outlines the institution's collective response to align financial flows with the goals of the Paris Agreement (referred to as "Paris Alignment"). The Paris Agreement requires that we hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. It recognizes that countries have different circumstances and gives countries latitude in the pathways they choose to achieve low-carbon, resilient development.

An assessment of Paris Alignment determines whether an activity advances, hinders or is neutral to achieving the goals of the Paris Agreement. Paris Alignment requires IFC to provide support to clients that is consistent with low-carbon and climate-resilient development pathways, aligned with the objectives of the Paris Agreement, and consistent with client countries' National Determined Contributions (NDCs), long-term strategies or other national climate commitments.

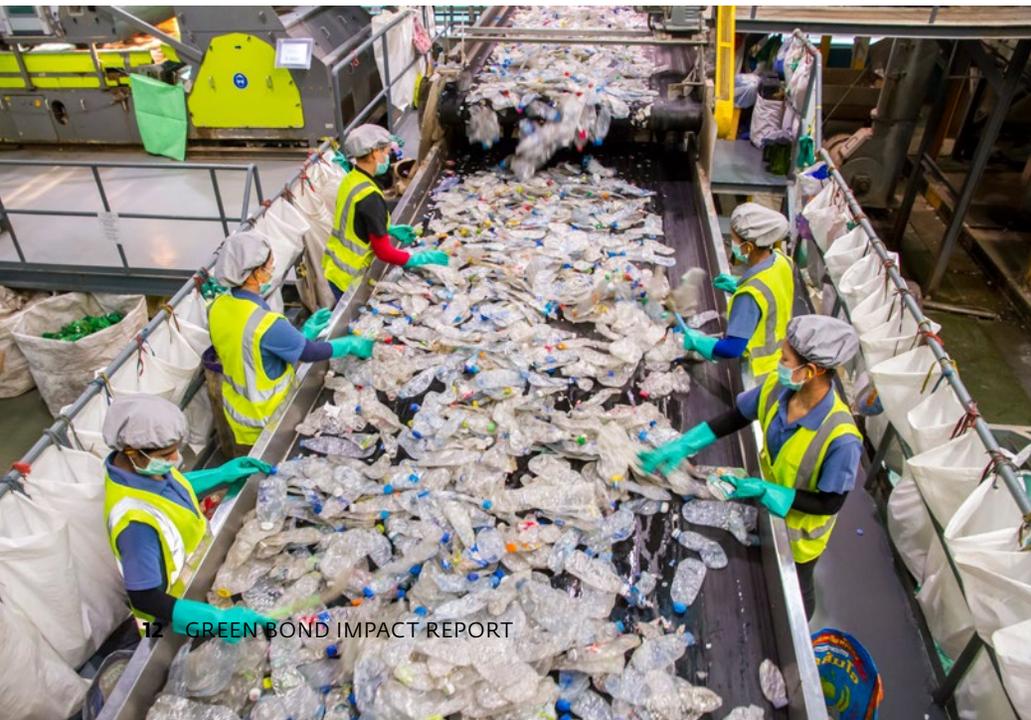
Equally, other multilateral development banks (MDBs) are working together to develop a joint approach which constitutes the concrete and ongoing contribution to

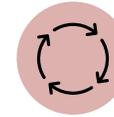
the operationalization of the Paris Agreement. The MDBs' approach is based on six 'building blocks' representing the core areas for alignment, of which building blocks 1 (BB1) and 2 (BB2) are about alignment of operations with the mitigation and the adaptation and resilience goals of the Paris Agreement, respectively.

IFC is implementing the building blocks relevant to financing alignment whereby we will incorporate financing and technical support to clients to ensure that it is consistent with pathways toward low-carbon and climate-resilient development. As a result, IFC has set an objective of aligning 85% of Board-approved real sector operations to be Paris Aligned by July 1, 2023, and 100% of the business by July 1, 2025. Once a methodology for financial institutions and funds is finalized among MDBs, a similar approach will be taken for this business.



To achieve this objective, IFC has started to align 100% of its projects at the concept stage. IFC's Climate Business Department is leading the implementation for Paris Alignment at IFC. We will also continue to update our investor community on how IFC continues to progress in the future.





## Client Story: Riding the Blue Wave

IFC's first blue loan helps a global plastic company recycle 50 billion plastic bottles a year, diverting plastic waste from landfills and oceans.

The conventional supply chains of material use—producing materials, using them, and then discarding them into landfills, other countries, or rivers and seas—is wasteful and bad for the environment. Right now, the world generates 2.0 billion of solid municipal waste every year, and one-third of it is not managed in an environmentally safe manner. By 2030, this number is expected to grow to 2.6 billion tons.

Ocean pollution, in particular, is reaching dangerous levels. By 2050, there will be more plastics than fish in the ocean by weight, and in 2019, oceanographers found a plastic bag in the Mariana Trench, the deepest known point in the world's oceans.

To protect the natural environment that underpins lives and economies as well as curb GHG emissions, developing and

developed countries alike are turning to circular economy models. But that's not the only reason. The circular economy makes good business sense and opens great opportunities for investment and profit. The total estimated value of circular economy at stake by 2030 can be as high as \$4.5 trillion, with \$1 trillion annual savings by 2025 if circular economy is implemented.

IFC has identified economic circularity as a key theme traversing multiple sectors and building upon our ongoing initiatives in resource efficiency, energy and climate change, and sustainability to reduce resource footprints, close material loops, and drive green growth in emerging markets. In more than 100 countries, we engage with targeted clients in a range of value chains, including plastics, construction materials, chemicals, textiles, and other key industries.

In November 2020, IFC made its first-ever blue loan focused exclusively to address marine plastic pollution to Indorama Ventures, a global plastic resin manufacturer. The \$300 million financing package will help the company recycle 50 billion plastic bottles globally every year by 2025 in Thailand, Indonesia, Philippines, India and Brazil, and invest in renewable energy and resource efficiency projects.

Indorama Ventures is aiming for a minimum of 750,000 metric tons of recycled PET globally by 2025. A key feature of the investment is to create value out of waste—processing post-consumer PET bottles that would have ended up in landfill or been processed into lower-value products—by promoting higher-value bottle-to-bottle recycling which brings significant value generating potential.



## Client Story: Building a Greener Future

IFC is supporting the construction of an eco-friendly 60,000-square-metre information technology complex in Lasi, a city in northeastern Romania. The building will be one of the country's largest office complexes and is part of IFC's efforts to help build green business infrastructure, attract foreign investment, and facilitate the diversification of Romania's economy.

With 68 percent of the world's population expected to live in urban areas by 2050, green buildings are emerging as a viable and effective solution to fight climate change.

And that's not all. Green buildings can spur low-carbon economic growth, generating more than nine million skilled jobs in both the renewables and construction sectors by 2030. They also represent one of the biggest investment opportunities of the next decade—\$24.7 trillion across emerging market cities by 2030—\$881 billion in Eastern Europe and Central Asia.

In 2021, IFC provided a subsidiary of Iulius Holding, a developer of mixed-use properties

across Romania, with approximately €72 million in financing to construct and operate the energy-efficient office building that will house information technology and communication tenants. This is IFC's first green loan to a Romanian-owned and -based company.

Apart from driving economic growth, the project will reduce energy consumption by 41 percent compared with a regular office building in Lasi. It will further help reduce emissions by 1577 tons of carbon dioxide equivalent annually. The new complex will obtain IFC's Excellence in Design for Greater Efficiencies (EDGE) certification for buildings. EDGE buildings use at least 20 percent less

energy and water than standard buildings, helping to mitigate climate change.

The new complex will help Romania attract and retain foreign investors and businesses by providing them with modern green office space. The investment will also increase economic activity and employment opportunities in what is a more remote part of the country. With a growing need for digital services amid COVID-19, spurred by a surge in e-commerce and remote working, Romania as one of the global hotspots for computer skills, helpdesk centers and developer communities, is poised to offer local university graduates career prospects.



*Left: Stefanestii de Jos warehouse, a green building in Bucharest, Romania. Right: A green office and research and development center, built for Renault Dacia in Bucharest, Romania.*





## Client Story: Sweet Smell of Success

IFC's first green loan in the sugar and ethanol sector in Brazil will contribute to climate change mitigation by promoting generation of renewable energy and supporting the production of environmentally friendly biofuels.

Brazil is a middle-income country grappling with an exceptionally challenging economic outlook, which has been exacerbated by the shocks of COVID-19 pandemic. Despite the current economic peaks and valleys, the country remains the world's seventh-largest emitter of greenhouse gases—which it has committed to reduce by 43% by 2030 in the Paris Climate Agreement.

To meet this target, the country must increase the percentage of renewables in its energy mix by to 45% by 2030 as well as expand the use of renewable energy sources (other than hydropower) in the total energy mix to between 28 percent and 33 percent by 2030, including via biomass-based electricity generation. In the past years, the private sector took a leading role in helping the country ramp up

the production of sustainable biofuels and increase the share of renewable energy in the country's energy mix.

In 2021, IFC provided a green financing loan to São Martinho, one of the largest and most efficient sugarcane processors in Brazil with four sugar mills in Sao Paulo and Goias, and one of the world's largest renewable biomass electricity providers. IFC committed \$55 million from its own account (\$30 million of which is a green loan) and mobilized \$45 million from Rabobank, for a total financing package of \$100 million.

The investment will help São Martinho revitalize sugarcane fields with climate-smart organic fertilizers, localized soil treatment techniques, and recycled nutrients. It will also support the use of

drones and satellite imagery to support real-time, accurate monitoring of the weather and field conditions that delivers actionable data. Most importantly, it will fund production of sustainable biofuels, biogas, and biomass-based to generate additional 175,000-megawatt hour more renewable energy, nearly 80% of which will be exported to the grid. This will help avoid 27,700 tons of carbon dioxide equivalent per year.

The financing is the first green loan in the Brazilian sugar and ethanol sector and marks IFC's first green loan in Brazil. The project is expected to help create markets through showcasing innovative financial instruments that promote green investments in the agribusiness sector and moving the market toward greater sustainability.

# IFC Green Bond Program Overview for FY21

As of June 30th, 2021, IFC had issued 178 green bonds in 20 currencies amounting to over \$10.5 billion. IFC’s outstanding green bonds totaled \$5.9 billion. In FY21, IFC facilitated investor demand in the retail market with trades denominated in US dollars and Swedish krona.

After a decade of IFC’s Green Bond Program, we reached an inflection point in FY21 where we stood still and reflected on the legacy of the program alongside what needs to be accomplished over the coming years to scale funding towards climate investments. In line with World Bank Group’s recently announced Climate Change Action Plan, which sets out alignment with the Paris Agreement, our funding program will play a key role in providing the financing needed to meet

IFC’s stated goal of 100 per cent alignment of its real sector operations by 2025. Crucial to this is the internal collaboration with the investment and climate business departments which has always been a benefit of the Green Bond Program. In parallel, our continuing dialogue with investors show that data is ever so critical for their analysis. Our mission going forward is to home in on offering investors a high-quality liquid credit which also provides high

quality data regarding IFC’s overall stringent sustainability approach as well as flexibility with regards to currencies and tenors.

**Tom Ceusters**, Director, Treasury Market Operations

Sustainability is now a main theme in the institutional bond market and its growth has been aided by the onset of the pandemic in 2020, the increasing awareness of the climate crisis and the recognition of the scale of immediate actions needed to abate these challenges. Our green bond issuance during FY21 was based on achieving two objectives: demonstrating issuance in the retail market and raising awareness of climate investing within this segment of the capital market where green bonds are still a niche product. Towards enhancing the program, we successfully updated our Green Bond Framework and engaged CICERO Shades of Green to provide an External Review for IFC’s Green Bond Program. The 2021 Second Opinion is now published on our investor relations website. The Framework received the overall CICERO Medium Green shading and a governance score of excellent.

**Flora Chao**, Global Head of Funding

IFC green bond issuance		
	FY21	CUMULATIVE
<b>Volume</b>	\$165.8 million	\$10.5 billion
<b>Number of bonds</b>	6	178
<b>Currencies</b>	2	20

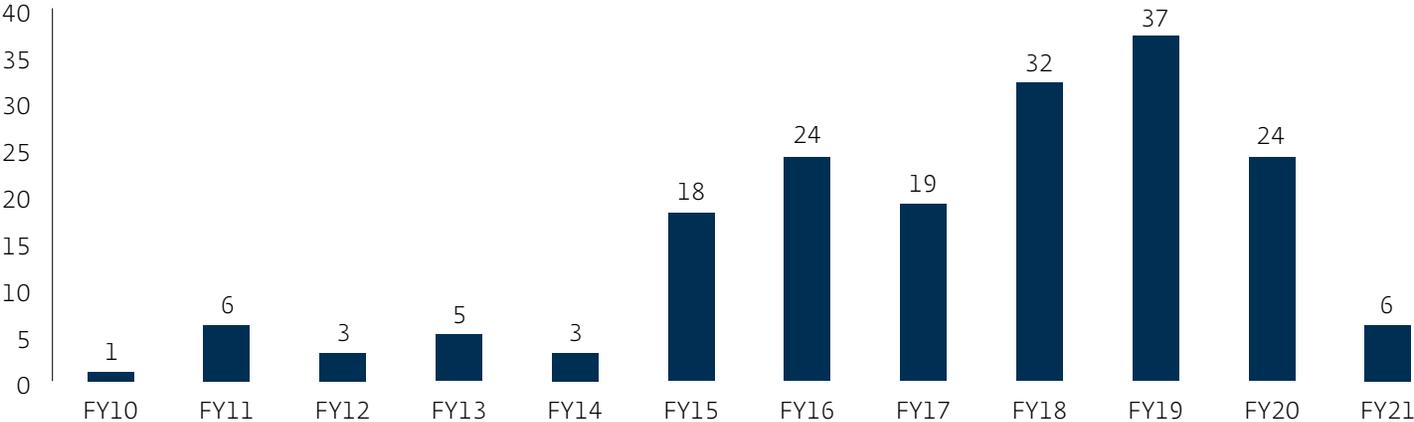
In 2020, with six years under our belt from being a member of the Executive Committee of the Green, Social and Sustainability-Linked Bonds Principles, we were honored to take the reins after being elected to chair the committee. The International Capital Market Association (ICMA) supports the committee, which provides the strategy and guidance for the larger member and observer community of the Principles. That community includes about 500 institutions across the world. Under IFC's leadership, the first update of the Principles since 2017 was published. We are very proud of the role the Principles play in the market in providing roots to grow sustainable bond products with integrity. Data shows that over 90% of thematic bond issuance is aligned to the Principles. To complement the Principles, the document "Working Towards a Harmonised Framework for Impact Reporting for Circular Economy Projects and Eco-Efficiency Projects" was published, and it outlines a harmonized framework for impact reporting on eco-efficient and circular economy projects. This is one of the ten broad categories of eligibility for Green Projects under the Principles and an area of priority for IFC's climate business.

Also during the year, the Committee delivered the Climate Transition Finance Handbook. To achieve the global goals of net zero by 2050 and halting global warming to well below 2°C, we need to beckon the high-emitting sectors to partake in the transition. The Climate Transition Handbook offers a bridge for these hard-to-abate sector issuers to credibly access green bond financing to enable them to take the steps needed to arrive at our overall objective of meeting the Paris Agreement.

**Denise Odaro**, Head of Investor Relations

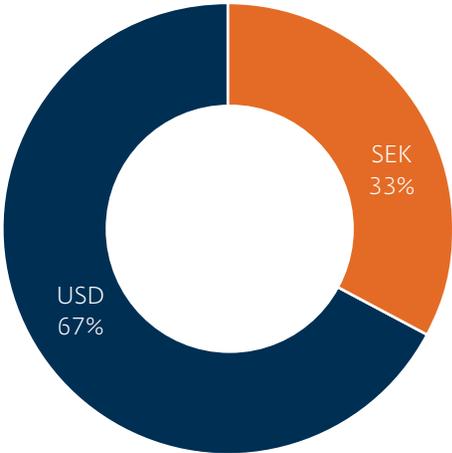


# Historical green bond issuance by year

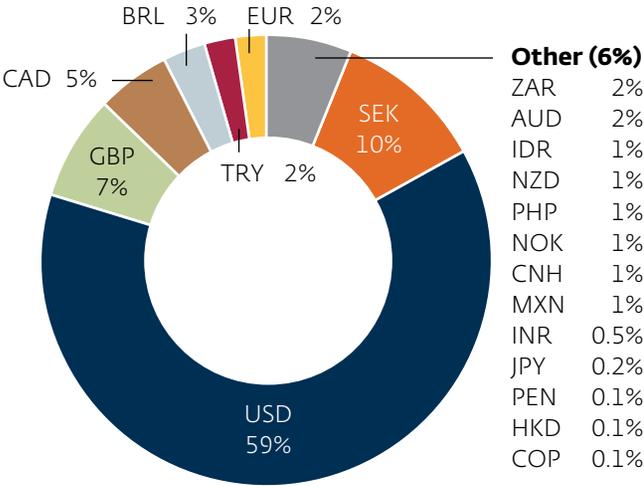


# Issuance by currency

FY21



CUMULATIVE



# Accelerating Impact: Green Bonds in Emerging Markets

## An update on the Amundi Planet EGO Fund

In the past three years since its inception, AP EGO and IFC-managed Green Bond Technical Assistance Program (GB-TAP) jointly impacted the issuances of 56 Green, Social and Sustainability bonds in the amount of \$3 billion spanning across 33 countries.

AP EGO has cumulatively invested in 34 green bonds (29 outstanding and 5 matured) with a total investment amount of \$838 million as of the end of June 2021. The 29 outstanding green bonds in the portfolio had a market value of \$795 million, which is 52.5% of assets under management. Its portfolio is well diversified with 91 outstanding holdings by 82 issuers in 40 countries.

GB-TAP offers a range of activities and initiatives to stimulate the supply of emerging market green bonds, both in terms of volume and quality. Some of its key activities includes the following:

1. **Training:** GB-TAP has trained 167 participants from 51 financial institutions based in 28 different countries since its inception. GB-TAP Executive Trainings have stimulated the issuance of 17 Green, Social and Sustainability bonds, reaching \$1,107 million total face value: AP EGO invested in 5 of these green bonds.
2. **Encouraging Disclosure:** IFC launched an initiative with a goal to encourage emerging market bond issuers to disclose ESG information. IFC has partnered with a data provider to collect the ESG information, as defined by IFC's ESG Performance Indicators, and make it publicly available as a global public good for use by investors and asset managers.
3. **Improving the Quality of Reporting:** IFC is developing the Green Finance Review Protocol (GFRP), a voluntary guidance to enhance quality of green bond related information (e.g. frameworks, external review reports, disclosures and impact reporting) in emerging markets. GFRP will provide guidance for issuers and second-opinion providers to standardize impact reporting and external review reports. This will enhance the reporting quality and allows investors and market participants to compare data across green bond related information.
4. **Advisory Service for Policy Makers and Issuers:** Under the GB-TAP Green Finance/Green Bond Policy Support, IFC helped 11 emerging market countries to develop green guidelines and taxonomies. GB-TAP has provided direct

## The EGO Fund in short

The Amundi Planet Emerging Green One (AP EGO) Fund is the world's largest green bond fund in emerging markets, launched in March 2018. IFC and Amundi launched AP EGO with a goal to stimulate demand for green bonds in emerging markets. Closed at \$1.42 billion with a \$256 million investment from IFC, the Fund is expected to deploy \$2 billion into emerging market green bonds over its lifetime. AP EGO attracted 16 investor groups from developed countries by offering higher yields while providing credit risk protection for investors.

technical advisory services to 18 financial institutions, 10 of which issued debut green bonds totaling \$1,329 million as of December 2020.

The accelerating impact demonstrated by AP EGO and ongoing GB-TAP initiatives continues to create and grow the market of Green, Social and Sustainability bonds at scale in emerging markets.

## An Update on the REGIO Fund

IFC and HSBC Global Asset Management closed the Real Economy Green Investment Opportunity Fund, or REGIO in May 2020 and successfully raised \$538 million of private sector capital to increase access to climate finance for companies and municipalities, and promote the development of the green bond market in emerging and developing economies.

REGIO was 32% invested in Green and Sustainable Bonds as at June 2021 impacting 8 Sustainable Development Goals, i.e. Quality Education; Green and sustainable bonds focusing on Clean Water And Sanitation; Affordable And Clean Energy; Industry ad Infrastructure; Sustainable Cities And Communities; Responsible Consumption And Production; Climate Action; and Life On Land. REGIO is thus ahead of its schedule to fully allocate to Green and Sustainable Bonds. In terms of allocation by country, India and Brazil were the largest with 36% and 26% of the Green and Sustainable Bonds respectively. Other countries in the portfolio are Peru (10%), Chile (7%), Indonesia (6%), United Arab Emirates (6%), Paraguay (4%), Turkey (3%) and Poland (2%).

IFC provided a \$75 million anchor investment in the Fund and HSBC invested another \$75 million. The other investors in the Fund was comprised of 9 European pension funds, insurance companies and development finance institutions. IFC manages a Technical Assistance Facility to be implemented alongside REGIO, which is supporting the supply side of the real sector green bond market in emerging countries.



# IFC Green Finance Market Engagement

IFC actively promotes sustainable capital market development by working closely with IFC's clients in developing countries and engaging globally with issuers, investors, underwriters and other capital market participants.

## CONNECTING BUSINESS AND CLIMATE THROUGH IFC'S CLIMATE BIZ PODCAST

Since 2018, Climate Biz brings stories of sustainability and climate business in a time of rising momentum of global governments to combat climate change and investor interest in sustainability. In 2021, Head of Investor Relations, Esohe Denise Odaro, took up as co-host of Climate Biz alongside Shari Friedman. They are joined by guest speakers from around the globe and across sectors to explore the latest initiatives and business opportunities in climate and sustainability.

Season 3 of Climate Biz rounded up in July 2021 with *The Revolution of an Evolution*, a two-part series on green bonds, featuring IFC Treasurer, John Gandolfo, and CEO of Climate Bonds Initiative, Sean Kidney.

What are the six fundamental things to know about the financial market's most topical product: green bonds? Read about it in [this blog post](#).

Part 2 featured green bonds in the apparel industry with H&M and VF Corp on the hot seats. Climate Biz releases a new episode every month and is available on [Apple Podcasts](#), [Google Podcasts](#), [Spotify](#), [Stitcher](#), and on IFC's [website](#).

## ASSESSING UNDERWRITERS' ESG AMBITION IN IFC'S 2021 ESG DEALER SURVEY

In 2020, IFC became the first issuer to assess its bond underwriters on their commitments to ESG and sustainability ambitions when it developed a first of its kind [ESG Dealer Survey](#). The 2021 edition builds on this inaugural version and incorporates lessons learned and feedback received from the dealers in 2020, making it more robust. The survey questions cover the institutions' ESG commitments and strategy, their exposure to sensitive industries, policies in place to mitigate ESG risks, thematic investment activities, carbon footprint, ESG reporting practices, and more. The 2021 edition also considers recent developments in the sustainable bond market

## UPDATED GREEN, SOCIAL AND SUSTAINABILITY BOND PRINCIPLES UNDER IFC'S CHAIRMANSHIP

Under IFC's chairmanship of the Executive Committee of the Green, Social and Sustainability-Linked Bond Principles, the updated [Green and Social Bond Principles](#) were published in June 2021. Esohe Denise Odaro, in her capacity as Chair of the Principles:

"The updates to the Green and Social Bond Principles ensure that the frameworks keep in step with market developments as issuance grows. The recent pandemic and ongoing climate crisis have brought sustainability needs more to the core of capital markets and the goal remains to provide issuers and investors with a compass for best practices in using sustainable bonds to access much needed capital to meet the transition to a just and low carbon economy."

and includes questions to assess their action plan for achieving the goals of the Paris Agreement.

Out of the 40+ dealer responses, 14% of the banks were highly performing on ESG while 18% fell short versus their peers. The scores from the survey feed into IFC's annual dealer assessment exercise but most importantly serve as a tool to engage with the dealers on ESG throughout the year.

### WHAT LIES AHEAD (EVENT)

IFC in collaboration with Environmental Finance hosted an exclusive event on the occasion of the tenth anniversary of IFC's Green Bond Program in November 2020. It brought together investors, underwriters and issuers active in the green finance world to reflect on successes and what innovations are needed to achieve the 2030 Agenda for Sustainable Development. [Watch the replay.](#)

## Events

IFC joined the *Information Management Network Virtual Investors Conference on Solar and Pace Investing* and participated in the panel discussion on practical ESG and social equity in green investing with Brown Advisory, Nuveen, Newmarket Capital and S&P Global. *May 2021.*

During a virtual talk on private sector for sustainability organized by the *Green Climate Fund*, IFC's Denise Odaro spoke about the use

## Awards

### 2021 CMDPORTAL AWARDS: BEST INVESTOR RELATIONS TEAM

IFC was voted the "Best Investor Relations Team" for 2021 by CMDportal for its impressive pro-active DCM Investor Relations operation and team, leading in what is best practices in the market.

### WIN FOR IFC'S FY20 GREEN BOND IMPACT REPORT

IFC's decade of experience in impact reporting was awarded in the Environmental Finance Bond Awards 2021. The judges hailed IFC's FY20 Green Bond Impact Report—a special edition

to celebrate a decade of the Green Bond Program— as the "gold standard of impact reporting" and was awarded [Impact Report of the Year.](#)

### GLOBAL FINANCE MAGAZINE AWARDS WIN

In August 2021, IFC was recognized with the [Outstanding Leadership in Sustainable Finance Award by a Multilateral Institution](#) from Global Finance Magazine. The award acknowledges that sustainability is at the core of IFC, from its strategic alignment with the Sustainable Development Goals and ESG risk management to the sector specific frameworks measuring IFC's impact.

of private sector finance for climate action, focusing on recent developments of interest to climate finance. *July 22, 2021.*

At *Environmental Finance's ESG in Fixed Income* event, IFC joined a discussion on social bonds, a product that has proved its salt in raising financing for COVID-19 relief efforts, with Instituto de Credito, APG and TD. *June 2021.*

IFC's Denise Odaro spoke to fertilizer companies and companies in the agriculture value chain about the applicability of sustainable bonds in this industry at the

*International Fertilizer Association's Global Sustainability Conference. March 2021.*

"I think for a lot of investors, including those in Asia, the pandemic has reinforced their belief in the importance of considering ESG issues", said Marcin Bill of IFC's Funding team at the *Maleki Global Roundtable* session on Asia's role in the pursuit of realizing the sustainability agenda. *February 2021.*

[Listen to New Climate Capitalism's podcast](#) about the origins of the green bonds, what makes a bond green and what is the future of green bonds.

# IFC Green Bond Eligible Project Commitments

## By region

As of June 30, 2021, IFC green bond proceeds supported 236 green bond eligible projects since FY2014. The total committed amount for these projects is **\$9.4 billion**, of which **\$7.7 billion** has been disbursed.

### Total

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
<b>Commitments</b>	936	1,133	961	1,555	2,205	885	695	1,040
<b>Disbursements</b>	242	956	754	1,356	1,914	1,135	642	666

### Multi Region

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
<b>Commitments</b>	0	0	0	24	0	0	0	0
<b>Disbursements</b>	0	0	0	17	7	0	0	0

### Latin America and the Caribbean

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
<b>Commitments</b>	618	422	90	534	406	252	330	101
<b>Disbursements</b>	156	551	210	449	358	208	171	146

### Europe and Central Asia

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
<b>Commitments</b>	178	370	284	320	834	121	119	109
<b>Disbursements</b>	66	228	265	312	833	183	255	49

### Middle East and North Africa

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
<b>Commitments</b>	55	143	119	203	265	45	191	100
<b>Disbursements</b>	9	34	123	208	124	178	66	79

### South Asia

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
<b>Commitments</b>	62	155	200	233	297	122	0	14
<b>Disbursements</b>	11	125	117	170	151	218	71	10

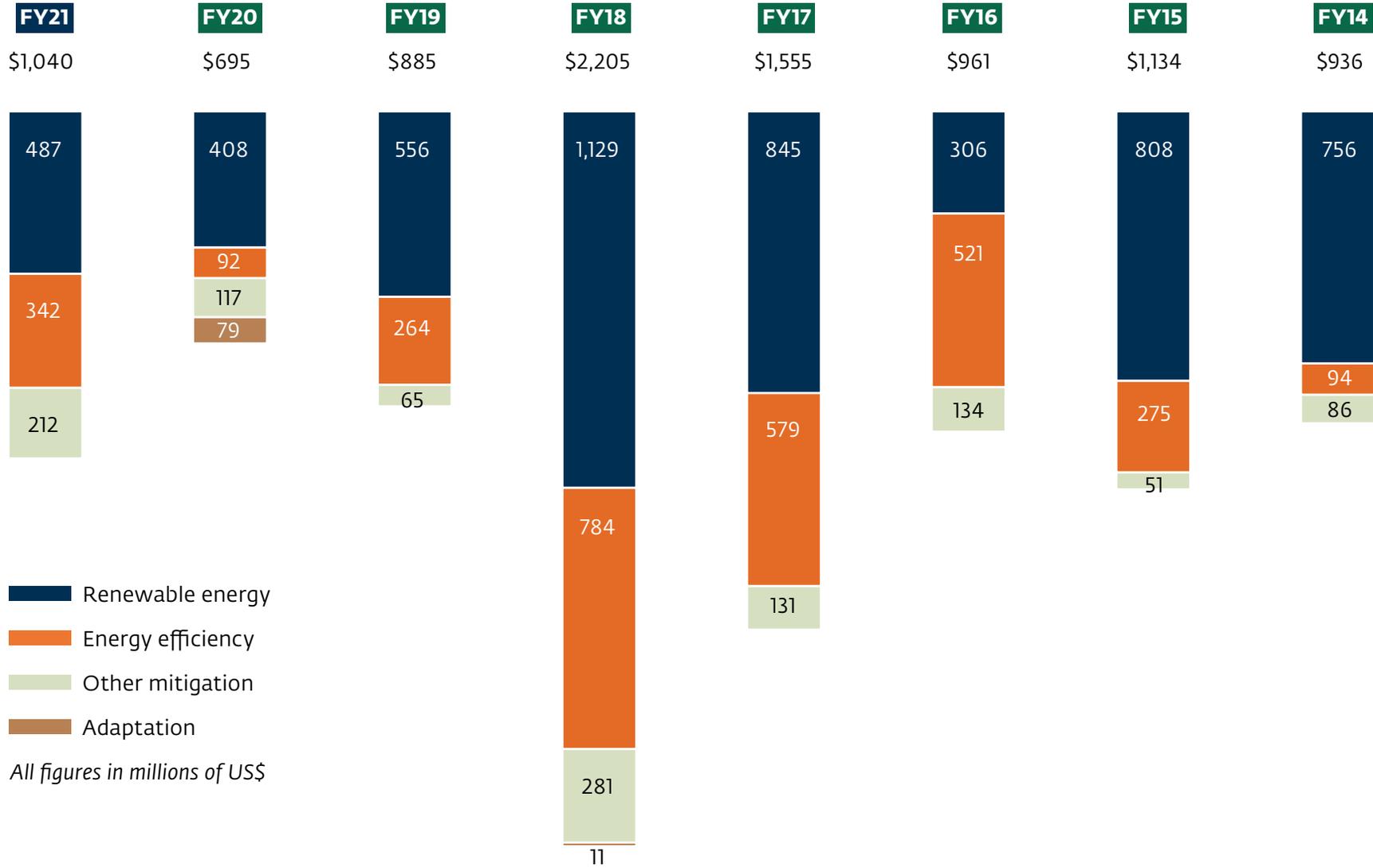
### Sub-Saharan Africa

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
<b>Commitments</b>	23	43	39	36	63	20	17	350
<b>Disbursements</b>	0	19	21	22	14	42	32	183

### East Asia and the Pacific

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
<b>Commitments</b>	0	0	229	204	340	325	38	366
<b>Disbursements</b>	0	0	18	179	427	306	47	198

# By sector



# Green Bond Eligible Project Commitments for FY21

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed <i>US\$M</i>	Annual energy produced <i>MWh</i>	Annual energy savings <i>kWh</i>	RE capacity constructed/rehabilitated <i>MW</i>	Expected annual reduction in GHG emission <i>tCO<sub>2</sub>eq/year</i>	Sustainable development goals
<b>GREEN BUILDINGS</b> 	Iulius Phase 1	<a href="#">45237</a>	Romania	EE	IFC's loan will finance the construction and operation of two mixed-use, modern, and energy-efficient office buildings in Iasi, Romania. The new 60,000-square-metre complex will obtain IFC's Excellence in Design for Greater Efficiencies (EDGE) certification for buildings.	31.86		2,656,916		882	<ul style="list-style-type: none"> <li><b>8</b> DECENT WORK AND ECONOMIC GROWTH</li> <li><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li><b>10</b> REDUCED INEQUALITIES</li> <li><b>13</b> CLIMATE ACTION</li> </ul>
<b>WIND ENERGY</b> 	REE Wind Power 2	<a href="#">44653</a>	Vietnam	RE	IFC's loan will finance the development, financing, construction, operation and maintenance of two onshore wind power projects of 25.2 MW and 29 MW respectively in Vietnam.	19.00	135,256		54.2	123,489	<ul style="list-style-type: none"> <li><b>7</b> AFFORDABLE AND CLEAN ENERGY</li> <li><b>8</b> DECENT WORK AND ECONOMIC GROWTH</li> <li><b>13</b> CLIMATE ACTION</li> </ul>
<b>GREEN BANKING</b> 	Absa Green Loan	<a href="#">44557</a>	South Africa	RE	IFC's loan will fund the expansion of the company's green portfolio in South Africa to support renewable energy and biomass projects and will be the first green loan in Africa in compliance with the internationally recognized Green Loan Principles (GLPs). The project will strengthen the green finance standards which will further improve transparency and disclosure in green lending and encourage mainstreaming of climate financing and replication by other institutions in South Africa and the region.	150.00				800,000	<ul style="list-style-type: none"> <li><b>1</b> NO POVERTY</li> <li><b>5</b> GENDER EQUALITY</li> <li><b>8</b> DECENT WORK AND ECONOMIC GROWTH</li> <li><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li><b>10</b> REDUCED INEQUALITIES</li> <li><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</li> <li><b>13</b> CLIMATE ACTION</li> </ul>

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed <i>US\$M</i>	Annual energy produced <i>MWh</i>	Annual energy savings <i>kWh</i>	RE capacity constructed/rehabilitated <i>MW</i>	Expected annual reduction in GHG emission <i>tCO<sub>2</sub>eq/year</i>	Sustainable development goals
<b>GREEN BUILDINGS</b> 	Logos Indo 2020	<a href="#">43835</a>	Indonesia	Other Mitigation	IFC's loan will finance the development of two multi-story warehouse facilities by applying Singapore's Green Mark award certification and IFC's green-building standards to optimize the use of costly land resources and to promote greater competitiveness in Indonesia's warehousing sector by enhancing the overall standard and efficiency of warehouses in Indonesia.	73.03		774,000		650	   
<b>GREEN BANKING</b> 	Ned Green Loan	<a href="#">43809</a>	South Africa	RE	IFC's loan will finance the expansion of Nedbank's green portfolio in South Africa to increase access to climate finance through demonstration and capacity building, strengthening of Nedbank's climate risk assessment framework and disclosure initiatives which will foster greater climate resilience in the South African banking sector along with environmental and social effects and Greenhouse Gas (GHG) emission reductions. Nedbank will also serve as a successful demonstration of climate risk mainstreaming and pave the way for market-wide adoption of climate-related financial risk frameworks by other banks.	200.00				519,501	    

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed <i>US\$M</i>	Annual energy produced <i>MWh</i>	Annual energy savings <i>kWh</i>	RE capacity constructed/rehabilitated <i>MW</i>	Expected annual reduction in GHG emission <i>tCO<sub>2</sub>eq/year</i>	Sustainable development goals
<b>GREEN BUILDINGS</b> 	Indospace COVID-19 Debt	<a href="#">43802</a>	India	EE	IFC's loan will finance the construction and development of a portfolio of around three to four warehousing parks that are EDGE certified providing around 5 million square feet of warehousing infrastructure in India's main consumption and industrial hubs. The Project will enable the portfolio to continue its business plan and be market-ready as the economy recovers and demand picks up in the future.	14.36		14,592,691		12,538	     
<b>GREEN BANKING</b> 	Priorbank & RLBY	<a href="#">43585</a>	Belarus	EE	IFC's loan will finance energy efficient home renovation projects and/or green mortgages and leasing of 'green' apartments. The bank's successful introduction of green products to resonate through the market and set the standard for other banks to follow suit thus enabling increased access to climate finance and increased competitiveness in green housing finance in Belarus.	25.00				13,259	     
<b>GREEN BUILDINGS</b> 	AWC Green Loan	<a href="#">43415</a>	Thailand	EE	IFC's loan will finance the construction of two green hotels in addition to energy efficient refurbishments of four existing hotels in key tourism destinations of Thailand to comply with green and EDGE standards. The project will support the long-term "green recovery" in the Thai tourism market.	124.19		18,846,000		6,991	    

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed <i>US\$M</i>	Annual energy produced <i>MWh</i>	Annual energy savings <i>kWh</i>	RE capacity constructed/rehabilitated <i>MW</i>	Expected annual reduction in GHG emission <i>tCO<sub>2</sub>eq/year</i>	Sustainable development goals
<b>BIOMASS</b> 	SM cogen	<a href="#">43319</a>	Brazil	RE	IFC's loan will finance the company's expansion of its bagasse-based cogeneration capacity with more efficient boilers and generators to generate additional electricity to be sold into the grid and for the project's own consumption. This is the first Green Loan in the Sugar & Ethanol sector in Brazil and will support the company's sustainable management of resources and the mitigation of environmental impacts by the renovating its sugarcane plantations using advanced climate-smart agricultural techniques.	50.80	174,698			27,702	<ul style="list-style-type: none"> <li><b>1</b> NO POVERTY</li> <li><b>5</b> GENDER EQUALITY</li> <li><b>8</b> DECENT WORK AND ECONOMIC GROWTH</li> <li><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li><b>10</b> REDUCED INEQUALITIES</li> <li><b>13</b> CLIMATE ACTION</li> <li><b>17</b> PARTNERSHIPS FOR THE GOALS</li> </ul>
<b>CIRCULAR ECONOMY</b> 	IVL Recycling	<a href="#">43300</a>	Thailand	EE/Other Mitigation	IFC's loan will finance the expansion of Polyethylene Terephthalate (PET) recycling capacity that will convert post-consumer PET waste into recycled PET (rPET) for use in beverage bottles and other consumer products. The project is expected to meet the demand of global food and beverage clients while meeting its own stated circular economy and sustainability targets, and notably address growing marine and environmental pollution by diverting plastic waste away from landfills and the open environment. In addition, it will support other climate-friendly and sustainability projects in renewable energy and resource efficiency leading to a GHG emission reductions.	150.00		50,000,000		150,844	<ul style="list-style-type: none"> <li><b>5</b> GENDER EQUALITY</li> <li><b>8</b> DECENT WORK AND ECONOMIC GROWTH</li> <li><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li><b>10</b> REDUCED INEQUALITIES</li> <li><b>13</b> CLIMATE ACTION</li> </ul>

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed <i>US\$M</i>	Annual energy produced <i>MWh</i>	Annual energy savings <i>kWh</i>	RE capacity constructed/rehabilitated <i>MW</i>	Expected annual reduction in GHG emission <i>tCO<sub>2</sub>eq/year</i>	Sustainable development goals
<b>BIOMASS</b> 	COCAL_Bio	<a href="#">43265</a>	Brazil	RE	IFC's loan will finance the construction of a biogas plant to produce biomethane and generate electricity in addition to supporting the renewal of 27,000 hectares of existing sugarcane fields using advanced climate-smart agricultural techniques and the replacement of farm machinery and equipment.	40.00	55,890			125,000	    
<b>TRANSPORT</b> 	Smart Zaporizhia	<a href="#">43181</a>	Ukraine	EE/Other Mitigation	IFC's loan will fund 3 transportation projects in Ukraine: 1. The Lviv E-Buses Project will finance up to 50 battery-electric trolleybuses, the rehabilitation of overhead catenary power network lines and the associated electric supply infrastructure 2. The Kryvyi Rih Trams Project which will finance up to 50 electric tramcars, tramway track rehabilitation, and rail grinder equipment. 3. The Smart Zaporizhzhia Project will finance a 'smart city' platform plus a municipal data center, up to eight electric buses, up to 20 battery-electric trolleybuses, upgrade of electric transport network equipment, road reconstruction and maintenance machinery, passenger communication system, and public park upgrade.	34.94		28,291,514		2,021	    

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed <i>US\$M</i>	Annual energy produced <i>MWh</i>	Annual energy savings <i>kWh</i>	RE capacity constructed/rehabilitated <i>MW</i>	Expected annual reduction in GHG emission <i>tCO<sub>2</sub>eq/year</i>	Sustainable development goals
<b>GREEN BANKING</b> 	DCM CIB Grn Bond	<a href="#">43061</a>	Egypt	EE	IFC's loan will finance green building construction and industrial energy efficiency projects through investment in the first green bond issued by Commercial International Bank (CIB), the largest private sector bank in Egypt. The project will promote sustainability through the issuance of the first green bond that will raise funds for green buildings financing in Egypt.	100.00				12,854	<ul style="list-style-type: none"> <li><b>5</b> GENDER EQUALITY</li> <li><b>8</b> DECENT WORK AND ECONOMIC GROWTH</li> <li><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li><b>10</b> REDUCED INEQUALITIES</li> <li><b>13</b> CLIMATE ACTION</li> </ul>
<b>SOLAR ENERGY</b> 	UZ Scaling Solar	<a href="#">42525</a>	Uzbekistan	RE	IFC's loan will finance the first 100 MW solar PV plant in Navoi, Uzbekistan to produce clean energy, strengthen the security of supply and combat climate change. The solar PV plant is expected to displace aging and energy intensive thermal power generation and improve resilience through the diversification of Uzbekistan's electricity generation mix with low-cost renewable energy generation.	17.52	270,000		100	164,595	<ul style="list-style-type: none"> <li><b>1</b> NO POVERTY</li> <li><b>5</b> GENDER EQUALITY</li> <li><b>7</b> AFFORDABLE AND CLEAN ENERGY</li> <li><b>8</b> DECENT WORK AND ECONOMIC GROWTH</li> <li><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li><b>10</b> REDUCED INEQUALITIES</li> <li><b>13</b> CLIMATE ACTION</li> </ul>
<b>SOLAR ENERGY</b> 	Perote II	<a href="#">41041</a>	Mexico	RE	IFC's loan will finance the construction, equipment, operation and maintenance of a 118.9 MW solar photovoltaic power plant in the State of Veracruz, Mexico. The project will contribute to improving resilience of the power market through diversifying the country's energy mix currently dominated by carbon intensive thermal generation.	10.00	263,000		118.9	127,172	<ul style="list-style-type: none"> <li><b>1</b> NO POVERTY</li> <li><b>5</b> GENDER EQUALITY</li> <li><b>7</b> AFFORDABLE AND CLEAN ENERGY</li> <li><b>8</b> DECENT WORK AND ECONOMIC GROWTH</li> <li><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li><b>10</b> REDUCED INEQUALITIES</li> </ul>

# Appendix A: Voices & Perspectives

IFC plays various roles in the green finance market, whether it is as an issuer of green bonds, an investor or advisory provider. IFC's staff are stationed across the globe to work closely with the global capital market as well as IFC's private sector clients in developing countries. They work jointly towards a common goal: to promote and encourage growth of the sustainable finance market and channel capital towards projects with impact.

Staff from various regions and across the institution share their vision on trends and developments in the market for green finance.

“Sustainable finance has accelerated in the Asia-Pacific and is becoming mainstream. Carbon footprint is recognized beyond the traditional transportation, industry and buildings sectors and considered in agriculture and cement, for example. Multiple governments including China, Japan and Singapore made carbon neutrality pledges, which will be transposed into further regulatory, industry and market initiatives. Since moving to Singapore from IFC's headquarters in Washington, DC, I have increased conversations with our Asia-Pacific investor base about sustainable bonds, the projects they finance, impact reporting and ESG standardization.”

**Marcin Bill**, Head of Funding, Asia-Pacific

“The Japanese capital market is among the first and the fastest growing destinations for IFC's thematic bonds. Since 2013, Japanese investors have eagerly supported IFC's Green Bond Program and are increasingly embedding ESG standards into their investment decisions, reflecting the public's growing awareness of the environmental consequences of climate change. In fiscal 2020, the world largest institutional investor, GPIF, pushed up IFC's cumulative green bond issuances past the \$10 billion mark. This is the capital market where the green finance will continue to thrive, and from where IFC will unlock private capital that will fund climate-smart projects across the globe.”

**Toshitake Kurosawa**, Director, Tokyo Office

“Sustainable Finance is the Future of Finance. The green bond has stimulated a wide range of innovative financial instruments. As climate change is becoming a defining factor of capital markets, sustainability-framed finance plays an increasing role in directing capital towards a climate-resilient future. The decarbonization targets of the Paris Agreement have clear and immediate implications for business, and we experience an increasing number of our clients asking for help to develop appropriate decarbonizations pathways. As the past decade was the defining decade for green finance, the next will be the decisive decade for financing credible transition to a low-carbon future.”

**Berit Lindholdt Lauridsen**, Senior Climate Finance Specialist

“Since moving to Singapore during the coronavirus pandemic as Upstream Lead for IFC’s Financial Institutions Group, I have observed that institutional investors in Asia are prioritizing and growing their ESG investments, while looking at sustainable financing solutions to build back better. There has been an increased focus on developing thematic climate and energy transition products that build on and leverage the Green and Social Bond Principles. As part of IFC’s ambitious new Upstream Strategy, we are working with both issuers and investors to develop new markets and create investable opportunities for Blue, Green and Transition Finance products across Asia and the Pacific.”

**Christina Ongoma**, Principal Investment Officer & Upstream Lead—Financial Institutions Group, Asia and the Pacific

“Europe continues to lead the global ESG market both in terms of overall bond issuance and regulations. It is also the heart of climate action. As the IPCC’s Sixth Assessment Report confirms, this decade can be our last chance to avoid catastrophic climate breakdown. There is a lot of expectation for the upcoming COP26 to facilitate coordinated rapid action across all sectors and provide clear direction to the market. The extreme weather events, climate-based instability, and civil society exert increasing pressure on policymakers and the companies to “walk the talk.” We hope that COP26 will launch many more sustainability strategies by public and private sector participants.”

**Elena Panomarenko**, Head of Funding, Europe

“The green finance market has grown exponentially since the first green bond was issued in 2007 resulting in significant positive climate outcomes and illustrating the potential for capital markets to drive development impact. I hope that the trail blazing innovations of green finance investment structures such as impact, transparency and disclosure will continue to expand to apply to additional investment products targeting sustainability. This is essential given the less than ten-year time frame for the world to meet the SDGs and the increasing urgency of the climate crisis. Continued market growth will depend on access to reliable ESG data to develop investment strategies in emerging markets that integrate ESG issues. I am pleased that IFC is at the forefront of addressing these data gaps and has recently launched the ESG Performance Indicators for Capital Markets, a sustainability data framework aimed at enhancing sustainability reporting in emerging capital markets.”

**Atiyah Curmally**, Principal Environmental Specialist

“With so many financial institutions now pledging to become net zero and increase their green portfolios, the first green bond issuance from a private bank in Latin America in 2016 feels like a lifetime ago. The sector’s progress has been admirable but the climate investment gap and the opportunity are enormous. Banks in the region still face the challenge to establish long-term and challenging goals to grow the mere 2% the region represents in the global green bond market. My team continues to work with financial institutions to build their knowledge through the Green Banking Academy to provide advisory services to identify portfolio and market opportunities, and to design long-term sustainable strategies.”

**Marcela Ponce**, Senior Industry Specialist—Financial Institutions Group, Latin America



# Appendix B: IFC Green Bond Program Process

IFC's Green Bond Program follows best market practice and complies with the Green Bond Principles.

## STAGE 1: USE OF PROCEEDS

Proceeds from IFC Green Bonds are allocated to a sub-portfolio that is linked to lending operations for climate-related projects ("Eligible Projects"). Only the loan portions of the projects are eligible for funding via Green Bond proceeds (equity investments and guarantees are ineligible).

Eligible Projects are selected from IFC's climate-related loan portfolio, which comprises projects that meet IFC Definitions and Metrics for Climate-Related Activities. In a few cases of back-to-back financing, net proceeds from IFC Green Bonds are on-lent by IFC directly to an individual Eligible Project.

Projects eligible for Green Bond financing include the following sectors:

- Energy efficiency (EE): investments in equipment, systems, and services, which result in a reduced use of energy per unit of product or service generated, such as waste heat recovery, cogeneration, building insulation, and energy loss reduction in transmission and distribution;

- Renewable energy (RE): investments in equipment, systems, and services, which enable the productive use of energy from renewable resources such as wind, hydro, solar, and geothermal production;
- Resource efficiency: investments to improve industrial processes, services, and products that enhance the conversion efficiency of manufacturing inputs (energy, water, raw materials) to saleable outputs, including reduction of impact at source;
- Cleaner technology production: investments in manufacturing of components used in energy efficiency, renewable energy, or cleaner production, such as solar photovoltaics, manufacture of turbines, and building insulation materials;
- Financial intermediaries: lending to financial intermediaries with the requirement that IFC investments are on-lent to specific climate projects that fit IFC's green bond eligibility criteria; and
- Sustainable forestry.

## STAGE 2: EVALUATION AND SELECTION

In addition to meeting the green bond eligibility criteria, all projects financed by IFC

comply with IFC's Performance Standards for environmental and social issues and IFC's Corporate Governance Framework, and they have undergone a rigorous due diligence process. The Center for International Climate and Environmental Research at the University of Oslo has reviewed IFC's project evaluation and selection criteria. Its Second Opinion is published on IFC's website.

## STAGE 3: MANAGEMENT OF PROCEEDS

All proceeds from IFC Green Bonds are set aside in a designated Green Cash Account and are invested in accordance with IFC's conservative liquidity policy until disbursement to Eligible Projects (except several cases when the proceeds are on-lent directly to an Eligible Project). The Green Cash Account tracks the difference between the balance of outstanding Green Bonds and outstanding Eligible Project loans. The Green Cash Account balance decreases as disbursements are made towards Eligible Projects or the Green bonds mature, and it increases as new Green bonds are issued or Eligible Projects are repaid. Disbursement requests for Eligible Projects take place in accordance with IFC's established policies and procedures, and they are often made over a period of time, depending on project milestones.

In some cases, the climate-related component of a project supported by Green Bonds may be a part of a larger investment. In such cases, the Green Bond portfolio only finances the eligible portion of the project.

Monitoring projects includes regular reports by the investee company on project activities and performance throughout the lifetime of investment.

#### **STAGE 4: REPORTING**

IFC Green Bond Impact Report follows the Green Bond Principles' framework for reporting "Working Towards a Harmonized Framework for Green Bond Impact Reporting," which aims to ensure integrity of the market through increased transparency.

The report provides a list of projects that received funding from Green Bond proceeds and subject to confidentiality considerations. It also provides a brief description of each project, the climate loan amount, and the expected environmental impact. The report only covers projects eligible for Green Bond financing.

For more information on IFC's climate business, please visit [www.ifc.org/climatebusiness](http://www.ifc.org/climatebusiness).



# Appendix C: IFC Impact Reporting Approach

## IFC ACCESS TO INFORMATION POLICY

The Access to Information Policy is the cornerstone of the IFC Sustainability Framework and articulates our commitment to transparency.

We seek to provide accurate and timely information regarding our investment and advisory activities to clients, partners, and stakeholders, and we strive to disclose the relevant information pertaining to project, environmental, and social implications, as well as expected development impact prior to consideration by our Board of Directors.

This commitment also applies to projects funded by the Green Bond Program.

## IMPACT INDICATORS

IFC reports on a number of core indicators for projects included in the Green Bond Program in accordance with the Harmonized Framework for Impact Reporting developed by a group of multilateral development banks, including IFC.

The four core indicators are:

1. Annual energy savings
2. Annual greenhouse gas emissions reduced or avoided

3. Annual renewable energy produced
4. Capacity of renewable energy plant(s) constructed or rehabilitated

## INTERPRETING IMPACT INDICATORS

The impact indicators are tracked on a project-level basis and have not been pro-rated for the portion of IFC's contribution. Investments in financial intermediaries ensure that climate finance is available for smaller clients that IFC cannot reach directly, such as small and medium enterprises. It is important to IFC that our partner financial intermediaries assess climate impacts of their investment portfolio, and therefore, IFC has developed the application Climate Assessment for Financial Institution Investment, which enables financial intermediary clients to monitor results for relevant climate-related investments.

IFC's Greenhouse Gas Methodology and Climate-Related Definitions and Metrics are available at the [IFC Climate Business website](#).

Reporting allows for quantification of a few core indicators, but it is important to appreciate the limitations of data reported.

The main considerations to adequately interpret results are:

- **Scope of results:** Reporting is based on ex-ante estimates at the time of project appraisal and mostly for direct project effects.
- **Uncertainty:** An important consideration in estimating impact indicators is that they are often based on a number of assumptions. While technical experts aim to make sound and conservative assumptions that are reasonably based on the information available at the time, the actual environmental impact of the projects may diverge from initial projections. In general, behavioral changes or shifts in baseline conditions can cause deviations from projections.
- **Comparability:** Caution should be taken in comparing projects, sectors, or whole portfolios, because baselines (and base years) and calculation methods may vary significantly. In addition, cost structures between countries will also vary, so that developing cost-efficiency calculations (results per unit of amount invested in eligible projects) could place smaller countries with limited economies of scale at a disadvantage and will not take into consideration country specific context.
- **Omissions:** Projects may have impact across a much wider range of indicators

than captured in the Impact Assessment table and may have other important impacts on development. Furthermore, there may be some projects for which the proposed core indicator is not applicable or the data are not available.

While IFC takes efforts to improve the consistency and availability of reported metrics over time, projects with climate impact can span over a wide diversity of sectors and sub-sectors, making complete harmonization of reporting metrics challenging.



# Appendix D: IFC Green Bond Commitments Reconciliation

In FY18 and FY19, we have undertaken an internal review and reconciliation of commitments and disbursements towards a portfolio of FY14-FY17 Green Bond Eligible Projects. Here, we outline corrections and adjustments to commitment and disbursement numbers reported by IFC in prior years ([FY15](#), [FY16](#), and [FY17](#)). IFC Green Bond Commitments by Region and IFC Green Bond Commitments by Sector breakdowns on page 12 and page 13 of this report reflect these corrections and adjustments.

## ADJUSTMENTS TO COMMITMENTS

### FY17:

- Commitments to Renewable Energy sector and Commitments to Energy Efficiency sector: corrected to \$845 million and \$579 million, respectively. FY17 Green Bond Impact Report has the labels reversed.
- Commitments to Multi Region: corrected to \$24 million
- Commitments to Middle East and North Africa region and South Asia region: corrected to \$137 million and \$299 million, respectively, due to Pakistan's reclassification to South Asia. Pakistan was reclassified to the Middle East and North Africa region again in FY21.

### FY16:

- Commitments to Latin America and the Caribbean region, Commitments to Renewable Energy sector and Total Commitments: corrected to \$90 million, \$306 million, and \$961 million, respectively. FY17 Green Bond Impact Report included a potential project, not originally included in the Eligible portfolio in FY16 Green Bond Impact Report and not considered an Eligible Project at any time afterwards.

### FY15:

- Commitments to Europe and Central Asia region, Commitments to Energy Efficiency sector and Total Commitments: adjusted from \$382 million to \$370 million; from \$296 million to \$284 million; and from \$1,155 million to \$1,143 million, respectively, due to a subsequent commitment reduction for project #35012.
- Commitments to World region, Commitments to Energy Efficiency sector and Total Commitments: corrected to \$0, \$275 million and \$1133 million, respectively, due to a project change from loan to equity.
- Commitments to Middle East and North Africa region and South Asia region: corrected to \$59 million and \$239

million, respectively, due to Pakistan's reclassification to South Asia. Pakistan was reclassified to the Middle East and North Africa region again in FY21.

## ADJUSTMENTS TO DISBURSEMENTS

### FY18:

- Disbursements to Middle East and North Africa region and South Asia region: corrected to \$75 million and \$200 million, respectively, due to Pakistan's reclassification to South Asia. Pakistan was reclassified to the Middle East and North Africa region again in FY21.

### FY17:

- Total disbursements: corrected to \$1,356 million. FY17 Green Bond Impact Report included only a subset of disbursements for newly-committed projects in the same year (\$899 million). The total amount of disbursements for FY17 towards Green Bond Eligible Projects is \$1,356 million.
- Disbursements to Middle East and North Africa region and South Asia region: corrected to \$184 million and \$194 million, respectively, due to Pakistan's reclassification to South Asia. Pakistan was reclassified to the Middle East and North Africa region again in FY21.

## **FY16:**

- Disbursements to Multi Region: corrected to reflect zero disbursement. The disbursement of \$18 million for FY16 reported in FY17 Green Bond Impact Report relates to disbursement in East Asia and the Pacific region in the same year.
- Disbursements to Middle East and North Africa region and South Asia region: corrected to \$86 million and \$154 million, respectively, due to Pakistan's reclassification to South Asia. Pakistan was reclassified to the Middle East and North Africa region again in FY21.

## **Authors**

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