



Green Bond Impact Report

FINANCIAL YEAR 2019



**International
Finance Corporation**
WORLD BANK GROUP

Creating Markets, Creating Opportunities

Green Bond Impact Report

FINANCIAL YEAR 2019




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FY19 Highlights


24 new projects
committed across **6 sectors**

 Energy Efficiency

 Biomass

 Green Banking

 Green Buildings

 Solar Energy

 Wind Energy

37
GREEN BONDS

totalling
\$1.6 billion

in
11
CURRENCIES



Expected to reduce:
137,056 MWh in energy consumption per year,
equivalent to electricity use of
16,900 homes over one year

IMPACT¹

Expected to reduce:
greenhouse gas emissions by
2.6 million metric tons of
CO₂-equivalent per year,

equivalent to **113.5 million trash bags** of waste recycled instead of landfilled



Expected to generate:
3,053,627 megawatt hours in renewable energy in one year,
equivalent to the energy use of **260,000 homes** (the size of Luxembourg)² over one year



Expected to construct:
1,251 megawatts in renewable energy capacity

¹ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

² <https://statistiques.public.lu/catalogue-publications/luxembourg-en-chiffres/2018/luxembourg-figures.pdf>

Celebrating Transparency: 6-year Cumulative Impact Highlights

IFC's green bond program began in 2010 and although IFC had previously been reporting on the use of proceeds for its Green Bond Program, in FY14 we began reporting in accordance with the [Harmonized Framework for Impact Reporting](#). This change represented a response to investor requests for more robust reporting. IFC set a precedent by upholding a higher standard of transparency through the provision of more data points and information per project.

6-YEAR IMPACT SUMMARY

Expected to reduce:

greenhouse gas emissions by **18.4 million metric tons** of CO₂-equivalent per year,

equal to taking **3.9 million passenger cars** off the road for one year



Expected to reduce:

721,223 megawatt hours in energy consumption per year, sufficient to power 89,000 homes (**the size of the Isle of Man, UK**)³ for one year



Expected to generate:

20,468,892 megawatt hours of renewable energy in one year, equivalent to the energy use of a country the size of Ireland⁴



Expected to construct:

7,558 megawatts in renewable energy capacity

Between FY14-19

133

GREEN BONDS

totaling
\$7.1 billion

18

CURRENCIES⁵

200 projects
committed totaling
\$7.7 billion

³ <https://www.gov.im/media/1355784/2016-isle-of-man-census-report.pdf>

⁴ http://www.seai.ie/Publications/Statistics_Publications/Energy_in_Ireland/Energy-in-Ireland-1990-2014.pdf

⁵ These numbers specifically refer to bond issuances in the period FY14-FY19 and exclude \$2.2 billion issued in green bonds in FY10-FY13. As at end of FY19, IFC's overall green bond program issuance was \$9.23 billion raised from 148 bond in FY10-FY19.



Message from Philippe Le Houérou

IFC CHIEF EXECUTIVE OFFICER



Philippe Le Houérou
IFC Chief Executive Officer

To avoid severe and irreversible climate change impacts, the world must dramatically

change course by 2030. Global emissions must fall by about 45 percent from 2010 levels by the end of the next decade, while greater investments in climate adaptation are required. It is estimated that the world needs \$90 trillion of investment in climate projects by 2030, in everything from renewable energy sources to more efficient transportation systems and building technologies.

Green bonds can play a vital role in raising the capital needed to make those investments. A decade ago, green bonds were virtually non-existent. Last year, they brought in nearly \$170 billion to fund climate investments. In 2019, green bond issuances are expected to reach a record \$200 billion.

Investors are showing an eagerness to put their money in projects that help the planet while generating solid financial returns. But we can do more. Despite their growth, green bonds make up only a small slice of the \$100 trillion global bond

market. To achieve the scale required to finance the projects the world needs, the green bond market needs to go mainstream.

A key step is creating tools that make it easier for investors to get involved, and for borrowers to access climate finance. In fiscal year 2019, IFC joined HSBC Global Asset Management to launch the first green-bond fund targeting non-financial issuers in emerging markets. The new fund, known as the Real Economy Green Investment Opportunity Fund, expects to catalyze at least \$500 to \$700 million to support a diversified portfolio of climate-smart investments through a mix of bonds from manufacturing, agribusiness, services, infrastructure, and subsovereign issuers. IFC is also a cornerstone investor in the Amundi Planet Emerging Green One Fund, which targets emerging markets.

Developing market standards is another important ingredient for growth. IFC helped develop the Green Bond Principles, which set guidelines for issuers to follow to certify their securities as green bonds. Standards such as these are critical to building investor confidence and market credibility. This year's

Green Bond Impact Report provides details on the green bonds we issue and the projects they finance.

At IFC, green bonds are just one part of our commitment to climate finance. We plan to rapidly green our investment portfolio, with a goal of having 35 percent of our annual financing commitments support climate-smart projects. Our operational results from fiscal year 2019 show we're well on our way. IFC's climate investments amounted to \$2.5 billion, accounting for 29 percent of investments from our own account.

A new generation of investors wants their capital to be used as a force for the good of humanity and the planet. Green bonds have the potential to play a prominent role in meeting that demand. If we continue to nurture this important market, we can help secure the financing needed for a low-carbon, sustainable future. ■

Letter from John Gandolfo

IFC VICE PRESIDENT AND TREASURER



John Gandolfo

IFC Vice President and Treasurer

I am pleased to share with you IFC's Green Bond Impact Report for fiscal year 2019. IFC Treasury has been at the forefront of creating sustainable capital markets, and this report is a cornerstone of our green finance endeavors.

When I first joined IFC, the Corporation was just beginning to embark on obtaining its first credit rating and funding itself in the global capital markets. Thirty years later, IFC has built on its foundation within the capital markets and positioned itself at the intersection of finance and sustainability. We have achieved this unique position through innovation and strategy, resulting in outcomes from the legacy of being the first issuer of a billion-dollar green benchmark bond and being a founding member of the Executive Committee of the Green Bond Principles, the most referenced framework for green bond issuance in the world.

Extreme weather events throughout the world underscore the urgency of tackling climate change. We need trillions of dollars to finance the transition to a low-carbon economy that allows us to meet the goal of lowering global average temperatures

to below 2°C above pre-industrial levels. At IFC, we know green bonds are critical to stimulating the supply and demand of funding needed to achieve these goals. Green bonds give investors the opportunity to contribute positively to the mitigation and adaptation of climate change, while gaining financial returns.

To this end, we continue to lead crucial discussions and take practical steps toward expediting the growth of green bonds. We do this through active market engagement and our Green Bond Program. In partnership with the Climate Bonds Initiative, we have completed periodic research on Green Bond Pricing. This report, now in its seventh iteration, reveals that green bonds achieve larger oversubscription than vanilla equivalents. This finding illustrates the growth in the market for impact investing within fixed-income and the increase in investors seeking green bonds to incorporate sustainability in their investments.

As an issuer, IFC has raised close to \$10 billion in green bonds since the launch of its Green Bond Program in 2010. The proceeds of these bonds are invested exclusively in climate-smart projects in emerging markets. This fiscal year, 2019, we issued

\$1.6 billion through 37 green bonds in 11 currencies. We actively seek to issue green bonds in new currencies to provide supply in new markets. For example, in October 2018, we issued our inaugural **Indonesian Rupiah Komodo green bond**, raising \$134 million for climate projects in Indonesia.

In FY19, we also launched initiatives to encourage mainstream investors to consider Environmental, Social, and Governance factors in their investment decisions. Notably, in our recently established **partnership with the Government Pension Investment Fund of Japan**, GPIF's multiple asset managers included Environmental, Social, and Governance bonds in portfolios traditionally tracked to sovereign bond indices. The new approach led to GPIF's first investment in IFC green bonds.

Our role in developing the green capital market goes beyond our bond program to other financial products. This year, IFC began offering its investment clients the option to structure loans in accordance with the Green Loan Principles. Fiscal year 2020 will mark ten years since the launch of our Green Bond Program, and I am excited to build and expand on the achievements of the previous decade. ■

Directors Corner



Tom Ceusters
Director, IFC Treasury Market Operations

Five years ago, the public green bond market took off. It was in 2013 that IFC's landmark public trades created a precedent for subsequent green benchmark bonds. Now, IFC is close to hitting a new milestone in its Green Bond Program. Over the next

fiscal year, we expect our cumulative green bond issuance to reach \$10 billion. Over the past nine years, since we began the Green Bond Program, we have paved the way for responsible investing and encouraged issuers and investors from different countries and sectors to participate.

Our program remains flexible to investor needs. We issued more green bonds this year than ever before. Our program also remains rigorous in setting a standard of integrity. We believe that annual impact reporting on both our thematic bond programs is critical to ensure transparency on the use-of-proceeds and show our investors where we put their investments to work. We are constantly interacting with our investors to encourage feedback on other data points investors want. This year, for the first time in our Green Bond Impact Reports, we are mapping eligible projects to the UN Sustainable Development Goals. This implements the work IFC led, along with the Social Bond Working Group, in drafting the [High-Level Mapping to the SDGs for Green & Social Bonds](#).

One of the benefits of our Green Bond Program has been the increased cooperation across internal departments, towards strengthening our role in the green bond market as an issuer, investor and advisor. We were very honored that the Climate Bond Initiative named IFC the **2019 Green Bond Development Bank of the Year**. The award is testament to our collective work as an institution and motivation to scale up our activities in the years ahead. ■



Alzbeta Klein
Director, IFC Climate Business

Climate change is an acute threat to global development and efforts to end poverty. To effectively deal with climate change, IFC invests in climate business—in companies in emerging markets to foster climate mitigation and in projects that

make companies more resilient to climate change. It is this ability to invest, bringing co-investors with us, which makes IFC well positioned to make a difference. Over the past couple of years, about one-third of all IFC investments were in climate business.

In FY19, we continued to broaden our strategic priority areas to include climate-smart agribusiness, green finance, green buildings, climate-smart cities, and clean energy. We have seen a continuous shift from primarily renewable energy investments to other areas of climate business.

As climate risk continues to gain attention from corporates and regulators, we believe it is essential to disclose our climate-related financial risk to our partners and investors. IFC was the first multilateral development bank to disclose an approach to handling this risk, using the guidelines of the Task Force on Climate-related Financial Disclosures.

We see carbon pricing as an effective way to alter behavior in favor of low-carbon choices. In FY19, IFC started applying carbon prices to the economic analysis of project finance transactions, with annual emissions of more than 25,000 metric tons of carbon dioxide equivalent in thermal power generation, cement and chemicals.

Looking at the year ahead, we will continue to develop climate business initiatives that build on previous successes and expand these initiatives to other partners and clients. ■

The ABCs of CBD

Getting to know IFC's Climate Business Department (CBD)

A CHAT WITH MARCENE MITCHELL, GLOBAL HEAD, CLIMATE STRATEGY AND BUSINESS DEVELOPMENT



Marcene is responsible for growing IFC investments in sustainable business and leads IFC initiatives to transform green building practices in developing markets, expand clean energy investments beyond the power grid and aggregate energy efficiency investments for institutional investors.

Why is climate of strategic importance to IFC?

IFC and the World Bank Group recognize climate change as an acute threat to global development and economic stability and a contributing factor to poverty, fragility, and migration. Climate change must be addressed to sustain development gains, reduce global poverty and increase shared prosperity, all elements of IFC's mandate. Climate action presents an enormous business opportunity to innovate and invest in clean, renewable technologies that support economic growth, while decarbonizing the global economy. Since the Paris Agreement in December 2015, IFC clients—including in low-income and middle-income countries—have sought rapid, concerted action. As the largest global development institution focused exclusively on the private sector in developing countries, it is our duty at IFC to find the solutions to this global challenge.

What does work in climate business entail?

The key role of CBD is to specialize in everything climate, and to provide cross-cutting expertise to all parts of IFC. It works internally with IFC operations departments to support the growth of climate business by identifying new key areas in which to invest and supports business development efforts and the appraisal of climate projects. CBD also collaborates with investment colleagues in syndications, blended finance, and treasury, among others, to establish innovative platforms and products, such as IFC's award winning Forests Bond. It develops and implements climate metrics and climate risk methodologies to support our pipeline and portfolio and identifies new

approaches to public policies to spur private sector investment opportunities at the project level. CBD also builds and maintains IFC's leadership role in the global climate dialogue, while managing stakeholder and climate partner relations, as well as critical international public and private advocacy coalitions.

As early as the 1980s, IFC became involved in climate business with engagement in clean energy projects. In 2005, IFC began to track its climate business and, that year, climate business accounted for 4 percent, or \$212 million, of IFC's total own-account commitments. In 2010, IFC created CBD to help IFC scale its impact in climate finance.

Over the years, IFC's climate business has expanded from predominantly renewables, such as solar, wind, and hydro, into other sectors, including green buildings and climate-smart agribusiness. The business has also evolved from project finance to working with client banks and on-lend to climate projects. We expect further growth, with IFC's recent capital increase and the commitment to increase the share of IFC climate investments to 32 percent on average over FY20-30.

What are CBD's current priorities?

Today, IFC's climate business is focused on five strategic focus areas: clean energy, climate-smart cities, climate-smart agribusiness, green buildings, and green finance. Energy efficiency and resilience, as well as new technologies and innovations, cut across all five focus areas. Although the bulk

of IFC's climate business focuses on climate mitigation, some climate sectors include opportunities to increase resiliency and encourage adaptation. For example, as rainfall and drought patterns become more extreme and less predictable, IFC green buildings certified by a globally-respected certification process known as EDGE, or Excellence in Design for Greater Efficiencies, use 20 percent less water than other buildings, improving climate resiliency.

In addition to supporting investment opportunities in the five IFC strategic focus areas, other priorities include creating and scaling climate markets, working with peer institutions and other stakeholders to support commitments made under the Paris Agreement, and mobilizing private sector capital to finance and develop climate-smart infrastructure in priority areas. Between now and 2030, most of the growth in these markets will be largely concentrated in 21 emerging markets with over \$23 trillion in investment potential.

How does CBD work with other institutions towards meeting IFC's climate business goals?

Working with partners, including other international finance institutions, is a key strategic priority for IFC. This work helps to increase IFC's impact in addressing climate risks and growing the markets for climate business. IFC is working with other multilateral development banks to develop consistent metrics to measure climate impacts and align investments with the goals of the Paris Agreement. IFC also participates in key multi-

stakeholder groups on important global issues, such as carbon pricing and climate-risk disclosure. IFC is a member of the World Bank Group's Carbon Pricing Leadership Coalition, which includes leaders from government, private sector, academia, and civil society to promote the use of effective carbon pricing systems and policies. IFC was also the first multilateral development bank to disclose the management of its climate-related financial risk, using the Task Force on Climate-related Financial Disclosures guidelines. IFC is engaged with the Task Force on Climate-related Financial Disclosures, Standard & Poor's, and BlackRock as they develop standards for voluntary corporate climate disclosures.

What is the next phase of work for CBD?

CBD always looks around the corner to identify the next transformational sectors and new technologies for climate business growth. We are currently exploring exciting opportunities in electric vehicle transportation, offshore wind, and digital and drone applications for agribusiness, as well as blockchain in distributed energy generation, just to name a few. We will continue to work with our partners on climate metrics, climate risk disclosure, and the greening of the financial sector. Most importantly, IFC will continue its mission to create new markets for climate business through investments, innovative financing, and advisory services.



IFC Climate Business Overview for FY19



29% of IFC's own account commitments in FY19 are climate-related

Since 2005, IFC has invested \$24.8 billion in climate-smart financing and directly mobilized \$18.9 billion through partnerships with investors for climate-related projects, including renewable power, energy efficiency, sustainable agriculture, green buildings, waste and private sector adaptation to climate change.

doubling the volume of its current 5-year investments to around \$200 billion, a total that includes about \$67 billion in mobilized private capital. As part of these targets, IFC aims to achieve an average of at least 35 percent of its own commitments being climate-related.



This translates to over **\$2.6 billion** in climate-smart investments on IFC's own account

During FY19, 29 percent of IFC's total own-account commitments were climate-related. This translates to \$2.6 billion in climate-smart investments on IFC's own-account while an additional \$3.2 billion was realized through core mobilization efforts.

Our investments are often directed toward companies incorporating climate-smart technologies into their operations. IFC has also strategically supported countries to attract private investment to help implement their Nationally Determined Contributions (NDCs) to achieve the goal of the Paris Agreement. Governments recognize that much of the financing needed to meet their climate pledges will have to come from the private sector. IFC will continue to help emerging economies to turn climate pledges into business opportunities and work with them to guide regulation, provide financing and creative innovative solutions that mobilize external capital and create sustainable markets for climate-smart solutions.



With an addition of **\$3.2 billion** in core mobilization

Joining a number of entities that are taking steps to identify and mitigate climate-related financial risk, in 2018, IFC became the first multilateral development institution to disclose climate-related risk under the guidelines of the Task Force on Climate-related Financial Disclosure (TCFD), and in FY19 we issued a second disclosure. Under the TCFD guidelines, IFC's disclosure is focused on the following areas: strategy and governance; risk management (including physical and transition risks); and targets and related disclosures. Going forward, IFC will continue to refine its analysis, working with partner institutions and banks to develop tools and processes that better help manage these risks and identify related opportunities.

IFC continues to assess the potential of new technologies to tackle climate change, such as offshore wind and floating solar photovoltaic installations to scale up solar generating capacity, especially in countries where land is scarce, expensive, and difficult to secure. With a global estimated potential of 400 gigawatts (GW), floating solar could double the current installed capacity for solar power.



For a total of **\$5.8 billion** in climate-smart projects

In December 2018, the World Bank Group announced new climate business targets for the FY21-25 period,

IFC Green Bond Program Overview for FY19

Since the launch of the IFC Green Bond Program in 2010, IFC has raised billions of dollars to finance projects that combat climate change. In FY19, we issued a record number of green bonds: 37 green bonds in eleven currencies for a total volume of over \$1.6 billion. This year's program brings IFC's cumulative volume of green bonds raised to \$9.2 billion across 148 bonds in 18 currencies.

In July 2018, only two weeks into FY19, IFC marketed a British pound sterling 350 million green bond. This trade was IFC's first sterling-denominated benchmark in five years and was also the first green bond issued by a multilateral development bank in the sterling market since 2015. The five-year fixed-rate bond pays a 1.25 percent coupon, and it was placed primarily with investors based in the United Kingdom (52 percent) and other European countries (29 percent). A month later, robust investor demand encouraged IFC's prompt return to the market with an increase of the bond by 150 million British pound sterling.

Subsequently, in October 2018, IFC issued its inaugural Indonesian rupiah Komodo green bond, the first such issuance by a multilateral development bank. The bond mobilized Indonesian rupiah 2 trillion, or \$134 million, from offshore investors for direct on-lending to Bank OCBC NISP, an IFC client in Indonesia. The bond supports the local currency market in Indonesia and is an example of managing



foreign exchange risk. The bond's proceeds will be used by the client to finance underlying infrastructure and climate-related projects in the country.

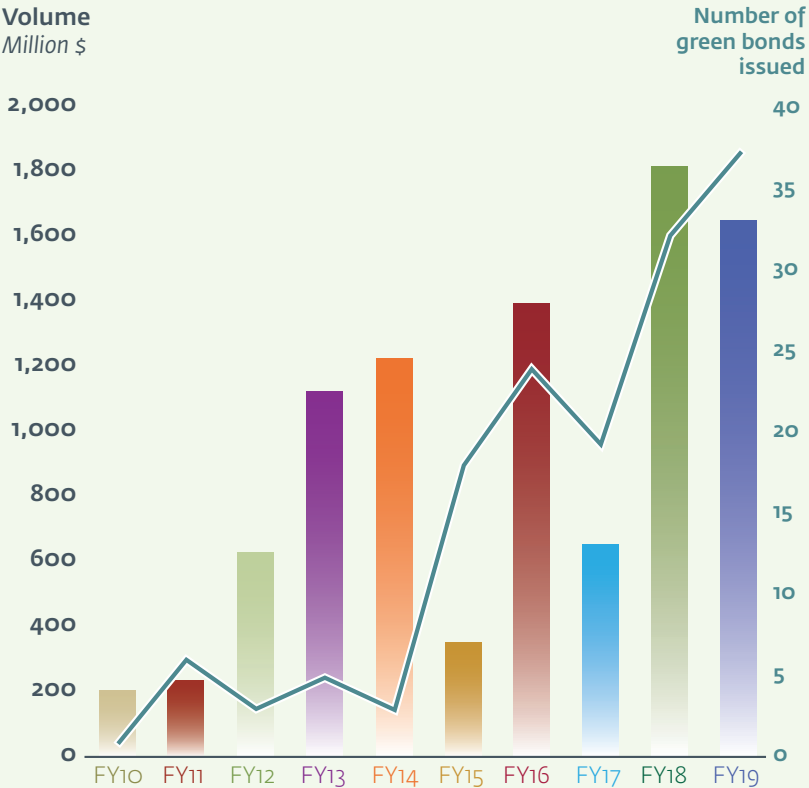
The volume raised by IFC's Green Bond Program in the U.S. and Japanese retail markets remained relatively stable in FY19. Through its Impact Notes Program, IFC sold \$37.4 million of green bonds in step-up, callable format to U.S. retail investors. In the Japanese retail market, we continued offering multiple currencies through Uridashi trades in South African rand, Turkish lira, and Mexican peso for a total volume of \$14 million.

IFC continues to welcome reverse inquiries to accommodate investor needs through private placements in our green bond program. Throughout the year, fifteen such trades totaling \$519 million, were placed in U.S. dollars, Swedish krona, euros, as well as in three new currencies—Hong Kong dollars, Japanese yen, and Colombian pesos. The Colombian peso-denominated green bond issued this year marked the fourth Latin American currency in the IFC Green Bond Program. Through these types of issuances, IFC raises awareness of the opportunities of the asset class to emerging market investors.

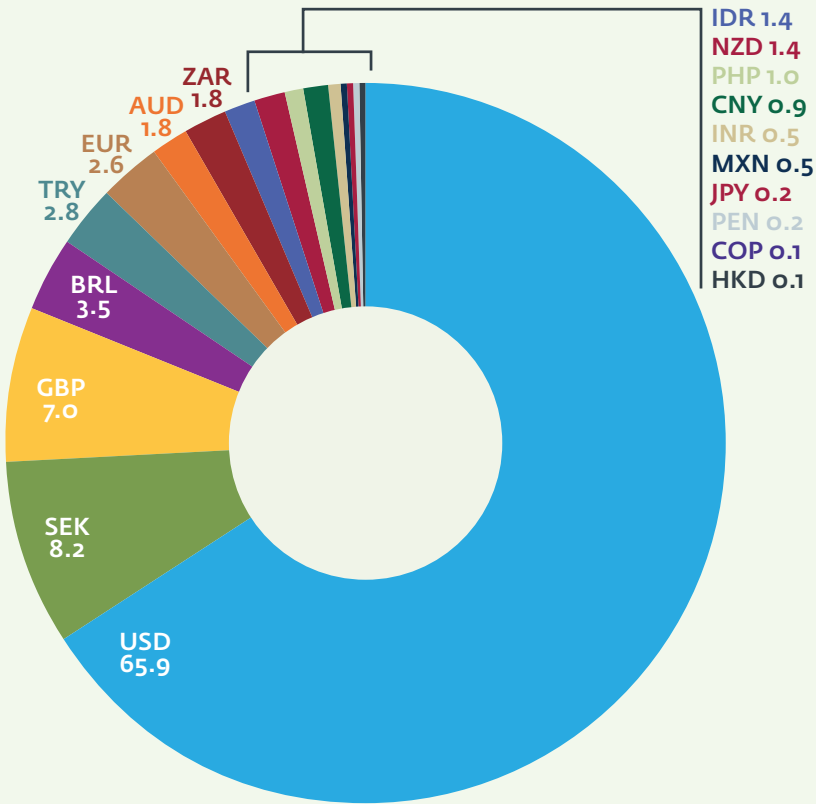
As of June 30, 2019, IFC's outstanding green bonds totaled about \$5.1 billion.

IFC Green Bond Program Overview

IFC Historical Green Bond Issuance by Year



IFC Cumulative Green Bond Issuance by Currency (%)



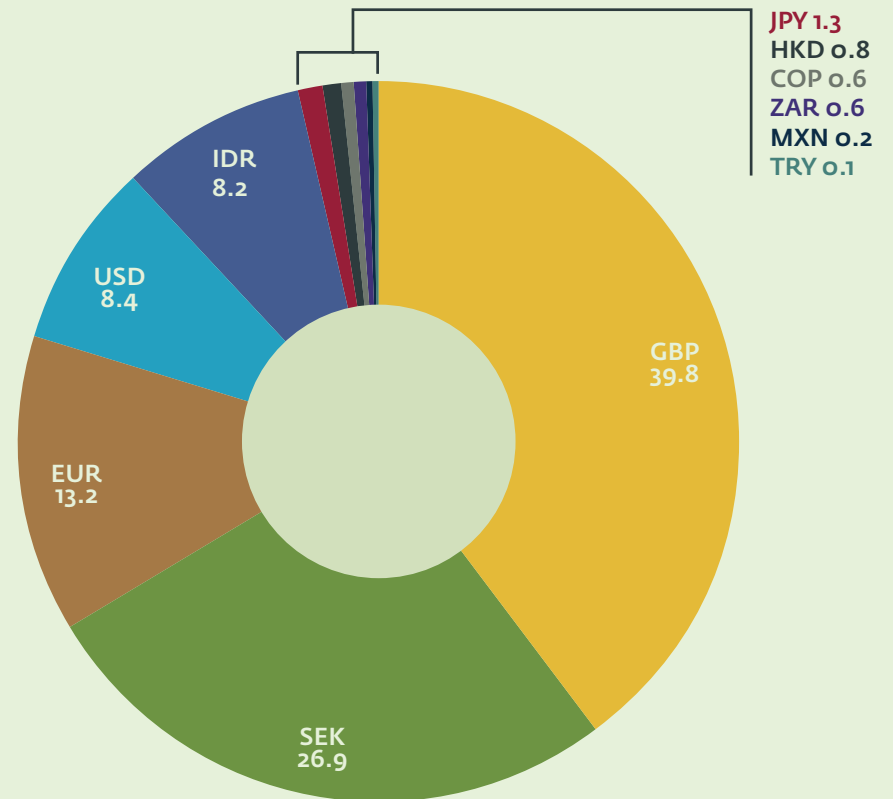
IFC Cumulative Green Bond Issuance

Volume	\$9.2 billion
Number of green bonds issued	148 bonds
Number of currencies	18

IFC FY19 Green Bond Issuance

Volume	\$1.6 billion
Number of green bonds issued	37
Number of currencies	11

IFC FY19 Green Bond Issuance By Currency



Diversifying Jordan's Energy Mix by Crowding in Private Capital for Wind Energy

Jordan's GDP growth is projected to gradually increase, up to 2.6 percent over the medium-term. This growth, coupled with an increasing population, will accelerate energy demand, which is expected to triple by 2030. Currently, imported natural gas powers 93 percent of the country's electricity generation, with renewable energy providing 7 percent. This causes the electricity sector to be vulnerable to external shocks, which have caused supply disruptions in the past. Diversifying the country's energy mix with abundant domestic renewable energy resources will help meet demand in a secure, sustainable way.

The government pledged to diversify energy sources in 2015 by putting in place a 10-year strategy – Jordan 2025: A National Vision and Strategy – which aims to increase the contribution of domestic sources to the total energy mix by 2025. The strategy

identifies the private sector as an engine to boost renewable energy development in the country and improve energy efficiency.

IFC is supporting Jordan's vision by providing financing and investment solutions. IFC recently delivered \$80 million in financing to fund the construction of a new wind power plant in the south of the country, called the Abour Wind Farm, near the town of Tafila. The financing package includes a \$28 million loan from IFC's own account, as well as mobilized parallel loans from the Islamic Development Bank. IFC structured the transaction using an Islamic financing transaction, Ijara, a first in the renewable energy sector in the Middle East and North Africa.

The 51.75-megawatt Abour Wind Farm is a joint venture between Xenel International and AMEA

Power, built by Abour Energy Company, and will provide lower-cost power for consumers. It will help reduce Jordan's dependency on imported fossil fuels. The project also took a proactive approach to address biodiversity concerns by implementing measures that mitigate risks that the wind farms might pose to bird migration paths above Jordan by monitoring highly threatened birds and shutting down turbines when necessary.

The Abour Wind Farm is one of many IFC clean energy investments in Jordan. IFC's participation in Jordan's energy sector has helped create new markets for renewables – with more than \$300 million cumulative clean energy investments over the past decade to support 13 projects. This has helped to mobilize over \$1 billion in private sector capital for Jordan's power distribution and generation sectors.



© Dominic Chavez/IFC



IFC Green Bond Commitments by Region

As of June 30, 2019, IFC green bond proceeds supported 200 green bond eligible projects. The total committed amount for these projects is \$7.7 billion, of which \$6.4 billion has been disbursed.

	Commitments	Disbursements
FY14	936	242
FY15	1133*	956
FY16	961*	754
FY17	1555	1356*
FY18	2205	1914
FY19	885	1135
Total in M\$	7675	6357

	Commitments	Disbursements
FY14	618	156
FY15	422	551
FY16	90*	210
FY17	534	449
FY18	406	357
FY19	252	208

Latin American and the Caribbean
in M\$

	Commitments	Disbursements
FY14	178	66
FY15	370*	228
FY16	284	265
FY17	320	312
FY18	834	833
FY19	121	183

Europe and Central Asia
in M\$

	Commitments	Disbursements
FY14	55	9
FY15	59*	34
FY16	119	86*
FY17	137*	184*
FY18	265	75*
FY19	45	148

Middle East and North Africa
in M\$

	Commitments	Disbursements
FY14	62	11
FY15	239*	125
FY16	200	154*
FY17	299*	194*
FY18	297	200*
FY19	122	248

South Asia
in M\$

	Commitments	Disbursements
FY14	0	0
FY15	0	0
FY16	229	18
FY17	204	179
FY18	340	427
FY19	325	306

East Asia and the Pacific
in M\$

	Commitments	Disbursements
FY14	0	0
FY15	0*	0
FY16	0	0*
FY17	24*	17
FY18	0	7
FY19	0	0

Multi Region
in M\$

	Commitments	Disbursements
FY14	23	0
FY15	43	19
FY16	39	21
FY17	36	22
FY18	63	14
FY19	20	42

Sub-Saharan Africa
in M\$

* Volume market has been adjusted from the amount reported in a previous impact report. Appendix A provides further details on the reconciliation.

Delivering low-cost, low-carbon energy to power further economic growth in Vietnam

Vietnam, with a population nearing 100 million, continues to see strong economic prospects, delivering [7 percent growth in 2018](#). As this expansion continues, the country will experience a steady rise in demand for power: annual electricity demand is estimated to be [8 percent for the next 10 years](#). This stresses existing infrastructure, with power shortages expected as early as 2021. According to forecasts, power generation capacity in Vietnam must more than double over the next decade. The government has also committed to reduce greenhouse gas emissions by [up to 25 percent by 2030](#) as part of its Paris Agreement pledge.

Vietnam is meeting growing energy demand while also delivering on its climate ambitions with cleaner domestic renewable energy resources like wind and solar. With their increasingly competitive cost, renewables have the [potential to become the lowest-cost option](#) for Vietnam to meet its energy needs.

Responding to this opportunity, IFC has committed an anchor investment of [\\$75 million in the \\$300 million](#) green bond issued by AC Energy Finance International Limited and guaranteed by AC Energy, the power arm of Ayala Corporation. This is the first infrastructure-focused green bond to be

publicly listed in Southeast Asia. IFC's investment in the five-year green bond will [fund 360 megawatts of solar and wind farms](#).

This is only the beginning. Vietnam also has large potential for rooftop solar projects for commercial and industrial businesses. To tap into this potential, IFC is providing advisory services and has already identified 60 megawatts of rooftop solar opportunities in several factories in Vietnam's manufacturing sector.



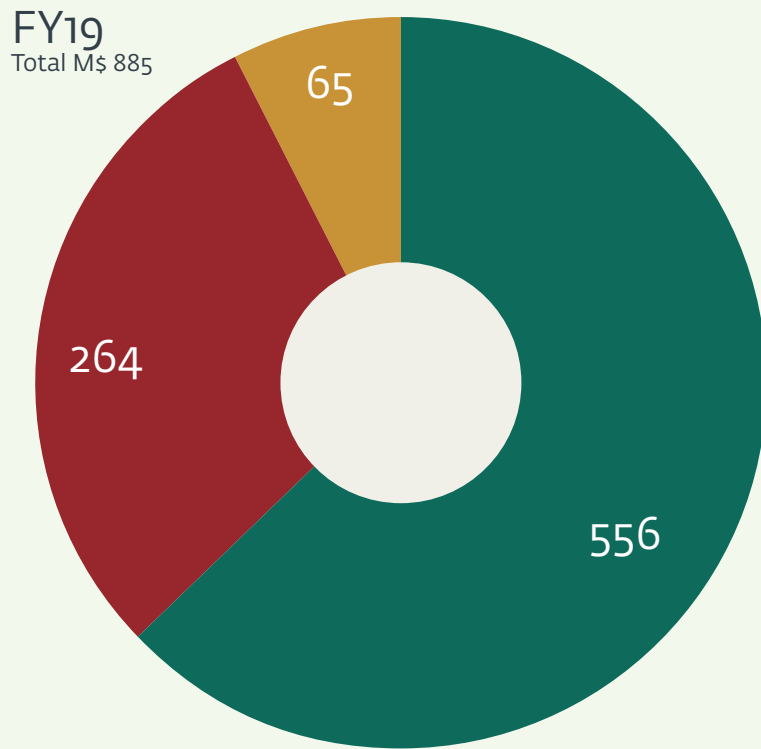
© Dominic Chavez/IFC



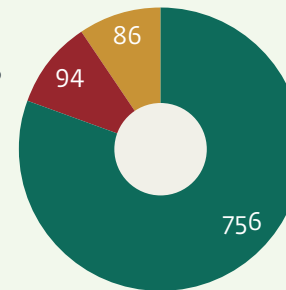
IFC Green Bond Eligible Project Commitments by Sector

COMMITMENTS BY SECTOR

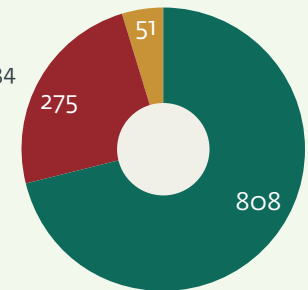
- Renewable Energy
- Energy Efficiency
- Other Mitigation
- Adaptation



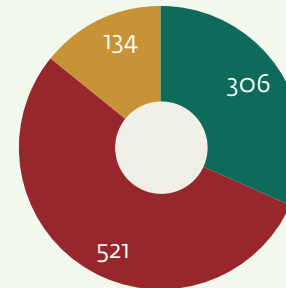
FY14
Total M\$ 936



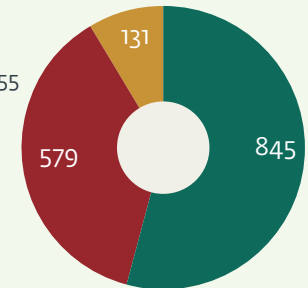
FY15
Total M\$ 1,134



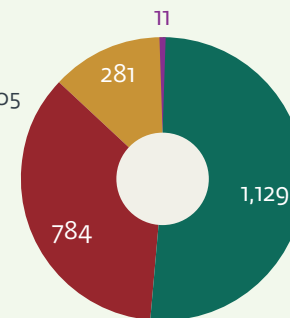
FY16
Total M\$ 961



FY17
Total M\$ 1,555



FY18
Total M\$ 2,205



7 Facts about IFC's Role in the Green Bond Market

An Update on IFC's Engagement in the Green Finance Market

BY ESOHE DENISE ODARO, HEAD OF INVESTOR RELATIONS



Esohe Denise Odaro
Head of Investor Relations, IFC

IFC has established a unique profile within the green bond market as a one-stop shop, offering a holistic approach to the development of green bonds. Working to scale green bonds, IFC is an issuer, investor, and provider of advisory services, technical assistance, and risk mitigation instruments. Overall, we constantly work on the front lines and behind the scenes in several practical ways to increase the market share of sustainability bonds:

1

IFC helps unlock private capital investment for climate smart projects through its **Green Bond Program**. We actively encourage traditional investors to green bonds by offering a flexible private placement program. Our trading hubs in Washington, D.C., Singapore, and London allow for timely responses to reverse inquiries.

2

A founding member of the **Green Bond Principles**, IFC has been continuously re-elected to serve on the Executive Committee since its creation in 2014. We have been instrumental in the dialogue with other issuers, investors, and banks in several working groups including: Green Projects Eligibility, Impact Reporting, Index and Database, and New Markets, while chairing the Social Bonds working group.

Through these collaborative ventures, IFC contributed to recently published key documents, including: **Green Projects Mapping**, which provides greater clarity on green projects eligibility and mapping to other green taxonomies and standards; **Guidance Handbook** and updates to the previous Q&As for the Green and Social Bond Principles; and the **Harmonized Framework for Impact Reporting**, a consolidation of the impact reporting frameworks for eligible green categories released since 2017 and based on the initial framework drafted by IFC, African Development Bank, European Investment Bank, and the International Bank for Reconstruction and Development.

3

The **Global Green Bond Partnership** is a consortium of institutions including IFC. Together, we have recently developed a [roadmap](#) for government representatives and others interested in better understanding green bonds. Our agenda for the upcoming year is to continue working on increasing awareness of the green bonds market, standardizing qualifications for a green bond, and providing technical assistance and capacity building.

4

Through the [Sustainable Banking Network](#), IFC works upstream with banking regulators to greening the financial sector more broadly. The Sustainable Banking Network includes 85 percent of banking assets in emerging markets and represents 21 countries and 30 organizations with green bond expertise to develop green bond frameworks and catalyze local issuances. This fiscal year, in partnership with the Climate Bonds Initiative, the Sustainable Banking Network published a report, "[Creating Green Bond Markets](#)," report, which includes eight country case studies, one regional case study, and the first-ever Green Bond Market Development Toolkit.



5

Also, in partnership with the Climate Bonds Initiative, we have published **semi-annual research on Green Bonds Pricing** since 2016. The [Green Bond Pricing in the Primary Market: July-December 2018](#) report analyzed 24 euro-denominated and ten U.S. dollar-labeled green bonds issued in the second half of 2018, totaling \$29 billion. The report found that, 28 days after pricing, green bonds had tightened, on average, by more than matched indices.

6

Another example of our upstream work is the **IFC Green Banking Academy**, launched in November 2018. The concept of the academy came as a result of the conclusions of IFC's Green Finance Latin-America Survey in 2017 that identified the lack of knowledge and skills to understand and correctly assess the risks and opportunities of climate change as one of the main barriers to mainstream green finance. The Academy provides professional training to bankers to increase their willingness to participate in the use of financial instruments for renewable energy and energy efficiency projects. Its main goal is to accelerate the green transformation of banking sector towards a more environmentally sustainable model through various knowledge, sensitization and capacity building educational programs.

7

In March 2019, we began offering IFC's investment clients the option to structure loans in accordance with the **Green Loan Principles**. The structuring, modeled on the Green Bond Principles, specify how loan proceeds should be used and how projects should be selected to qualify for green loan status. This can help businesses attract new financing and enhance their reputation among shareholders, clients, and communities.

Shining a Light on Green Bonds Transparency

A Guide to IFC's Climate Assessment for Financial Institutions Platform

BY GURSIMRAN ROOPRAI, FINANCIAL INSTITUTIONS GROUP ANALYST



Gursimran Rooprai
Financial Institutions
Group Analyst, IFC

IFC promotes transparency in reporting for green bonds and climate finance by providing tools to market players within the financial services industry. To successfully address climate change, we educate stakeholders about the terms and concepts they need to participate in the green bond market.

One of the main obstacles to investing in green bonds and climate finance is that most of impact reporting by companies focuses on the priorities of non-investor stakeholders, such as governments and NGOs, rather than the data investors find useful.

We recognize that the need to accurately measure impact is a critical component to ensuring the robust

and sustainable growth of the green bond market. Our vast experience in financing climate business through financial institutions helps us define how to quantify impact of projects. This knowledge helps formulate a first-of-a-kind leading assessment and reporting platform for climate impact data. The **Climate Assessment for Financial Institutions** is an online platform we built and operate collaboratively across various internal teams. IFC staff and client financial institutions can access the platform to verify whether a project is climate-friendly and measure its impact.

CAFI uses [IFC's climate definitions](#), the [accounting methodology for greenhouse gas emission](#) and publicly available approaches, harmonized across multilateral development banks. It has been in operation for six years. To ensure its robustness, IFC hired an external auditor last year to review the platform. CAFI received the "reasonable assurance" certificate, a robust approval of its methodology and accuracy.

To ensure our client financial institutions capture high-quality data, we train their staff to use CAFI. This helps them actively manage their portfolios. CAFI is also implementing validation flags to allow users to verify the project, based on climate eligibility criteria. So far, 55 client financial institutions in

33 countries have reported results in CAFI, with a total of \$4.7 billion in disbursed loans from more than 1,630 projects. Our client portfolios in CAFI report a cumulative reduction in greenhouse gas emissions of 9.7 million metric tons of CO₂-equivalent per annum. CAFI has helped IFC and its clients capture the impressive impact their lending portfolios have achieved for the climate.

CAFI covers seven categories: renewable energy, energy efficiency, special climate, green buildings, transport, water efficiency and adaptation. It is a user-friendly platform that offers dashboard and analytics functionality and portfolio monitoring. It is available in five languages, including Chinese, English, French, Russian and Spanish. In FY20, we are also planning to include two additional languages—Arabic and Bahasa.

We constantly modernize CAFI, creating new measurable climate categories and expanding the platform's scope. For example, we are adding green buildings and climate-smart agriculture to our portfolio of categories. IFC also shares CAFI beyond our own clients—with other multilateral development banks, international financial institutions, private institutions and fund managers—anyone who invests at scale in climate-friendly projects.



Keeping up with EGO:

An update on the Amundi Planet Emerging Green One Fund

Celebrating its first anniversary in FY19, we look back on the highlights and developments of the EGO Fund since its launch in March 2018.

Mobilizing public and private institutional investors to deploy billions of dollars in capital for climate investments is essential to alleviate the impact of climate change. Launched in March 2018, the Amundi Planet Emerging Green One (EGO) Fund does just that. As the largest green bond fund in the world, the Fund helps scale up climate finance in emerging markets.

Limited green bond issuances from financial institutions in emerging markets encouraged IFC to partner with Amundi to create a Fund that could aid this untapped potential. The Fund is a financial innovation that links investor capital to funding needs in emerging markets, and it represents an exciting public-private partnership initiative between development institutions and asset managers.

The Fund closed at \$1.42 billion but, as proceeds are reinvested over a seven-year period, the Fund is expected to **deploy \$2 billion into green bonds issued by financial institutions active in emerging markets.**

The Fund has a credit enhancement system, which means that IFC and other developmental finance institutions invested in junior tranches, thereby taking first losses in case of credit events. This risk cushion for investors ensures that they have an appropriate risk/return profile for their invested capital to the senior tranche, while targeting an emerging market debt premium.

As of June 30, 2019, the Fund's portfolio included 15 green bonds. The issuers are diversified across seven countries in Asia, Latin America, and the Middle East. The use of proceeds spans five sectors: renewable energy, energy efficiency, green transport, green building, and water management. Green bonds in emerging markets include a prime focus on renewable energy assets in an attempt to finance infrastructure development.

Within seven years, the Fund is expected to meet its goal of transitioning its diverse emerging market bond portfolio to a 100 percent green bond portfolio. As of June end, green bonds make up 19.15 percent of the asset allocation in the overall portfolio.



To boost the supply of green bonds in emerging markets, IFC set up the **Green Bond Technical Assistance Program (GB-TAP)**, a crucial addition to the Fund. The GB-TAP provides training on green bonds to potential issuers, knowledge-sharing and advisory services on green bond issuances and impact reporting in line with the Green Bond Principles. The GB-TAP is supported with funding from the Swiss State Secretariat for Economic Affairs, the Ministry of Finance of Luxembourg and the Swedish International Development Cooperation Agency.

As part of this effort, in June 2019, IFC in partnership with the Stockholm School of Economics Executive Education and the International Capital Markets Association established a training program targeting senior staff from emerging market banks, a landmark in sustainable finance education.

The Amundi-IFC partnership has been very well received by the market as is evident by the multiple awards received in FY19, such as Initiative of the Year and Green Bond Fund of the Year by Environmental Finance Magazine, Green Finance Collaboration 2018 by Climate Bonds Initiative, and EBRD's Annual Sustainability Award.

Real Economy Issuers, The Next Frontier:

Showcasing the New REGIO Fund

On June 4, 2019, HSBC Global Asset Management and IFC partnered to launch an exciting new green bond fund, the Real Economy Green Investment Opportunity Fund.

Our collaboration is the first global green bond fund targeting non-financial companies in emerging markets. It is an innovative way to fortify the green bond market through “real economy” companies operating in the industry, agribusiness, services, and infrastructures sectors.

Just as climate change needs attention and action from different industries, the green bond market needs to reach a vast spectrum of industries. Tapping into this new important class of borrowers, REGIO will catalyze up to \$1.5 billion in private sector capital to finance new kinds of climate-smart investments and projects.

The Fund received a \$100 million anchor investment from IFC and \$75 million from HSBC. This collaboration pairs HSBC expertise in global emerging markets and dedication to a sustainable, low-carbon global economy with IFC leadership in the green bond market as an issuer and standard setter.



To enhance the supply of green bonds issued by the non-financial borrowers, REGIO will provide a Technical Assistance Facility, managed by IFC. This will assist these real-sector borrowers in participating in the green bond market for the first time through dedicated capacity building.

In emerging markets, real sector companies issued just \$6 billion of green bonds in 2018, representing only 3.5 percent of the year's total issuance. REGIO's

scope and strategy is to target an increase in green bond issuances from this sector and region.

The Fund's portfolio will be a mix of manufacturing, agribusiness, services, infrastructure, and financial-sector bonds. Including more sectors in the green bonds market will be crucial in the collaborative effort against the climate crisis.



Green Bond Eligible Project Commitments for FY19

The Impact Assessment table lists expected climate results from projects eligible to be funded, in whole or in part, with IFC green bond proceeds.


The table includes only the projects committed in FY19. The projects are organized by sector and categorized by project type as renewable energy (RE), energy efficiency (EE), climate mitigation projects that do not fall under RE and EE (Other Mitigation), and Adaptation. Adaptation means reducing the vulnerability of human or natural systems to climate

change and climate variability-related risks by maintaining or increasing adaptive capacity and resilience.

Reporting is based on ex-ante estimates at the time of project appraisal. Because the Impact Assessment table includes the estimated results of projects that are still in the construction of implementation phase, there is no guarantee that these results will ultimately materialize. Thus, the reporting is not intended to provide actual results achieved in a specific year or reporting period.







Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Green building impact	Other impact	Expected annual reduction in GHG emissions	Sustainable Development Goals
						Millions \$	MWh	kWh	MW	M ²	tCO ₂ eq/year		
WIND	Xenel Wind	35348	Jordan	RE	Jordan's Tafila Governate is now realizing its potential in wind energy with the construction, operation, and maintenance of a 51.75-megawatt wind farm that will help add new generation capacity. It will meet the country's growing demand for electricity, diversify Jordan's fuel mix, and provide domestic energy security.	28.00	158,250	N/A	51.75	N/A	-	103,021	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH
	Daehan Wind	35349	Jordan	RE	Daehan Wind will be an independent power producer and generate about 133 gigawatt hours annually for sale to the National Electric Power Company under a 20-year Power Purchase Agreement. The construction, operation, and maintenance of the 51.75-megawatt wind farm contribute to providing a sustainable resource for the country.	10.20	133,300	N/A	51.75	N/A	-	86,778	7 AFFORDABLE AND CLEAN ENERGY
WIND	La Genoveva	41190	Argentina	RE	IFC's loan will finance the construction, operation, and maintenance of an 88-megawatts wind power plant located close to Bahía Blanca in the province of Buenos Aires. This will increase the country's renewable energy component of its energy mix from 3 percent in 2018 to 20 percent in 2025.	30.00	349,100	N/A	88.20	N/A	-	183,976	7 AFFORDABLE AND CLEAN ENERGY
WIND & SOLAR	ACE Green Bond	40227	Vietnam	RE	With renewable energy projects already established in the Philippines and Indonesia, AC Energy is looking to further develop Vietnam's generation capacity. IFC's investment will address the growing electricity demand-supply gap in Vietnam, while also displacing greenhouse emissions. The financing of wind and solar photovoltaic projects will provide a total of up to 360 megawatts to Vietnam's very nascent sustainable energy market.	75.00	731,656	N/A	360.00	N/A	-	351,195	11 SUSTAINABLE CITIES AND COMMUNITIES
SOLAR	Clean Solar Power (Jodhpur)	42694	India	RE	IFC's loan will finance the construction, operation, and maintenance of a 250-megawatt solar farm in Bhadla, Rajasthan, India. The project will help the county meet its energy demand by using an environmentally friendly source of energy that reduces greenhouse gas emissions.	43.39	604,322	N/A	250.00	N/A	-	530,594	7 AFFORDABLE AND CLEAN ENERGY

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Green building impact	Other impact	Expected annual reduction in GHG emissions	Sustainable Development Goals
						Millions \$	MWh	kWh	MW	M ²	tCO ₂ e/ year		
SOLAR	DCM EPSA Green Bond	39800	Colombia	RE	The construction of multiple solar plants with a combined installed capacity of 178 megawatt peak will be Colombia's first large-scale grid-connected solar park. It represents a major step toward overcoming the country's current reliance on hydropower generation. The project will increase access to renewable energy sources and is expected to have a demonstration effect in Latin America and the Caribbean. It will help smooth the path for the development of a regional and local green bond market to finance climate-related projects.	71.20	275,000	N/A	178.80	N/A	-	76,450	  
SOLAR	Potrero Solar	41297	Mexico	RE	The development, construction, operation, and maintenance of a 297-megawatt peak solar photovoltaic power plant in Jalisco, Mexico, is expected to increase clean energy production and diversify the country's energy mix. The plant will be one of the world's largest solar photovoltaic plants with bifacial panels. It is also expected to be one of the largest solar photovoltaic plants, selling its total production to the spot market.	15.00	675,000	N/A	270.00	N/A	-	340,000	 
BIOMASS	DCM Sugar	42346	India	RE/ Other Mitigation	IFC's loan will finance the expansion of a sugar plant, further developing its sustainability and climate-smart agricultural practices in a low-income state in India. The expansion will increase sugar production through climate-friendly processes, reducing wastewater. A cogeneration power plant with a capacity of 30 megawatts will be installed, as well as a 200-kiloliters-per-day distillery unit to help reduce the demand-supply gap in ethanol.	23.09	127,000	N/A	NA	N/A	Biofuel generated 63,000,000 liters p/a	220,764	  

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Green building impact	Other impact	Expected annual reduction in GHG emissions	Sustainable Development Goals
						Millions \$	MWh	kWh	MW	M²	tCO2eq/year		
GREEN BUILDINGS	LLP Peru	39427	Peru	EE	Financing the construction of the first international-standard Class A logistics warehousing facilities in Peru's market will enhance business infrastructure and productivity. Class A developments can be significantly more efficient with lower operating costs, given some of their characteristics, including higher ceilings, increased floor load capacity, column-free span areas, intensive docking ports with levelers for all types of trucks, and ample maneuvering yards for large vehicles. The project has committed to adopt EDGE standards.	19.06	N/A	-	N/A	-	-	-	 
	Hilton Talatona	40181	Angola	EE	IFC will provide a loan for the development of a full-service midscale business hotel in a fast-growing suburb of Angola. The project, managed by Hilton, has committed to a third-party green building certification within one year of construction.	9.60	N/A	923,390	N/A	15,000	-	347	
	Trans Corpora	40677	Indonesia	EE	IFC's loan will help Trans Corpora expand retail, property, and tourism operations that are more energy efficient and located in less developed regions of Indonesia. The project has committed to adopt EDGE standards.	60.00	N/A	8,764,000	N/A	95,436	Utility cost savings of \$889,534 per year	4,676	  
	BIM Land	42059	Vietnam	EE	BIM Land, a tourism property developer in Vietnam, will expand its properties and infrastructure in accordance with international design standards to minimize consumption of energy and water during operations. The project has committed to adopt EDGE standards.	27.77	N/A	-	N/A	-	-	-	  
	BIM Kien Giang	42942	Vietnam	EE	BIM Kien Giang, a tourism property developer in Vietnam, will expand its properties and infrastructure in accordance with international design standards to minimize consumption of energy and water during operation. The project has committed to adopt EDGE standards.	11.90	N/A	-	N/A	-	-	-	-

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Green building impact	Other impact	Expected annual reduction in GHG emissions	Sustainable Development Goals
						Millions \$	MWh	kWh	MW	M ²	tCO ₂ e/yr		
GREEN BUILDINGS	Epyllion Knit	42000	Bangladesh	EE	Epyllion Knit, a garment maker, will finance the construction of a garment factory that will be certified by the most widely used green building rating system in the world, Leadership in Energy and Environmental Design. The project will adopt best practices in water, wastewater, and energy efficiency.	5.33	N/A	-	N/A	-	-	-	  
ENERGY EFFICIENCY	MEG	37095	Egypt	EE	The loan to Middle East Glass Manufacturing, Egypt's leading maker of glass containers, will support the firm's three-year capital expenditure program and refinance existing loans. Part of the investment will go toward resource efficiency, which includes efficient burners, insulation, compressed air systems, lighting, transformers, and cullet production, resulting in lower energy use and emissions.	7.29	N/A	127,369,000	N/A	N/A	-	29,655	
GREEN BANKING	RBL Debt I	41811	India	RE	The loan to RBL Bank will finance climate-smart projects that encourage sustainability through demonstration and replication channels. India's market has large climate financing needs but insufficient supply, so this project will support the growth of the market.	50.00	N/A	N/A	N/A	N/A	-	29,518	
GREEN BANKING	Produbanco Loan	40592	Ecuador	EE/RE	Financing to Produbanco, Ecuador's third-largest commercial bank, will support the growth of its loan portfolio for small and medium enterprises and is climate-smart portfolio. This is expected to improve climate sustainability in Ecuador, through reductions in greenhouse gas emissions, and contribute to the country's objective of addressing its gap in green financing.	32.00	N/A	N/A	N/A	N/A	-	107,550	 
GREEN BANKING	Itau Arg CL	40916	Argentina	RE	Through IFC's debt financing, Banco Itaú Argentina S.A. is able to expand its sustainable energy finance portfolio in Argentina. The project will promote long-term lending to energy efficient and renewable energy projects that have lower environmental impact and greenhouse gas emissions.	35.00	N/A	N/A	N/A	N/A	-	35,282	

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Green building impact	Other impact	Expected annual reduction in GHG emissions	Sustainable Development Goals
						Millions \$	MWh	kWh	MW	M²		tCO2eq/year	
GREEN BANKING	DCM CHIB Green	41290	Philippines	RE	IFC's investment in a green bond issued by China Bank will increase access to new financing for climate-smart projects in the Philippines. The green bond is the second one issued by a local commercial bank in the country, opening up more financing for projects that combat climate change.	150.00	N/A	N/A	N/A	N/A	-	40,054	8 DECENT WORK AND ECONOMIC GROWTH 
	Garanti RO SEF	41800	Romania	RE/EE	IFC's loan to Garanti Bank Romania will be used for on-lending to small and medium enterprises in Romania for eligible sustainable energy finance projects. This is expected to increase the bank's reach to small and medium businesses, with a focus on mitigating climate change impact.	31.27	N/A	N/A	N/A	N/A	-	45,286	8 DECENT WORK AND ECONOMIC GROWTH 
	FHipo Loan Ext	42012	Mexico	EE	With IFC's financing, FHipo will grow its mortgage portfolio and consolidate it into the first green mortgage real estate investment trust, a unique asset class in the Mexican capital market. This will increase liquidity of residential mortgage originators focused on the low-income and middle-income segment.	14.77	N/A	N/A	N/A	N/A	-	990	8 DECENT WORK AND ECONOMIC GROWTH  10 REDUCED INEQUALITIES 
GREEN BANKING	PCH Green Bond	42172	Southern Europe	EE/RE/Other Mitigation	IFC's subscription to a green bond of \$90 million in two tranches will support green financing activities that focus on energy efficiency, renewable energy, and environmentally friendly measures. This will support the transition from high-carbon to low-carbon economies in the project's countries of operation, which are characterized by elevated levels of energy intensity, high-pollution levels, and an energy mix dominated by fossil fuels.	90.00	N/A	N/A	N/A	N/A	-	376,644	9 INDUSTRY INNOVATION AND INFRASTRUCTURE  11 SUSTAINABLE CITIES AND COMMUNITIES 

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Green building impact	Other impact	Expected annual reduction in GHG emissions	Sustainable Development Goals
						Millions \$	MWh	kWh	MW	M ²	tCO ₂ e/ year		
GREEN BANKING	Davienda CR GB	40189	Costa Rica	EE/Other Mitigation	IFC's loan to the Banco Davienda in Costa Rica will help launch a pipeline of climate-finance projects, including green buildings, lower carbon technologies, and renewable energy projects that meet the green lending principles identified in the Green Bond Principles. This will increase access to climate finance and promote greater environmental sustainability and application of green standards for financing among banks.	35.00	N/A	N/A	N/A	N/A	-	16,368	 
GREEN BANKING	Republic Bank Gh	42193	Ghana	RE/EE/ Other Mitigation	Climate finance is a relatively new concept for banks in Ghana, with just a few banks in the country exploring green building finance. IFC's loan provides financing to the Republic Bank to grow its climate finance business targeted at small and medium enterprises, which will benefit from access to longer-tenured facilities. IFC will also help the bank develop its green finance strategy and select eligible projects.	10.00	N/A	N/A	N/A	N/A	-	14,698	 





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IFC Green Bond Commitments and Disbursements:

Adjustments and 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.

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 Multi 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.

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.

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.

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.

IFC Green Bond Program Process

The IFC 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.

IFC Impact Reporting Policy

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.⁴

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.

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