



IFC's Commitment to Climate Finance in Africa

About IFC in Africa

IFC has established a leading position promoting private sector investment in Africa. Over six decades, IFC has invested more than \$60 billion in long-term finance in African businesses and financial institutions, of which more than \$40 billion is from IFC's own account. We are a leading provider of advice to promote a sustainable private sector and mobilize capital from other investors who invest alongside IFC in critical sectors for Africa's future. IFC's work is increasing access to finance for small businesses, supporting innovative startups, bridging the power gap, enabling sustainable manufacturing, bolstering resilient health systems and expanding regional trade. We are also deploying fast-track funding and advisory support to help African businesses recover from the COVID-19 pandemic.

Overview of IFC's Climate Finance Work

Climate financing in Africa will account for \$1.1 trillion by 2030 or 5.1 percent of worldwide climate-smart financing demand.

IFC invests in banks, microfinance institutions and Non-Bank Financial Institutions (NBFIs) to channel sustainable capital towards transition finance. As the continent accelerates its climate response and shifts to a net-zero world, in FY23 IFC increased its financing for climate projects. This included \$1.2 billion in financing to support financial institutions to expand their climate and sustainability lending and \$876 million for the continent's green energy transition.

IFC's interventions cut across both investment and advisory services. Investment services vary from debt instruments, including bonds and loans, to financial guarantees and equity participation to support sustainable finance. Advisory services can include strategy development, product development for specific segments, internal system enhancement, capacity building for staff, outreach to target borrowers, sustainable bond instruments, impact reporting and disclosures.

Examples of IFC's Work in Africa

- In Oct 2023, IFC subscribed to CRDB Tanzania's Kijani Bond and NMB Tanzania's Jamii Bond, the first green and sustainability bonds to be issued in Tanzania respectively. CRDB and NMB are Tanzania's top two banks in the market by total assets. IFC invested a total of \$45m OA in the programs and mobilized \$181m, reflecting a 1:3 mobilization ratio. Both bonds were listed on the Dar es Salaam Stock Exchange.
- In July 2023, IFC partnered with Orange Bank Africa (OBA), Orange Group's digital bank, to help thousands of businesses in West Africa, including those in rural and underserved areas, access loans and micro loans online. IFC provided a risk-sharing facility to help OBA scale its digital lending operations to MSMEs in Côte d'Ivoire and then to Senegal and other parts of West Africa. The facility guarantees 50 percent of a portfolio of eligible short-term loans of up to the local currency equivalent of \$30 million originated by OBA to MSMEs, enabling OBA to provide an estimated additional 300,000 loans by 2025. The risk-sharing facility is IFC's first designed specifically for digital loans globally.
- In Feb 2024, IFC and Crédit du Maroc, Morocco's seventh largest private bank and a subsidiary of the Moroccan Holmarcom Group, signed a \$100 million loan partnership to facilitate the development of small and medium-sized enterprises (SMEs), women entrepreneurship, and green projects in the country, including in energy efficiency, renewable energy, certified green buildings and climate smart agriculture. The partnership will contribute to economic and social development in Morocco by enabling SMEs and women entrepreneurs to access more financing to expand their activities, while supporting Morocco in its ambition to decarbonize its economy by 2050.

Featured Projects

Standard Bank Group (SBG), Local Currency and Sustainable Financing

In Nov 2024, Standard Bank Group and IFC signed an agreement to expand local currency lending and accelerate development projects across Africa. Through the agreement, Standard Bank and IFC will collaborate on cross-currency swaps and derivatives, as well as benefit from each other's market expertise to boost access to local currency financing for businesses in Africa, especially in countries where currency liquidity is challenging. This agreement builds on the long-standing partnership between Standard Bank and IFC, which includes notable collaborations and partnerships to scale up climate finance and affordable housing in South Africa through multiple strategic transactions, including:

- Anchoring Standard Bank's first green bond in 2020
- A \$250 million sustainable term loan to entrench Standard Bank's sustainability commitments in 2022
- A \$300 million sustainable Tier 2 capital loan in 2023

Standard Bank's ongoing partnership with IFC contributes to sustainable development across Africa, supporting the bank's sustainability and development goals, the United Nations Sustainable Development Goals, the Paris Agreement, and African Union Agenda 2063.

Arab African International Bank (AAIB), Egypt

In Nov 2024, AAIB issued a \$500 million sustainability bond, with investments from IFC, the European Bank for Reconstruction and Development (EBRD), and British International Investment (BII), to advance Egypt's green transition and micro, small, and medium-sized enterprises (MSMEs). The sustainability bond is the first in Egypt - and the largest issued by a private bank in Africa - and will support green and sustainable projects in Egypt. IFC has subscribed in the bond with \$300 million alongside \$100 million from EBRD and \$100 million from BII - with 75 percent of the bond's proceeds allocated to green financing, such as industrial energy-efficiency, small-scale renewable energy projects, and green buildings; and 25 percent allocated for social assets including inclusive finance and MSMEs.

Green certified buildings in Africa

Green certified buildings enhance climate resilience, reduce energy costs, promote healthier living and workspaces, create job opportunities, and improve energy security, while aiding cities to adapt to climate change. As at Nov 2024, IFC has mobilized over \$840 million through FIs in South Africa (BPL, Nedbank, ABSA, First Rand) and in Egypt (CIB, AAIB) to significantly increase the amount of available climate finance directed at developers and retail buyers of green certified buildings with the support of over \$32 million in blended concessional performance-based incentives from the UK-IFC Market Accelerator for Green Construction (MAGC) program.

The investments are expected to catalyze the growth of the FIs' climate finance portfolios by over three times between 2021 and 2027 and result in a reduction of annual GHG emissions of over 1.9 MtCO₂.



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