



Innovation in Action

IFC's Stocktake on Climate Action since the Paris Agreement



IFC

**International
Finance Corporation**
WORLD BANK GROUP

Creating Markets, Creating Opportunities

Innovation in action

IFC's Stocktake on Climate Action since the Paris Agreement

Since the signing of the Paris Agreement, carbon emissions have continued to rise steadily. To keep within the 1.5°C limit, the UNFCCC's Global Stocktake tells us that emissions need to be reduced by at least 43% by 2030 compared to 2019 levels. This requires a complete rewiring of the global economy - on the scale of the industrial revolution at the speed of the digital revolution.

IFC is rising to the challenge. Since the Paris Agreement, we have evolved to become the only global private sector development bank with the capacity to create a pipeline of climate investment projects, to de-risk these opportunities, and to mobilize private capital *at scale* in emerging markets.

1. Scaling and diversifying climate finance

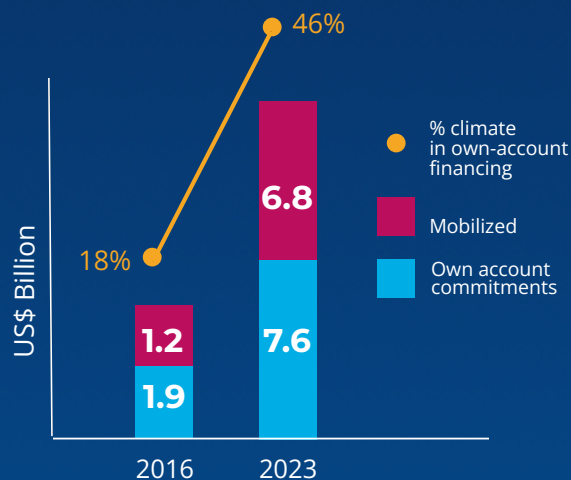
From 2016 to 2023:

x3

Tripling of own-account, from \$2 billion to \$7.6 billion

x6

sixfold increase of mobilized finance, from \$1.2 billion to \$6.8 billion



Record FY23

\$14.4

Committed and mobilized in FY23

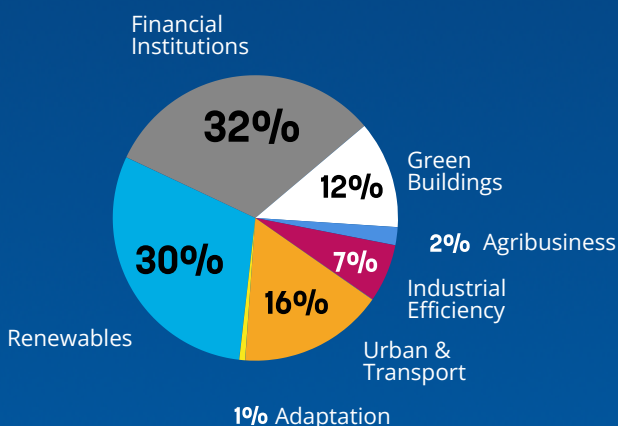
46%

Percentage of climate finance in FY23

\$4.6b

Invested in green bonds in FY23.

FY23 Climate Finance Diversified Across Sectors



Greening the Financial Sector

Standard setter, early issuer, buyer, capacity builder and mobilizer of institutional capital

Founding member of the **Green, Social and Sustainability-Linked Bond Principles** and an early issuer of Green Bonds.

Trained **285 emerging market financial institutions** across over 70 countries, resulting in \$8.5b issued in labeled bonds.

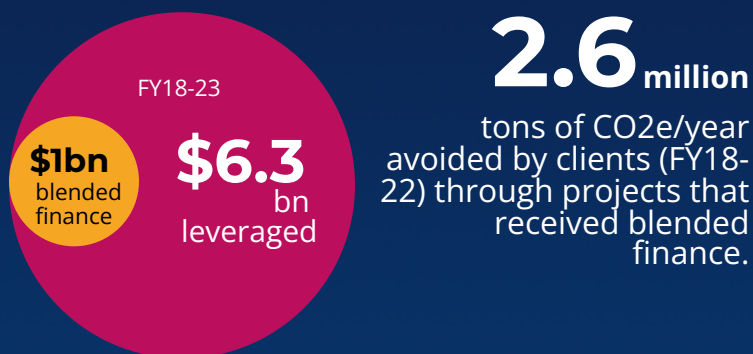
Engaging with regulators on **best practices** for climate disclosures and green taxonomies through the Sustainable Banking Finance Network

Raised \$2.4b across three funds targeted at labeled bonds in emerging markets, and ahead of COP28, has begun fundraising on a new fund targeted at Blue Bonds.

In 2022, IFC published guidelines on both **Blue** and **Biodiversity** Finance.

Blending finance to unlock and accelerate private investment

IFC uses small amounts of donor funding to de-risk first-of-kind projects and investments in places with high levels of macroeconomic or political stability risk. This brings down the cost of demonstration projects and accelerates new technology down the cost-curve, enabling subsequent investments to take off without subsidy.



Building Pipeline

IFC proactively creates new investment opportunities and unlocks markets with a range of upstream and advisory interventions including regulatory advice, PPP transaction advice, project development, standard setting and firm-level advisory. In FY20 IFC hired an extra 280 staff to expand this work and since then has built a long-term project preparation pipeline with investment potential of \$31bn, of which 58% is climate related.

Private Capital Mobilization at work: "One Planet" Managed Co-Lending (2021)

IFC is continuously innovating to crowd-in private capital, and in particular institutional investors, into emerging markets climate finance.

Our One Planet program is the world's first portfolio of Paris Aligned emerging market senior loans. It was launched at COP26, funded with \$2.5 billion raised from three investors at COP27, and at COP28 we can report that these funds have been rapidly put to work on emerging market climate projects. IFC supports the program's investors with impact reporting, mapped to the Sustainable Development Goals. IFC is now fund-raising to expand this successful program and developing its next innovation: a Warehoused-Enabled Securitization Program.

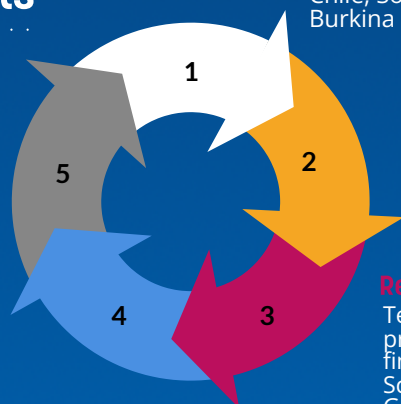
2. Energy Transition: Building markets from First-of-Kind to Scaled Delivery

To accelerate the clean energy transition and increase access to electricity, IFC has invested in close to **23 GW** of renewable energy in the past 10 years, equivalent to Portugal's entire grid capacity. IFC has financed more than 8.5GW of hydropower, 8.6GW of solar, and 5.8GW of wind projects to date. IFC also finances transmission and distribution infrastructure, supporting network resilience and further renewable energy integration.

Opening & Scaling Markets

Broadening the Transition
Supporting corporate & municipal energy transitions (e.g. OCP's transition to green fertilizer production in Morocco)

Wholesale
Mobilizing capital markets and FIs: \$6.2bn of RE investment through FIs in last decade.



Firsts

First-of-kind RE projects eg India, Thailand, Philippines, Chile, South Africa, Mexico, Burkina Faso, Zambia

Scale

Large RE programs: Rewa (India), FiT (Egypt), Super Six (Pakistan), Seven Sisters (Jordan), RenovAr (Argentina)

Replication

Templated procurement processes with stapled financing: Scaling Solar, Scaling Wind, Scaling Mini-Grids

Renewables (cont'd)



Pipeline creation in action: Powering Delhi metro with the sun

More than half of Delhi Metro runs on solar power from a 475MW project in Madhya Pradesh. Thanks to IFC's PPP transaction advice, an electronic competitive bidding process yielded tariffs of as low as 4.9 US ¢/kWh, making the cost of solar comparable to that of coal-based power. Public funding from the IBRD of \$18 million was multiplied almost 32 times with \$575 million of private investment mobilized by IFC.

New technologies at the heart of IFC's agenda

IFC is supporting the deployment of nascent transformative technologies such as offshore wind, battery storage, and green hydrogen. Examples include:

- A roadmap for **Azerbaijan** to exploit its potential 7GW of offshore wind power.
- A \$400 million sustainability-linked loan to ENGIE **Chile** for battery storage and coal decommissioning.
- An investment in Nuru, in the **Democratic Republic of Congo**, to support its growth ambition to provide 5 million people with clean distributed energy on isolated city grids.

3. Decarbonization: from sectors to systems

IFC is embedding climate into every sectoral strategy. For high-emitting sectors like cement, steel and fertilizers, this means a transition to lower carbon pathways, greening of supply chains, waste reduction, and circularity.

Best in class low-carbon cement in Senegal and breakthrough technology to decarbonize steel in Brazil



81%

of our manufacturing investments targeted at decarbonization in FY23



Greening Emerging Market supply chains of large corporates (e.g. Levi's)

Brazil's first fossil fuel-free pulp mill expected to generate 180MW of surplus energy and create 3,000 green jobs

Decarbonization (cont'd)

Rapidly growing Electric Vehicle portfolio

IFC has now invested nearly \$3 billion in e-mobility , helping scale up the industry by working across the sector's entire value chain, focusing on large, globally replicable investment opportunities.

Featured investments

Loan of up to US\$180 million to support Allkem's construction and operation of a battery-grade brine lithium plant at Sal de Vida in **Argentina**.

IFC's first investment in an EV manufacturer in **India** - a subsidiary of Mahindra - and the first in electric three-wheelers globally.

\$400 million loan to Société Générale to finance operating leases of electric and hybrid vehicles through their subsidiary ALD in 6 countries including **Mexico** and **Croatia**.

IFC is partnering with Gozem to develop a vehicle financing platform in **Togo** and **Benin**, targeting 6,000 drivers working in the informal sector, of which up to 10% are anticipated to adopt electric bikes.



US\$ 3b

Invested in e-mobility value chain

Expansion of IFC's green building program

IFC's EDGE green buildings certification has built a globally recognized tool and capacity across emerging markets to shift the market to green construction and retrofitting, resulting in 63 million square meters of certified green building floor space across 96 countries. IFC's cumulative green building investment of \$12.2B has catalyzed a further \$63B of private investment in certified buildings worldwide, reducing emissions by a yearly average of 1.3M tons of CO2. EDGE options now cover warehousing, airports, data centers, affordable housing, retrofit, self-build and net-zero buildings. In FY24 IFC launched a flagship report "Building Green" seeking to drive down carbon intensity in building material supply chains.

US\$ 63b

private investment catalyzed in certified buildings worldwide



4. Mainstreaming climate business

Today at IFC, climate business is everybody's business. The institution is on track to align 100% of its projects with the objectives of the Paris Agreement by 1st July 2025. This means helping *every* client to avoid locking-in investment inconsistent with the ambitions of the Paris Agreement and its country of operation's Nationally Developed Contributions. It also means helping *every* client prepare and adapt to the expected changes in climate in the coming years, including extreme temperatures, storms and flooding. This allows our investment teams and clients to both address climate risks and take advantage of the business opportunities available in the transition to low-carbon, resilient growth.

US\$ 500m

Amount invested in climate adaptation since 2017, including in resilient agriculture, buildings and infrastructure. This targeted adaptation spend is multiplied many times by the scale of the assets and businesses it helps to make resilient.

5. Forward Look

How do we incentivize and enable private sector capital for climate finance?

As we look ahead with urgency and ambition, we look forward to partnering with you to address the questions and challenges we face in maximizing our contribution to accelerating an inclusive transition in emerging markets:

How can governments incentivize and enable private sector capital to fund climate projects?

Governments should help put into place the right enabling environments, which include green taxonomies, targeted public spending, removing fossil fuel subsidies and creating a sufficiently high carbon price to elicit private sector response at the necessary pace and scale.

How can we support domestic financing for green projects to reduce currency risk?

There is limited availability of long tenor local currency pools needed for climate investment. IFC is working to expand local capital markets in the long-term and in the short-term continues to innovate with local currency issuances, hedging instruments and blended finance.

How do we catalyze new markets where insufficient incentives exist?

IFC needs to raise an additional \$4bn of blended finance and grants from current and prospective donor partners to support our growth ambitions in climate finance and mobilization.

