



Green Bonds

CLIMATE CHANGE: A GLOBAL PRIORITY

Without concerted action to reduce greenhouse emissions, the earth could grow warmer by 4 degrees Celsius within this century.

The consequences could be devastating: unprecedented heat waves, drought, and floods that put prosperity out of reach for millions of people in developing countries and roll back decades of progress in development.

Developing countries need up to \$100 billion a year to mitigate and adapt to climate change. The private sector can play a key part in providing the resources and creativity needed to address this global priority.

IFC is acting to address climate change by finding ways to unlock private capital for climate-smart projects, by helping finance the development of innovative technologies, and by encouraging a shift toward energy efficiency and renewable energy.

TAPPING MARKETS TO SUPPORT PRIVATE SECTOR SOLUTIONS

IFC's Green Bonds combine an attractive investment proposition with an opportunity to support climate-related projects. As at November 2015, IFC has issued \$4.3 billion in green bonds through 48 transactions in 10 currencies.

IFC's Green Bond Program was launched in 2010 and IFC has been a regular issuer of benchmark green bonds including two notable \$1 billion issues in 2013 which set precedent as the largest green bonds in the market at time of issuance and helped solidify the market. Subsequently, IFC has been actively issuing in diverse currencies such as a 5-year green Masala bond on the London Stock Exchange, the first green bond issued in the offshore rupee market. The bond raised 3.15 billion rupees for private sector investments that address climate change in India. Similarly IFC issued a 500 million renminbi-denominated green bond, and a 42 million Peruvian soles green bond, the first green bonds issued by a multilateral institution in the offshore Chinese and domestic Peruvian markets. IFC returned to the USD public markets with a 3-year \$500 million green bond in November 2015.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector.

We help developing countries achieve sustainable growth by financing private sector investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments.

We play a catalytic role by demonstrating the profitability of investments in emerging markets.

IFC's vision is that people should have the opportunity to escape poverty and improve their lives.

IFC'S VALUE PROPOSITION

- Member of the World Bank Group
- Only supranational with fully paid-in capital
- Strong financial profile with substantial capital and high liquidity
- Highly diversified global portfolio with debt and equity exposure in more than 120 countries and over 2,000 companies
- IFC has a 0% risk weighting under the Basel framework
- IFC is owned by governments of 184 member countries, with approximately 60% of capital held by AAA/AA sovereigns
- IFC is consistently rated AAA/Aaa (stable outlook) by Standard & Poor's and Moody's



IFC GREEN BONDS FUND A DIVERSE RANGE OF CLIMATE PROJECTS

All proceeds from IFC Green Bonds are set aside in a designated account for investing exclusively in renewable energy, energy efficiency, and other climate-smart projects in developing countries.



Diversifying energy generation capacity in Panama

Panama has an increasing demand for energy, being primarily dependent on imported fossil fuels and hydro power generation, which makes the power sector vulnerable during the dry season. Climate-smart infrastructure investments in electricity generation are strategic to support Panama's economic growth in the next decade. Through the **Penonome** investment, IFC provided long-term financing for construction of the largest wind farm in Central America. Once operational, the 86 wind turbines with an installed capacity of 215 MW are expected to generate roughly the equivalent of 5 percent of Panama's total energy demand. The total project cost is close to \$425 million and financing arranged by IFC includes \$99 million senior debt from IFC's own account, \$60 million senior debt from the Managed Co-Lending Portfolio Program, and \$144 million in syndicated senior loans from other investors.

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Catalyzing solar power development in Jordan

Through the National Renewable Energy Program, the Government of Jordan has set out to increase power generation to ten percent by 2020. Jordan has an excellent solar resource, however, the total utility scale photovoltaic capacity in the region is quite low, with no privately financed grid-connected PV projects. To leverage country's solar resource and stimulate renewable power generation, IFC provided long-term \$270 million financing package for the largest private sector-led solar program in the Middle East and North Africa known as "**The Seven Sisters**" projects, of which five are green bond eligible projects. At peak production, the combined capacity for these projects will be 102 megawatts of power.



WHICH INVESTMENTS QUALIFY AS "GREEN"?

IFC's criteria for projects funded under Green Bonds are certified by CICERO, the Center for International Climate and Environmental Research – Oslo. They are:

Renewable Energy: Investments in equipment and systems which enable the use of energy from solar, wind, hydro, biomass, geothermal, tidal and other renewable sources.

Energy Efficiency: Investments in equipment, systems, products and services which help reduce energy consumption per unit of output, such as installing waste heat recovery systems, reducing transmission and distribution losses and producing energy efficient motors.

Other: Investments that reduce GHG emissions in other ways, like sustainable forestry and agribusiness, capturing and flaring or use of methane, carbon capture and storage.



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