



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 US\$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. In 2021, climate finance accounted for 32 percent of IFC investments and IFC mobilized US\$3.6 billion for climate. For every dollar invested in climate finance, IFC mobilized 92 percent from other investors making IFC the largest climate-related investor in Africa.

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.

IFC's cumulative commitment to climate in Africa has grown 6.9-fold since 2017 to reach US\$1.6 billion. In IFC's Financial Institutions Group, climate-related investments grew from US\$0.2 billion in 2017 to US\$1.6 billion in 2021. The largest share of commitments were targeted towards South African Banks.

Examples of IFC's Work in Africa

- In 2017, IFC made its first green bond investment in Africa in Morocco, subscribing to a green bond issued by Banque Centrale Populaire, and invested in 2020 in Africa's largest green bond and South Africa's first offshore green bond issued by Standard Bank.
- In 2020, IFC led a financing package of US\$225 million to help FirstRand in South Africa strengthen its green financing operation and grow its climate portfolio, including renewable energy and energy efficient projects as well as, for the first time in the region, specifically dedicated funding for water smart projects, a key development towards better water security in the country.
- In 2021, IFC supported and invested in Egypt's first private sector green bond issued by the Commercial International Bank (CIB), to promote financing in the nascent markets of green buildings, renewable energy and energy efficiency. IFC is also supporting CIB with capacity building to assist the bank in effective utilization of the proceeds.
- Strong green financing is also bolstered by partnering with local regulators to ensure the right enabling environment is in place. The World Bank Group is assisting countries in the region by putting in place the necessary conducive frameworks around sustainable financing.
- IFC is also supporting financial institutions with tailored advisory to help with the development of their capacity to offer climate-smart products to their clients, and through their investment banks to potential issuers of labelled bonds in the real economy.

Featured Projects



Standard Bank South Africa's (SBSA) US\$4 billion Euro MTN program

IFC invested US\$200 million in the form of a subscription in a green bond aimed at financing renewable energy, energy efficiency, climate-smart agriculture and green buildings. This represented the first green bond issuance for SBSA, the first offshore green bond by a South African entity and the third private sector green bond for South Africa. The transaction marked IFC's first investment with SBSA, will help to foster the growth of SBSA's green asset portfolio in South Africa and will help to develop a platform to promote renewable energy and energy efficiency projects with corporate and SME clientele, as well as climate-smart agriculture finance and green building solutions.

Equity Bank, Kenya

In 2021, IFC committed a US\$165 million subordinated loan to Equity Bank Kenya (EBK). The loan builds on past and ongoing IFC advisory services engagements with EBK on SME banking and climate finance. EBK has prioritized green buildings and climate-smart agriculture and expects that up to US\$50 million will be applied to each of these sectors.

Commercial International Bank, Egypt

In 2021, IFC invested USD100 million in a five-year green bond issued by Commercial International Bank (CIB), the largest private sector bank in Egypt. This represented the first green bond issued by a private bank and the first bond issued by a bank in Egypt. The bond proceeds will help finance the expansion of CIB's green portfolio and develop a holistic green finance platform to promote climate-focused lending across the bank.

Access Bank, Nigeria

In 2019, IFC provided technical support to help Access Bank to issue its first green bond of 15 billion naira. This was the first private sector green bond in Nigeria and West Africa. In the same year, IFC invested \$87.5 million of Tier 2 sub-debt to enable the bank to grow its green portfolio. With IFC advisory services, the bank embarked on a journey to build green assets, measure their financed emissions, and develop their climate risk management strategy.

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