IFC: Linking Finance and Sustainability to Enable Infrastructure Investment in Emerging Markets

Meeting the 2030 UN Sustainable Development Goals will require significant infrastructure investment, particularly in emerging markets where there are massive infrastructure gaps.. Sustainable finance helps mobilize capital to support investment in resilient and inclusive infrastructure, which provides access to electricity, mobility, and connectivity to everyone. For example, sustainability-linked financing (SLF) incentivizes infrastructure companies to pursue ambitious, long-term environmental and social goals by tying pricing to the achievement of measurable targets. IFC is working to increase the share of credible SLF transactions in emerging markets, with an emphasis on helping companies tap into this financing instrument.



\$5.4 billion in sustainable finance—including \$2.3 billion in SLF—invested and mobilized as of June 30, 2023.



The IFC approach

IFC provides a holistic sustainable finance offering, including use of proceeds—green, blue, social, sustainability, biodiversity—and sustainability-linked products. IFC brings unrivaled expertise for such financing, leveraging in-house knowledge on climate and social issues, access to blended finance and local currencies, and funding for pre-investment work. We offer an integrated approach encompassing strategy, financing, and implementation.



Strategic Support

Early-stage engagement to help companies craft or enhance sustainability strategies, including climate, gender, and just transition, and advise on ESG governance and policies.



Transaction Support

Acting as a sustainability coordinator to define key performance indicators and ambitious targets, as well as develop a financing framework.



Implementation Support

Supporting implementation of climate and social projects with technical assistance and co-funding from IFC and donors.



About IFC

- Largest multilateral source of debt and equity financing to private sector digital infrastructure in emerging markets
- AAA-rated by S&P and Moody's
- Loans, equity, quasi-equity, local currency and risk management products, capital market access, and mobilization
- Advisory services to help develop priority projects, structure and tender PPPs, and improve financial management
- World-class social, environmental, and corporate governance standards and risk mitigation

The IFC difference

- As a **leader in sustainability**, IFC has unrivalled experience in environmental and social (E&S) issues in emerging markets, with IFC's Performance Standards considered the golden standard for E&S risk management.
- IFC has played a key role in **setting standards** for sustainable finance, such as ICMA's Sustainability-Linked Bond Principles and LMA/ APLMA's Sustainability-Linked Loan Principles.
- IFC is a **market leader in impact measurement**, leading the development of widely-used impact metrics, as well as its proprietary impact assessment tool—the Anticipated Impact Measurement and Monitoring (AIMM) system.
- IFC is a market pioneer in the sustainable finance space. We have received **multiple recognitions** from the Global Finance 2023 Awards, including: Outstanding Leadership in Sustainable Finance by a Multilateral Institution, Outstanding Sustainable Financing in Emerging Markets, and Outstanding Leadership in Social Bonds.
- IFC is one of the largest green and social bond issuers, with more than \$14 billion issued since 2010.
- With gender equality and economic inclusion among the top development priorities, IFC is expanding sustainable finance to integrate gender considerations and metrics.
- IFC is providing **thought leadership** in financing nature, with the Biodiversity Finance Reference Guide, which builds on the Green Bond Principles and the Green Loan Principles.



Anglo American, South Africa (2022)

- First sustainability-linked loan in the mining sector focusing exclusively on social indicators to support community development through jobs and education.
- IFC provided transaction support—advising on KPIs and materiality assessment—as well as implementation support on Anglo American's regional development programs in Peru.
- Terms include innovative requirement to contribute additional funds for social causes if targets are not met.

Coelba, Brazil (2022)

- First combined green and sustainability-linked loan for a power distribution company, including both green use of proceeds and sustainability-linked pricing features.
- IFC acted as the sustainability coordinator, identifying KPIs, defining targets, drafting an SLF framework, and coordinating second-party opinions.
- Corporate KPIs include climate mitigation (supporting brownfield efficiency and reduction of GHG emissions) and gender (increased share of female electricians), with a margin step-down if targets are met.

Selected IFC Sustainable-Linked Finance projects



Green and Sustainability-

Linked Loan

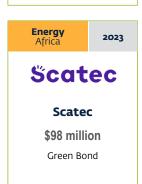




























IFC Sustainable Finance contacts

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