
INTERNATIONAL FINANCE CORPORATION 2025 CLIMATE- RELATED DISCLOSURES



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INTRODUCTION

Guided by its Climate Change Action Plan (CCAP), the World Bank Group¹ (WBG) integrates climate considerations across its operations, supporting member countries and private sector clients in building resilience to climate change, which threatens development progress and disproportionately affects the most vulnerable populations, and advancing the transition to low-carbon, sustainable growth. The introduction of enhanced measurement tools, such as the WBG Scorecard (described in more detail in the Metrics section), further demonstrates the WBG’s commitment to transparency, accountability, and measurable results in climate finance² and development impact.

As the private sector arm of the World Bank Group (WBG), the International Finance Corporation (IFC), plays a pivotal role in mobilizing private capital and expertise to advance climate objectives in emerging markets. IFC’s strategy focuses on supporting clients’ transitions to low-carbon and climate-resilient business models, leveraging its convening power and financial instruments to catalyze innovation and scale up impact.

In fiscal year 2025 (FY25), IFC directed 45 percent of its own-account long-term financing toward development projects with climate co-benefits. This represented \$8.1 billion on IFC’s own account, of which \$558 million supported adaptation finance. In addition, IFC mobilized \$16.4 billion in core mobilization³ for climate finance, further amplifying its impact.

BASIS OF REPORTING

This report represents IFC’s eighth consecutive climate-related disclosure. In 2023, the WBG adopted a new vision — creating a world free of poverty on a livable planet — which further expanded IFC’s mandate to address climate-related challenges as an integral part of its private sector development operations. In alignment with this vision, the report aims to provide stakeholders with information on the integration of climate considerations into IFC’s governance, strategy, risk management, and performance measurement.

The report is prepared in consideration of leading international standards for climate-related disclosures, with data as accurate and complete as practicable, applying reasonable assumptions where data are unavailable or unreliable, and using consistent methodologies to support comparability over time. Appropriate internal controls are applied to oversee data integrity and reliability.

Since 2006, IFC has engaged an independent third party (currently, Ernst & Young or EY), to provide limited assurance over selected climate-related disclosures, as part of IFC’s annual report review. The scope and nature of the third-party work are detailed in its limited assurance report, available on IFC’s annual report website. In FY25, IFC continued to assess the impact of climate-related factors on the following four thematic areas: governance, strategy, risk management, and metrics and targets.

This report covers the fiscal year ended on June 30, 2025.

JOURNEY OF IFC’S CLIMATE-RELATED MILESTONES

IFC’s journey to integrate climate considerations into its development programs began several decades ago and continues to support developing countries dealing with the intensifying impacts of climate change. This includes setting standards, providing guidance and building capacity for new sustainable markets,

increasing the amount and proportion of private sector development investments that qualify as climate finance, and assessing eligible investments for transition and physical risks in accordance with the Joint Multilateral Development Bank (MDB) Methodological Principles for Assessment of Paris Agreement Alignment (Paris Alignment). Key milestones from this journey are outlined below:

CLIMATE-RELATED MILESTONES FY 2000–2025

FY 2000–2006

- IFC began third-party limited assurance of climate finance numbers
- Project-level GHG disclosure of projects with more than 25,000 tCO₂e/year (2006)

FY 2013–2018

- Launched Climate Change Action Plan (CCAP) 2016–2020 with 28% climate finance target
- WBG announcement to no longer invest in greenfield coal-fired power generation (2013)
- Issued largest green bonds to date — two \$1 billion benchmark bonds representing 17% of total green bond volume in 2013
- First MDB to publish Climate-Related Financial Disclosure aligned with the TCFD in IFC’s Annual Report 2018
- Established a Climate Anchors Network across IFC sectors and regions of operation (2018)

FY 2007–2012

- Carbon neutral in business operations, including Scope 1 and 2 emissions since FY09
- Issued first Green Bond in 2010 for \$200 million
- Created a dedicated Climate Business Department (CBD) in 2010 to support corporate focus on climate
- First MDB Joint report on climate finance (2012)
- First updates to the Common Principles for Climate Finance Tracking (2015)

FY 2019–2025

- Green Bond Program crosses \$10 billion in issuances in 2019
- WBG committed to no longer invest in upstream oil & gas (2020)
- Launched CCAP 2021–2026, including Paris Alignment of new financing operations AND 35% climate finance target
- Set first global corporate carbon emissions reduction science-based target to reduce facility-related Scope 1 and 2 carbon emissions by 20% between 2016 and 2026 (2018)
- Introduced the Green Equity Approach for financial institutions (2020)
- \$3 billion Paris Aligned private debt portfolio launched for institutional investors (2021)
- Released inaugural Country Climate Development Reports (CCDRs)
- Released the World Bank Group Scorecard FY24–FY30 with outcome indicators for nature and climate
- WBG announcement for 45% climate finance target (2023)
- MDB announcement of \$120 billion per year ambition for collective climate finance by 2030 (2024)

1. The WBG consists of five organizations: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Investment Disputes (ICSID).

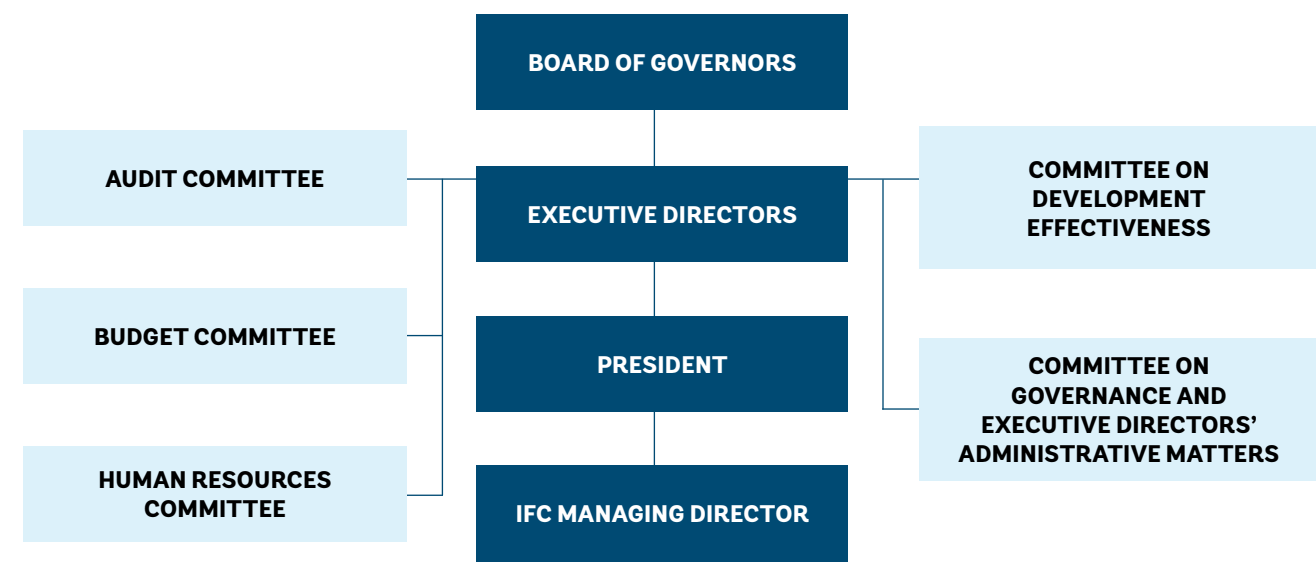
2. “Climate finance” refers to the share of financial resources committed to investments directly linked to climate resilience or low-carbon development. These development projects present “climate co-benefits.”

3. “Core mobilization” refers to financing from entities other than IFC that becomes available to clients specifically because IFC is actively and directly involved in raising those resources. The mobilized funds must be sourced from third parties (not IFC or the client), involve financing or credit-risk transfer, be arranged on commercial terms, and result from IFC’s direct involvement, ultimately benefiting an IFC client.

GOVERNANCE

IFC’s governance structure comprises a Board of Governors, a Board of Directors (hereafter “the Board”), the WBG President, management, and staff. The Board of Governors, appointed by member governments for a renewable five-year term, serves as the highest decision-making authority, and may delegate authority to the Board of Directors, except those reserved under IFC’s Articles of Agreement. The WBG President serves as the President of each WBG entity and reports to the Boards of IBRD, IDA, IFC, and MIGA, while IFC’s Managing Director reports to the WBG President.

FIGURE 1: IFC’S GOVERNANCE STRUCTURE



GOVERNANCE AND OVERSIGHT AROUND CLIMATE-RELATED RISKS AND OPPORTUNITIES

BOARD OVERSIGHT

IFC’s Board of Directors and Board of Governors recognize climate change as a global development issue and have endorsed IFC’s commitments to integrate climate resilience and transition into its development mandate. The Board exercises oversight of climate-related risks and opportunities through several mechanisms:

- **Project Approval:** The Board directly reviews and approves investment projects, as well as delegates such authority to IFC management in certain circumstances. Projects are reviewed for aspects of physical and transition risks as part of Paris Alignment assessments, as well as for climate finance eligibility.
- **Strategic Oversight:** The Audit Committee of the Board oversees IFC’s risk management framework, including climate-related risk, through quarterly reviews.

- **Reporting and Monitoring:** The Board receives quarterly updates on the progress toward all key operational and financial targets, as well as annual updates on delivery of the CCAP 2021–2026.

MANAGEMENT’S ROLE

Under the IFC Managing Director’s leadership, IFC’s Management Team is responsible for the institution’s day-to-day operations risk management, including the identification and management of climate-related risks and opportunities. Key elements of management’s role include:

- **Corporate Risk Committee (CRC):** The CRC, chaired by the Risk and Finance Vice President, oversees IFC’s overall risk management framework, reviewing and approving all institutional risk-related matters, including those related to climate.
- **Climate Risk Working Group (CRWG):** Co-led by the Directors of Climate Business and Corporate Risk Management, the CRWG provides oversight of the integration of climate risk into IFC’s enterprise risk management framework. The CRWG develops and refines methodologies for identifying, assessing, and disclosing climate-related financial risks and reports quarterly to the CRC and annually to the Audit Committee. For further details, see the *Risk Management* section.

REMUNERATION POLICY

The remuneration policy of the Executive Directors and the salary and contract terms of the President are determined by the Board of Governors and are not linked to specific objectives. However, IFC’s corporate award allocation to staff and management is based on meeting targets, which include climate targets.

GOVERNANCE OVER CLIMATE AND SUSTAINABILITY REPORTING

To further strengthen corporate governance and oversight of sustainability disclosures, including climate-related reporting, IFC established a Sustainability Reporting Working Group (SRWG) in FY25. Chaired by the Controller and comprising senior representatives from Climate Business, Risk Management, Environment & Social Policy and Risk, Portfolio Management, Corporate Reporting, Legal, and other key functions, the SRWG is responsible for:

- Developing a unified strategy and reporting framework.
- Streamlining reporting practices across climate and non-climate sustainability topics.
- Providing management oversight to promote transparency and efficient implementation.
- Considering stakeholder and investor expectations regarding IFC’s sustainability disclosures, while meeting its development mandate.

This governance structure enables IFC to systematically identify, manage, and disclose climate-related risks and opportunities across all levels of the institution.

OPERATIONAL DELIVERY OF CLIMATE BUSINESS

Delivering climate and development goals is an institution-wide effort, cutting across IFC’s regions, industries, and corporate units. This is enabled by close collaboration between a dedicated Climate Business Department, dedicated climate-focused capacity in all operational departments, and all other units that help deliver on the WBG’s mission.

CLIMATE BUSINESS DEPARTMENT

IFC’s Climate Business Department is responsible for providing in-house expertise on climate and guiding the achievement of IFC’s climate targets. It serves as a hub that informs, trains, and enables investment and other departments to integrate climate considerations into operations, engage with clients on climate issues, and broaden IFC’s overall impact.

The Climate Business Department helps set corporate climate strategy, supports investment teams in identifying climate investment opportunities and mitigating climate risk, and engages with external stakeholders (including CSOs) and the Board. It also addresses medium- to long-term climate risks and opportunities by building the capacity of IFC staff and clients, fostering knowledge sharing, conducting analytical work, and driving innovation to create new cross-sector climate products and solutions.

The Climate Business Department develops methodologies and tools to help IFC meet its climate finance and Paris Alignment commitments, and supports investment teams in applying these approaches through project assessments, guidance materials, and training. In FY25, the Climate Business Department further strengthened its climate risk and reporting practices by enhancing internal assessment and reporting processes and aligning with evolving global disclosure requirements.

The Climate Business Department’s climate knowledge management program promotes the sharing of best practices, capacity building, innovation, and stakeholder engagement as IFC mainstreams climate expertise across its operations and builds climate capacity in its markets of operation.

Organizationally, the Climate Business Department is housed under IFC’s Vice President of Industries, who reports to IFC’s Managing Director. The Vice President of Industries also oversees all IFC’s global industry departments, as well as the Corporate Portfolio and Operations Management department. IFC’s global and regional industry departments are responsible for originating and processing investments, including those reported as climate financing.

MAINSTREAMING CLIMATE CAPACITY AND SKILLS ACROSS IFC

The Climate Business Department works closely with climate-focused staff across global and regional industry departments — including Upstream⁴ and Advisory — as well as regional departments, to mainstream climate considerations throughout IFC’s operations.

The Climate Business Department has established a Climate Network that meets quarterly, bringing together staff from the Climate Business Department, Global Industry Climate Anchors, Regional Anchors, Regional Industry Leads, and representatives from key operational departments such as Legal and Compliance Risk, Corporate Risk Management, Environmental and Social Policy and Risk, and Development Impact Measurement. The Network serves as a platform for knowledge sharing, collaboration, and alignment on climate priorities.

4. Upstream at IFC refers to proactive, early-stage activities aimed at creating the conditions necessary for private sector investment in emerging markets and developing economies.

In April 2025, the Climate Network hosted a virtual event with over 300 participants to discuss key topics in climate finance and sustainability. The sessions focused on nature finance, blended finance, and adaptation and resilience, underscoring the need to accelerate private capital mobilization.

In FY25, IFC also launched the Paris Climate Network to enhance engagement with Europe’s climate finance, policy, and research institutions, as well as private sector clients. The network fosters synergies across WBG teams, supports sustainable business development, and advances knowledge exchange through partnerships, events, and training initiatives.

BLENDED AND CONCESSIONAL FINANCE

IFC’s Blended Finance unit raises and then deploys donor funds in conjunction with IFC’s commercial funds to catalyze climate-smart investments with high development impact that would not occur under normal market conditions. By mitigating specific investment risks, lowering financing costs, and rebalancing risk-reward profiles, blended finance can address market failures, help mobilize private investment in pioneering projects and challenging environments, and demonstrate the business case for climate-smart investing.

TREASURY AND MOBILIZATION

IFC’s Treasury and Mobilization Vice Presidency issues green bonds to fund IFC’s climate finance lending and investment and to crowd in and mobilize private capital to climate-related objectives such as climate change mitigation, adaptation and resilience, biodiversity, and the protection of water and ocean resources.

STRATEGY

This section outlines how outcomes (impact measurement) are driving our strategy. It also provides illustrative examples of how IFC’s enabling actions, investments, and engagements in climate-related areas contribute to job creation and low-carbon, resilient growth across strategic sectors identified in the CCAP.

THE WBG’S FOCUS ON OUTCOMES

WBG SCORECARD: DRIVING MEASURABLE CLIMATE OUTCOMES

In 2024, the WBG launched an updated Scorecard⁵ to serve as a strategic reporting, managerial, and accountability tool. Covering FY24–FY30, it has four building blocks — vision indicators, client context indicators,

results indicators, and results narratives — and provides a unified view of progress across the WBG. The Scorecard enables tracking of collective outcomes toward the shared vision of “a world free of poverty on a livable planet.” More details on the Scorecard are provided in the Metrics section.

MULTILATERAL DEVELOPMENT BANK COMMON APPROACH TO MEASURING CLIMATE RESULTS

At the 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC) in 2023, ten MDBs agreed to develop a common approach for reporting climate results and impact, with a continued close collaboration to harmonize and improve methodologies for climate indicators.

Since then, MDBs have published the MDB Common Approach to Measuring Climate Results (April 2024) and the MDB Common Approach to Measuring Climate Results: Update on Indicators (COP29, November 2024).⁶ This introduced a framework to define, measure, and link global progress on climate mitigation and adaptation in MDB operations; and an initial list of common indicators for MDBs to consider.

DRIVING CLIMATE OUTCOMES THROUGH WBG ANALYTICS AND DIAGNOSTICS

Introduced in the current CCAP, the WBG’s Country Climate and Development Reports (CCDRs) identify opportunities and priorities for investment and reform. Building on research and data, CCDRs are designed to help countries prioritize the most impactful actions that can reduce GHG emissions and boost adaptation and resilience, while delivering on broader development goals. In FY25, the WBG published 21 new CCDRs covering 31 economies, bringing the total coverage up to 78 countries. A third CCDR Summary Report was released covering 72 economies, titled: [People in a Changing Climate: From Vulnerability to Action](#). It focused on the role of people both as those most affected by climate change and as essential actors in designing and implementing solutions.

The Country Private Sector Diagnostic (CPSD) represents a shift in how development institutions address barriers to private sector growth. Developed by IFC, IBRD, and IDA, CPSDs provide comprehensive assessments that go beyond traditional sector analyses. The FY25 CPSDs include climate recommendations for India, Brazil, South Africa, and Indonesia, aligning with IFC’s strategy to leverage climate investment, risk mitigation, and advisory services to create jobs and drive market creation.

CCDRs and CPSDs inform WBG Country Partnership Frameworks and IFC’s private sector investment priorities in each country of operation.

MANAGING CLIMATE-RELATED IMPACT THROUGH IFC’S IMPACT MANAGEMENT FRAMEWORK

IFC assesses the impact of its climate investments through its impact management framework, namely [Anticipated Impact Measurement and Monitoring \(AIMM\)](#). Fully integrated into IFC’s investment decision-making processes, AIMM establishes procedures to systematically consider development outcomes alongside other strategic priorities, such as financial risk and IFC additionality, during project selection, design, and implementation.

AIMM supports strategic prioritization by quantifying impact at both the project level and the market level and providing scoring and rating for each investment. In relevant projects, these impacts are climate related. At the project level, it considers the gap being addressed by the project and the efficiency and effectiveness of the intervention in addressing the identified challenges. At the market level, it assesses the project’s potential to influence systemic changes through innovation and/or scale. Recently, to further incentivize climate-related investments, a climate scoring adjustment was introduced to the AIMM framework. This adjustment provides additional points to the scoring of selected investments using a pre-determined eligibility criteria that considers both the investment’s climate finance volume and the project’s expected climate-related outcomes.

IFC CORPORATE STRATEGY

In FY25, IFC further sharpened its focus on increasing capital flows into productive private investments in member countries at scale to create more and better jobs in emerging markets and developing economies. This ambition is reflected in its new corporate strategy, which embeds climate considerations across four building blocks: enhanced origination and mobilization, a renewed approach to equity, strengthened support to Micro, Small, and Medium Enterprises (MSMEs), and new ways of working, including a One WBG approach.

ENHANCED ORIGINATION AND MOBILIZATION

IFC is enhancing its origination and mobilization capabilities, focusing on sectors with the highest potential for job creation such as infrastructure, agribusiness, health care, value-added manufacturing, and tourism.

COMPANHIA DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO (SABESP III)

IFC provided a \$185 million equivalent sustainability-linked loan to SABESP and mobilized an additional \$600 million equivalent from seven international financial institutions for Brazil’s and Latin America’s largest water and sanitation provider, serving nearly 29 million people across 377 municipalities. The investment supports both climate mitigation and adaptation by optimizing wastewater collection and treatment facilities, expected to reduce emissions by approximately 5,000 tCO₂e annually. The project also addresses material climate risks identified in Brazil’s national adaptation policies and builds on IFC’s programmatic approach to Brazil’s water and sanitation sector, aimed at scaling private sector participation and mobilization.

RENEWED APPROACH TO EQUITY

Recognizing that equity capital — the scarcest form of financing in emerging markets and the most impactful in terms of mobilizing private capital — can drive innovation and create higher-quality employment opportunities, IFC aims to increase its equity commitments.

TPG RISE CLIMATE GLOBAL SOUTH INITIATIVE, L.P.

IFC committed \$100 million in equity to TPG’s Global South Initiative (GSI) Fund, which targets climate-related growth opportunities in emerging markets. The fund supports the global climate transition while promoting economic development and job creation. TPG invests across multiple stages of company growth in five priority sub-sectors: energy transition, carbon solutions, green mobility, sustainable fuels, and sustainable materials and products. These sectors have strong employment potential in areas such as manufacturing, logistics, construction, and maintenance. Beyond providing equity capital, IFC contributes strategic input on emerging market risks, climate impact measurement, and fund design. This collaboration reflects IFC’s strategy to mobilize private capital for climate-smart solutions that foster employment and inclusive economic growth.

5. The latest WBG Scorecard results can be found [here](#).
6. See more information on the Common Approach To Measuring Climate Results [here](#).

STRENGTHENED SUPPORT FOR MSMES

IFC plans to increase its support for MSMEs, which employ about 70 percent of workers in developing economies. Private sector driven investment and growth in MSMEs improve livelihoods, enhance resilience to climate change and other shocks, and further prevent economic and social instability.

In partnership with the SME Finance Forum, established in 2012 by the G20 Global Partnership for Financial Inclusion, IFC launched a *Sustainable MSME Finance Reference Guide*⁷ to help financial intermediaries in emerging markets deploy sustainable finance to MSMEs.

TBC BANK

IFC announced an investment of \$150 million in TBC Bank — Georgia’s largest bank — to boost access to finance for its SME portfolio and bolster the country’s climate finance market. Half of IFC’s funding is earmarked for renewable energy and energy-efficient SMEs and is expected to help avoid up to 30,000 tCO₂e annually by 2028. In addition, the project will help strengthen Georgia’s climate finance market by promoting best practices in sustainable lending, contributing to a more resilient and sustainable economy.

NEW WAYS OF WORKING: LEVERAGING THE ONE WBG APPROACH

IFC is leveraging the full strength of the WBG to enhance public-private interventions, combining public sector reforms and engagement with private sector investment and advisory services to create integrated ecosystems that drive job creation.

PANAMA CANAL

IFC worked with the Panama Canal Authority (ACP) to design an \$8.5 billion investment plan in sustainability initiatives over the next five years. Physical infrastructure investments have been shown to amplify job creation effects⁸. These include 20 hybrid tugboats, alternative fuel bunkering, shore-to-ship power provision, a fleet of electric motor vehicles, premium green slots for transiting vessels, and a solar plant to reduce dependence on thermoelectric energy. IFC’s advisory support covered building ACP’s GHG inventory to capture full value chain emissions, setting near-term decarbonization targets with concrete reduction measures, incentivizing customer emission cuts, conducting a climate risk assessment and identifying 25 priority adaptation interventions, and strengthening climate governance. This integrated approach positions ACP to pursue new business lines aligned with its climate goals and to chart a more sustainable pathway for the maritime industry.

7. IFC’s Sustainable MSME Finance Reference Guide can be found [here](#).

8. IFC’s Emerging Market Insights published by IFC’s Economics and Market Research Department can be found [here](#).

9. The Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment can be found [here](#).

CLIMATE CHANGE ACTION PLAN 2021-2026

IMPLEMENTATION OF THE WBG CCAP 2021–2026

IFC’s work on climate resilience and development is guided by the WBG’s second CCAP, which has been extended until June 30, 2026. The first CCAP (2016–2020) established the case for addressing the intertwined crises of poverty, climate, and nature. The second CCAP mainstreamed climate action across WBG operations, introducing diagnostic tools to support country-level analytics on climate and development, and the WBG to align all financing flows with the goals of the Paris Agreement.

Implementation of the Climate Finance Commitment. The WBG is committed to meeting the climate finance needs of its clients, which the WBG considers smart development tailored to country circumstances. To deliver on this, the WBG is directing 45 percent of its annual commitments to development projects with climate co-benefits. For IFC, this applies to its own-account long-term finance and, starting in FY26, will extend to include core mobilization of long-term finance.

Implementation of the Paris Alignment Commitment. Under the CCAP, the WBG committed to Paris Alignment. Starting July 1, 2023, IFC committed to align 85 percent of its investment projects with the goals of the Paris Agreement, increasing to 100 percent from July 1, 2025. In FY25, IFC continued its application of the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment⁹ of its investments and required many clients to take action to decarbonize and align with a low-carbon growth pathway, as well as manage aspects of physical climate risks. IFC’s Paris Alignment work also created new opportunities for use of innovative financing products for clients, such as the structuring of labeled financial products.

CCAP’S FOCUS ON KEY SYSTEMS

The CCAP provides a roadmap on aligning climate and development goals prioritizing transition in five key systems that generate 90 percent of emissions and face significant adaptation challenges: energy; agriculture, food, water, and land; cities; transport; and manufacturing. IFC’s activities in these sectors are described below.

ENERGY: Led by the WBG and the [African Development Bank \(AfDB\)](#), Mission 300 aims to provide electricity to 300 million people in Africa by 2030, laying the foundation for inclusive and sustainable growth across the continent. The initiative brings together African governments, the private sector, and development partners to deliver affordable and reliable power, improve utility performance and regional energy integration, and mobilize private investment to drive economic transformation and climate resilience.

UPDATE ON THE WBG ENERGY STRATEGY

The WBG is scaling up its knowledge and financing to deliver faster and cost-efficient energy solutions to meet growing energy demand while boosting job creation and growth. Our approach prioritizes accessibility and affordability, manages emissions responsibly, and embraces country contexts.

Expanding access to energy has the potential to significantly improve living standards and enhance resilience as people who lack access to energy are less able to cope with climate change, natural disasters, and extreme weather events. The WBG is committed to managing emissions responsibly. Since 2010, the group has not financed new coal-fired power plants and, in 2019, has committed to no longer directly finance upstream oil and gas.¹⁰

In limited and carefully assessed cases, the WBG may continue to advise on and finance midstream and downstream natural gas projects if they meet certain requirements,¹¹ including but not limited to, representing the least-cost option, aligning with the Nationally Determined Contributions and National Development Plans of the host country, minimizing stranded asset risk, and not constraining renewables.¹²

In FY25, the WBG and the International Atomic Energy Agency (IAEA) agreed to work together to support the safe, secure, and responsible use of nuclear energy in developing countries. The agreement reflects a new, broader approach by the WBG to electrification — one that prioritizes accessibility, affordability, and reliability, while managing emissions responsibly.

10. World Bank Group Announcements at One Planet Summit in December 2017 can be found here [here](#).

11. Subject to IFC’s detailed due diligence practices.

12. Investments in mining of thermal coal, electricity from coal, extraction of peat, and electricity from peat are considered universally non-aligned and are not supported by the WBG. The WBG no longer finances upstream oil and gas projects since 2019.

ACUMEN HARDEST-TO-REACH (H2R) INITIATIVE

As part of Mission 300, IFC announced an investment of up to \$45 million in the Acumen Hardest-to-Reach (H2R) initiative to catalyze markets for clean and affordable energy in Sub-Saharan Africa. This initiative supports off-grid solar companies through flexible, impact-linked debt and patient capital. IFC committed \$25 million, alongside \$20 million from the IDA Private Sector Window (PSW). Together, these investments will support access to household solar electricity; reducing reliance on biomass, kerosene, and diesel; and cutting GHG emissions.

AGRICULTURE, FOOD, WATER AND LAND: Agribusiness is a key pillar of IFC’s climate and development agenda, and IFC is leading efforts to catalyze private investment by mobilizing commercial capital, de-risking investments, and scaling climate-smart solutions that contribute to resilient and inclusive food systems. In FY25, IFC launched a *Food Loss Climate Impact Tool* to estimate GHG emissions and associated costs with food loss and waste across the value chain, while improving food security.

ECOM AGROINDUSTRIAL

IFC provided \$250 million in financing to ECOM Agroindustrial Corp. in Côte d’Ivoire and Ghana, a global commodity services company working to strengthen farmer resilience to deforestation and climate change. The investment supports the procurement and export of certified, sustainable cocoa beans that are fully traceable to farming communities engaged in climate-smart practices. By reducing deforestation risks and promoting sustainable land use, the project helps mitigate GHG emissions linked to land-use change while enhancing farmers’ ability to adapt to climate impacts. IFC will also bring its industry and environmental and social expertise to validate ECOM’s performance, providing advisory services where needed.

CITIES: IFC supports sustainable buildings and cities through multiple programs. In FY25, IFC celebrated the tenth anniversary of the EDGE Green Building certification system. IFC also promoted the Building Resilience Index (BRI), a tool for assessing and improving building resilience in hazard-prone areas. Additionally, IFC expanded its efforts to green cities through the APEX program, which leverages good international industry practices for sustainable urban growth.

IFC’S FIRST SUSTAINABILITY-LINKED LOAN IN INDONESIA TO DECARBONIZE RETAIL PROPERTIES AND SUPPORT GREEN BUILDING DEVELOPMENT

IFC announced its first sustainability-linked loan in Indonesia to support the decarbonization of retail properties and expand green building certification across PT Nirvana Wastu Pratama (NWP)’s real estate portfolio. In partnership with PT Bank OCBC NISP, IFC co-invested in an 11-year, \$53 million loan designed to improve energy efficiency, reduce GHG emissions, and scale up EDGE green building certifications. The loan includes sustainability performance targets, including a 50 percent reduction in GHG emissions and energy use in earmarked projects by 2030. This initiative aligns with IFC’s strategy for Indonesia, which prioritizes urban decarbonization and climate resilience through combined investment and advisory support.

TRANSPORT: IFC supports investments in transportation systems to meet rising client demand for low-carbon and climate-resilient transport and to advance the transition to lower-carbon modes.

CLIMATE SMART PRACTICES IN PAPUA NEW GUINEA

IFC provided a \$20 million local currency-linked A loan to Bismark Maritime Limited to strengthen critical maritime transport across Papua New Guinea’s 600 islands — marking IFC’s first direct debt financing in the country in over a decade. The financing supports lower-emission marine operations through investment in modern vessels and adherence to international standards for environmental protection. In parallel, IFC provided advisory services to help Bismark develop a decarbonization roadmap for its fleet, reinforcing the company’s transition toward sustainable maritime transport.

MANUFACTURING: IFC supports de-risking and mobilizing private finance to scale climate-smart manufacturing to drive low-carbon growth, innovation, and green competitiveness, advising clients to lower operational GHG footprints and decarbonize value chains, enhancing productivity and cost efficiency.

ABYSSINIA STEEL

IFC provided \$25 million in financing and mobilized an additional \$60 million to Abyssinia Group of Industries, a leading steel producer in Ethiopia, Kenya, and Uganda. The investment supports decarbonization efforts, capacity expansion, backward integration, and working capital. IFC is helping the company lower its carbon footprint and transition toward more sustainable steel production by financing energy-efficient upgrades and clean energy infrastructure such as waste heat recovery and solar power. Beyond the project, IFC’s support is expected to strengthen the resilience of the regional steel value chain by deepening backward and cross-border integration and expanding the use of renewable energy for energy security.

CCAP’S CROSS-CUTTING PRIORITIES

CATALYZING THE PRIVATE SECTOR THROUGH FINANCIAL SECTOR ENGAGEMENT

Integrating climate considerations into financial systems is essential to mobilize the private capital needed to drive real sector transitions. IFC partners with financial nstitutions to expand access to climate finance — primarily through loans and investments that enable businesses to identify climate-smart opportunities and implement sustainable solutions.

Complementing its investment operations, IFC’s Upstream and Advisory services play a pivotal role in developing bankable climate projects and strengthening policy environments. Working in close collaboration with the World Bank and MIGA, IFC focuses on three complementary areas: (i) creating markets through regulatory reform and standard setting; (ii) originating opportunities via technical assistance to public and private clients; and (iii) crystallizing opportunities for investment through project risk structuring and investor mobilization. These efforts collectively help build a robust pipeline of climate-related financing opportunities and strengthen the enabling conditions for private capital mobilization.

ILLUSTRATIVE EXAMPLES OF ENABLING ACTION FOR FINANCIAL INSTITUTIONS

- Recognizing the need for **bankable green projects** as a key hurdle to scaling private climate finance, IFC is working with banks in four pilot countries — Egypt, Mexico, Philippines, and South Africa — to develop green project pipelines, engage regulators on green finance taxonomies, and build bank capacity on climate risk management. In FY25, IFC published a *Roadmap of Actions: Distributed Generation in Mexico*.
- IFC hosts the Secretariat of the **Sustainable Banking and Finance Network (SBFN)**, which launched *The Roadmap for Advancing Interoperability and Comparability of Sustainable Finance Taxonomies* at COP29 in Baku. SBFN also hosted a webinar series for regulators and standard-setters to build capacity and knowledge of the ISSB Sustainability and Climate-Related Disclosure Standards S1 and S2, attended by over 492 participants from 69 countries.
- IFC released new [Harmonized Circular Economy Finance Guidelines](#) at the World Circular Economy Forum in Brazil to assist investors, financial institutions, and private companies in identifying and quantifying opportunities for financing projects that support a circular economy.
- **IFC’s Green Bonds Technical Assistance Program (GB-TAP)** provides technical assistance to financial institutions on green, social, and sustainability bond issuances. In FY25, the GB-TAP trained 80 professionals from 41 institutions across 22 countries and has trained to date over 1,300 professionals from over 395 financial institutions across 81 countries and stimulated more than \$6.5 billion in green bonds, \$1 billion in social bonds, and \$4.3 billion in sustainability bonds. The GB-TAP supported the Climate Bonds Initiative’s publication *Transparency & Reporting in the GSS Bond Market* and launched the **WBG Sustainable Finance Knowledge Center for Africa**, a virtual platform to accelerate the transition toward sustainable finance.
- The IFC **Green Banking Academy (GBAC)** provides advisory support and training to financial institutions globally, promoting green finance expertise. GBAC has trained over 48,000 finance professionals through open-access market-level initiatives and has also awarded nearly 900 scholarships for programs aimed at accelerating sustainable finance. Building on its success in Latin America, GBAC was replicated in Europe and Central Asia in 2021 and later launched in Africa in 2022, helping to scale green finance expertise globally.

IFC’s Treasury has also helped catalyze growing interest among investors to integrate sustainability criteria into their bond-investment decisions. In FY25, IFC’s Treasury raised \$1.1 billion in green bonds across seven trades in four different currencies, including an AUD700 million green bond issued to promote biodiversity finance and encourage economic growth in emerging markets. IFC is one of the earliest issuers of green bonds, having launched a Green Bond Program in 2010 to help catalyze the market and unlock investment for private sector projects that support renewable energy and energy efficiency.

NATURE AND BIODIVERSITY

IFC and other WBG institutions began tracking nature finance projects on July 1, 2024. The WBG Scorecard now includes an outcome indicator for nature: *Hectares of terrestrial and aquatic areas under enhanced conservation/management*, reflecting a stronger focus on measurable outcomes for nature and biodiversity.

In FY25, IFC expanded its resources on biodiversity and nature finance, building on its [Biodiversity Finance Reference Guide](#),¹³ which has been widely adopted by market participants and used to structure pioneering labeled biodiversity bonds. In collaboration with BNP Paribas, the Finance for Biodiversity Foundation, Natixis CIB, the Taskforce on Nature-Related Financial Disclosures, and the Wildlife Conservation Society, IFC developed the [Biodiversity Finance Metrics for Impact Reporting](#)¹⁴ to provide impact reporting metrics for eligible investments. As a member of the International Capital Markets Association (ICMA) Executive Committee of the Principles, IFC also contributed to the development of the [Sustainable Bonds for Nature: A Practitioner’s Guide](#)¹⁵ to support issuers and investors in integrating nature outcomes into sustainable finance instruments.

Additionally, IFC launched a catalogue on Nature-based Solutions in Cities, offering examples for municipalities and the private sector to implement urban nature-based solutions.

BANCO DAVIVIENDA BIODIVERSITY BOND

IFC invested up to \$50 million equivalent in a biodiversity green bond issued by Banco Davivienda in Colombia — the world’s second biodiversity bond and the first to include nature-based solutions impact indicators. The bond will finance climate-smart agriculture, reforestation, and sustainable freshwater and marine production projects aimed at conserving, protecting, and restoring biodiversity. The bond aligns with Colombia’s green taxonomy, for which WB/IFC served as a key advisor to the Banking Superintendancy. In addition to its investment, IFC is providing advisory support to implement Davivienda’s green finance framework and enhance its capacity to identify, finance, and monitor biodiversity-focused projects.

13. Biodiversity Finance Reference Guide can be found [here](#).
14. Supplement to IFC Biodiversity Finance Reference Guide can be found [here](#).
15. Sustainable Bonds for Nature: A Practitioner’s Guide can be found [here](#).

ITAÚ UNIBANCO SUSTAINABILITY BOND

IFC subscribed up to \$200 million as an anchor investor and mobilized an additional \$50 million from IDB Invest for Itaú Unibanco’s inaugural sustainability bond with a focus on biodiversity conservation and sustainable finance. The issuance, structured in two series, supports both environmental and social goals: the first finances rural producers to restore degraded lands, preserve native vegetation, and implement sustainable agricultural practices, while the second expands access to credit for MSMEs.

ADVANCING COUNTRY ENGAGEMENT IN CARBON MARKETS

The finalization of rules under the Paris Agreement at COP29 has given the market clear guidance on reporting, authorization, and registry systems, linking and expanding global carbon markets, setting the stage for global emissions trading.

In response to growing demand, IFC has developed a strategic approach to engage in carbon markets, focusing on selectivity, rigorous due diligence, and high-integrity standards. IFC management has set criteria for evaluating carbon credit transactions and collaborates with the World Bank, MIGA, and other groups to implement the World Bank’s Engagement Roadmap for High-Integrity Carbon Markets. Additionally, IFC participates in capacity-building initiatives and contributes to the Integrity Council for the Voluntary Carbon Market’s (ICVCM) Continuous Improvement Work Program.

ADAPTATION AND RESILIENCE

The private sector has a critical role to play in advancing adaptation and resilience (A&R), as most climate impacts ultimately materialize through private assets, supply chains, and markets. Private assets and operations are both vulnerable to physical climate risks and uniquely positioned to deliver innovative adaptation and resilience solutions that strengthen people, nature, and economies against climate impacts. These solutions range from engineering approaches for climate-resilient infrastructure and climate risk insurance through to digital technologies that help assess and act on physical climate risks.

In this context, FY25 marked a renewed focus for IFC on A&R, reflected in a sharp increase in its adaptation finance (see Metrics for IFC Commitments section). During the year, IFC also launched several initiatives that are paving the way for deeper engagement and expanded delivery on adaptation and resilience in FY26 and beyond. IFC’s objectives are to: (i) enhance its capacity to engage clients on physical climate risks and resilience; (ii) scale up investments in companies providing A&R-enabling technologies, products, and services; (iii) expand the

deployment of long-term capital, blended finance, and advisory solutions to address financial, technical, and knowledge barriers to adaptation; and (iv) strengthen the measurement and disclosure of adaptation and resilience impacts to complement finance volumes with demonstrated results on the ground.

SUSTAINABLE COOLING INITIATIVE

IFC’s [Sustainable Cooling Initiative](#) targets five key sectors — district cooling, green buildings, consumer and SME finance, manufacturing and agribusiness innovation, and cold-chain logistics. The initiative combines analytical work, knowledge sharing, investment readiness support, and de-risking mechanisms to scale up private investment in sustainable cooling. Through the TechEmerge Sustainable Cooling Innovation program, supported by the UK Government and implemented under the [Cool Coalition](#), IFC has facilitated over 60 pilot projects, resulting in \$64 million in financing raised by innovators to date.

STRATEGIC APPROACH TO CORPORATE SUSTAINABILITY

The WBG is committed to managing and reducing its corporate environmental footprint to ensure our financial resources are used in sustainable ways. In operations and engagements in host communities, the WBG continues to strengthen its commitment to environmental, social, and economic sustainability.

IFC’S REAL-ESTATE FOOTPRINT

IFC’s global real estate and facilities are exposed to the financial impacts of climate-related risks and opportunities. Extreme weather events — more frequent and severe due to climate change — pose significant risks to our office facilities, potentially causing property damage, operational downtime, and increased insurance premiums.

To address these risks, IFC is committed to creating climate-resilient, efficient, and healthy spaces to keep all IFC facilities safe and functional. This commitment is evident in the adoption of renewable energy systems, water-efficient technologies, and green building certifications, which have been implemented and continue to be expanded across our global portfolio — from headquarters to country offices. To further strengthen this approach, the WBG updated its Workplace Standards and Design-Build Guidelines to enhance requirements for sustainability, health and wellness, and climate resilience in all new construction and major renovation projects. These efforts reduce our Scope 1 and Scope 2 GHG emissions and reflect our commitment to creating future-ready, efficient, and people-centered workplaces that align with our broader environmental and operational goals. As climate change continues to reshape global risk landscapes, IFC is proactively integrating climate resilience into every

stage of its real estate strategy. This includes retrofitting existing buildings to enhance their ability to withstand environmental impacts and designing new construction projects that meet or exceed sustainable building standards — as of today, 40 offices representing 34 percent of IFC’s real estate portfolio have a green building certification.

IFC’S CORPORATE GHG EMISSIONS

The WBG is committed to achieving carbon neutrality across its corporate operations by addressing Scope 1, Scope 2, and a portion of its Scope 3 GHG emissions — mainly from business air travel, contractor-owned vehicles, and GHG emissions related to food purchased at its headquarters, calculated through the World Resources Institute’s CoolFood Pledge. Scope 3 GHG emissions for corporate operations do not include emissions from IFC’s financing activities. For methodology details and data, please see the [WBG GHG Emissions Inventory Management Plan](#).

In 2018, IFC set its first ever global corporate carbon emissions reduction science-based target to reduce its facility-related carbon emissions (Scopes 1 and 2) by 20 percent between 2016 and 2026. To support this goal, the WBG purchases and retires carbon offsets and renewable energy credits, to achieve carbon neutrality in alignment with its institutional objectives and broader climate action priorities. IFC follows the WBG’s [Guidelines and Criteria for Selection of Emission Reduction Offsets](#), which provides a framework for selecting high-quality offsets that contribute to climate change mitigation while supporting sustainable development. In line with its mission, IFC prioritizes the purchase of carbon credits from projects in IDA-eligible countries.

CLIMATE CONSIDERATIONS IN THE WBG’S PROCUREMENT ACTIVITIES

Addressing environmental impacts including climate considerations in Corporate Procurement purchases is one of the main objectives of the Sustainable Procurement Framework, endorsed by senior governance committees at the WBG in 2021. The corporate procurement directive encourages inclusion of specifications to address climate and energy impacts of the purchase of goods and services. In addition, identification, mitigation, and monitoring of environmental and social risks, including climate risk, are integrated into the WBG’s Third-Party Risk Management Framework.

To reduce emissions, procurements for carbon-intense goods and services utilize specifications such as eco-labels and low-carbon materials. In addition, the WBG works with vendors who are taking steps to reduce their own emissions. Evaluation of a potential supplier’s efforts on setting and achieving net-zero and science-based targets is part of the evaluation of vendor proposals. To date, 25 percent of WBG vendors by spend have validated

science-based targets. In addition, vendors are subject to a Code of Conduct with environmental clauses to contribute to waste reduction and to increase the development and awareness of environmentally sound purchasing by using durable and reusable products.

RISK MANAGEMENT

IFC’s enterprise risk management (ERM) framework is designed to enable prudent management of potential financial, operational, and reputational impacts that originate from the Corporation’s business activities and support the institution in achieving its development goals in a financially sustainable manner.

The WBG Chief Risk Officer (CRO) oversees risk management practices for the entire group, including IFC. The CRO also promotes cooperation between WBG entities and facilitates knowledge-sharing in the risk management function. The IFC Risk and Finance Vice President oversees risk management practices for IFC. Processes for identifying, assessing, and responding to climate-related risks, like any other risks, are integrated into IFC’s risk management framework.

IFC’s approach to ERM follows the shared-responsibility principle, and IFC’s risk governance structure is built on the “Three Lines Model” — described further on the following page.

IFC has established an enterprise-level risk taxonomy to categorize and define various types of risks it faces, to aid in systematic risk identification, assessment, and management across the organization. Climate risk is a cross-cutting risk included in the IFC risk taxonomy as a risk domain of the business risk.

IFC defines climate risk as follows: *Climate Risk encompasses the actual or potential negative effects of climate-related conditions and events on IFC’s investments, corporate operations, reputation, or consolidated financial statements. There are two primary climate-related risk categories: (1) physical risks and (2) transition risks, which could carry financial and non-financial implications for IFC.*

Physical risks include both “acute” and “chronic” physical risks to business operations. Acute physical risks are event-driven, stemming from short-term extreme weather events like hurricanes, floods, tornadoes, wildfires, storms, drought, or heatwaves. Chronic physical risks emerge from longer-term shifts in climate patterns, such as progressive changes in precipitation and temperature, which could lead to rising sea levels, alteration of ecosystems, desertification, water scarcity, soil degradation, and deterioration of marine ecology.

Transition risks are attributable to the global shift toward a lower-carbon economy. These risks are multifaceted and arise from changes in law or regulation, public policies, technological breakthroughs, shifts in investor and public sentiment, and disruptive innovations in business models aimed at addressing climate change.

These risks could carry financial and non-financial implications for IFC.

In line with the “Three Lines Model,”¹⁶ climate risks are managed at three levels of management to protect IFC from significant risks: (i) investment teams, including staff from the Climate Business Department, evaluate aspects of transition and physical risks when assessing Paris Alignment; (ii) the Corporate Risk Management Department undertakes various initiatives to enhance IFC’s ability to effectively manage climate risk; and (iii) the WBG Internal Audit provides independent assurance and advice on the effectiveness of risk management. Management’s responsibility to achieve organizational objectives comprises both first- and second-line roles.

IFC continues to strengthen capacity-building initiatives to enhance staff knowledge in climate-related risk management, opportunities, strategy, and reporting.

FIRST LINE OF DEFENSE: IFC RISK MANAGEMENT AND INTEGRATION OF CLIMATE RISKS

ASSESSMENT OF CLIMATE-RELATED RISKS

The Climate Business Department supports investment teams in the assessment of key aspects of physical climate and transition risks in investment projects to support Paris Alignment. In FY25, IFC continued to operationalize and mainstream its Paris Alignment assessment process and approach. IFC’s systems support the documentation, calculation, and reporting to its Board of climate volume, as well as the documentation of the results of Paris Alignment “transaction-based” and “counterparty-based”¹⁷ assessments of physical and transition risks for all real sector and financial intermediary and funds projects.

PHYSICAL RISK

During project appraisal, IFC’s project teams assess potential direct and indirect effects that climate-related impacts may have on the project’s financial, environmental, and social performance. Potential risks are further explored and, where necessary, addressed and mitigated by IFC clients through a variety of measures that may include operational or capital investment interventions. IFC implements the adaptation and resilience component of the [Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment](#) to assess projects for physical risks.

Physical climate risk screening includes questions on exposure to climate risk and potential opportunities, measures for climate risk mitigation, levels of residual risk after adaptation, potential for maladaptation, and consistency with national contexts for climate resilience.

TRANSITION RISK

IFC continues to support client transitions toward low-carbon and Paris-aligned business models by assessing the capacity of its clients to align their practices with Paris Aligned activities. In doing so, IFC evaluates several aspects of its investments, including: coherence with country climate policies (Nationally Determined Contributions, Long-Term Strategies, etc.), the risk of creating a lock-in effect in a high-emission trajectory, and the availability of lower-carbon alternatives.

For its equity investments in financial intermediaries, IFC applies its Green Equity Approach (GEA), which was first introduced in 2020. Under the GEA, IFC works with clients in which it has equity or equity-like exposures to increase their climate lending and reduce their exposure to coal-related projects to close to zero by 2030. In 2023, IFC introduced an update to the GEA, requiring a commitment from financial intermediary clients not to originate and finance any new coal-fired power projects from the time IFC becomes a shareholder.

IFC’s Environmental, Health and Safety (EHS) Guidelines require clients to implement technically and financially feasible measures to improve resource efficiency and reduce GHG emissions. Projects anticipated to emit 25,000 tCO₂e or more annually must quantify and report Scope 1 and Scope 2 emissions using internationally recognized methodologies. As part of broader climate risk management, IFC may require clients to evaluate low-carbon alternatives during project planning and implementation, and to disclose climate-related risks, mitigation strategies, and emissions data through environmental and social due diligence and reporting processes.

DEVELOPMENT-OUTCOME RISK

IFC assesses how climate risks may affect the ability of its financed operations to deliver their intended development outcomes. Development-outcome risk is the risk to the client’s ability to achieve expected results in IFC–supported projects, programs, or strategies, as well as the risk of unintended consequences.

ENHANCING CLIENTS’ CLIMATE FINANCE TRACKING TO SUPPORT IFC’S TRANSITION RISK MANAGEMENT IN THE FINANCIAL SECTOR

IFC provides access to its Climate Assessment for Financial Institutions (CAFI)¹⁸ platform to client financial institutions so they can assess the climate eligibility of investments and estimate the development impact of climate-related activities. In FY25, CAFI was enhanced through the addition of a dedicated module for reporting on climate-smart agriculture projects, and to improve the calculation and reporting of individual electric and hybrid vehicle leases. These efforts to support climate finance indirectly reduce IFC’s exposure to transition risks (as defined above).

SECOND LINE OF DEFENSE: MANAGEMENT OF CLIMATE-RELATED FINANCIAL, OPERATIONAL, STRATEGIC, AND BUSINESS RISKS

The Risk and Finance Vice Presidency enhances IFC’s financial and risk policy frameworks to maximize development impact while maintaining financial sustainability. Its scope covers both financial and non-financial risks.

The Corporate Risk Management (CRM) department advances the integration of climate risk into IFC’s Enterprise Risk Management (ERM) framework, consistent with its second-line oversight responsibilities. In FY25, a climate risk taxonomy was developed to expand upon IFC’s existing risk taxonomy.

THIRD LINE OF DEFENSE: GROUP INTERNAL AUDIT

GROUP INTERNAL AUDIT (GIA)

GIA is an independent, objective assurance and advisory function that provides a view on whether processes for managing and controlling risks to achieve the WBG’s goals, and overall governance of these processes, are adequately designed and functioning effectively. GIA brings a systematic and disciplined approach to assess these risk management, control, and governance processes, advising management in developing control solutions and monitoring the implementation of management’s corrective actions. GIA works across all the WBG institutions, covering all operational corporate functions as well as IT systems and

processes. Its work is carried out in accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework.

In FY25, GIA’s priority engagements included an assurance review of the implementation of the World Bank Group’s Climate Change Action Plan. GIA’s Annual Reports, which summarize results for the fiscal year and the risk management, control, and governance issues at the institutional level arising from GIA’s body of work can be found on the GIA website: <https://www.worldbank.org/en/about/unit/internal-audit-vice-presidency>

METRICS AND TARGETS

The WBG monitors and reports progress on climate-related targets, commitments, and indicators tied to its operations and corporate practices. The WBG is on track to meet most of these objectives, including those outlined in the CCAP 2021–2026.

WBG SCORECARD METRICS

With the launch of the updated WBG Scorecard in FY24, the WBG strengthened its focus on transparency and accountability by providing stakeholders with a clear view of the development outcomes it supports.

The Scorecard comprises eight “Vision Indicators”¹⁹ that provide high-level metrics to gauge the direction and pace of progress in tackling global development challenges. Two indicators specifically capture climate outcomes:

• Mitigation: measured through *global GHG emissions (millions tCO₂e per year)*, and

• Adaptation and resilience: measured through the *percentage of people at high risk from climate-related hazards*.

These are complemented by 22 “results indicators” that track WBG-specific activities. Climate-related results indicators include:

- Net GHG emissions per year, and
- Number of people with enhanced resilience to climate risks from WBG-supported projects.

16. An update of the Three Lines of Defense, The Institute of Internal Auditors (IIA), July 2020.
17. The Joint MDB Methodological Principles for Paris Alignment provide two options to assess Paris Alignment: (1) the Transaction-based approach, when the use of proceeds are defined or targeted, and (2) the Counterparty-based approach, when use of proceeds are undefined or not targeted.

Broader indicators — such as gigawatts (GW) of renewable energy enabled, or hectares of terrestrial and aquatic areas under enhanced conservation/management — also reflect WBG contributions to climate outcomes.

The current Scorecard results and associated methodologies to calculate are available on the [WBG Scorecard webpage](#).

In FY24, together with other WBG institutions and MDBs, IFC introduced the Common Approach to Measuring Climate Results,²⁰ the first joint framework to define, measure, and link global progress on mitigation and adaptation with MDB operations, which aligns with the WBG Scorecard.

FINANCING TARGETS FOR SMART DEVELOPMENT

DEVELOPMENT FINANCE WITH CLIMATE CO-BENEFITS (CLIMATE FINANCE)

IFC tracks its climate finance investments using the Joint MDB Methodology for Climate Finance Tracking, developed jointly by ten MDBs and the 27 members of the International Development Finance Club (IDFC). This methodology incorporates the Common Principles for Climate Mitigation Finance Tracking, last updated in 2023, and the Joint MDB Methodology for Adaptation Finance, last updated in 2022.

The WBG participates in the [Joint Report on Multilateral Development Bank’s Climate Finance](#)²¹ (latest edition: 2024), which is an annual collaboration to publish MDBs’ climate finance figures. The WBG’s current target directs 45 percent of annual commitments to projects with climate co-benefits, up from 35 percent on average over FY21-FY25, originally set under the second CCAP.

At IFC, this corporate target is translated into departmental targets for all regional and global industry departments, with performance tracked as the percentage of own-account long-term commitments contributing to climate finance.

PARIS ALIGNMENT

IFC’s approach to Paris Alignment follows the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment (“JMDB Principles”), developed collaboratively by ten MDBs. These Principles guide assessments of new financing operations and ensure a consistent, transparent approach across MDBs.

IFC applies three methodological notes relevant to its operations: (i) Direct investment lending operations, (ii) General corporate purpose financing, and (iii) Intermediated financing. Each methodology outlines how to assess alignment with the Paris Agreement’s mitigation and adaptation goals, through either a transaction-based (for investments with defined uses of proceeds) or counterparty-based (for investments with undefined uses of proceeds) approach. Both rely on the same principles — managing climate transition and physical risks — but differ in scope and application.

A project can be considered Paris-aligned through one of two pathways:

- Without conditions: when the project fully meets the Joint MDB requirements at the time of assessment.
- With conditions: when gaps are identified and the client commits to addressing them during implementation.

Projects with agreed remedial actions are considered aligned at the time of IFC’s investment decision.

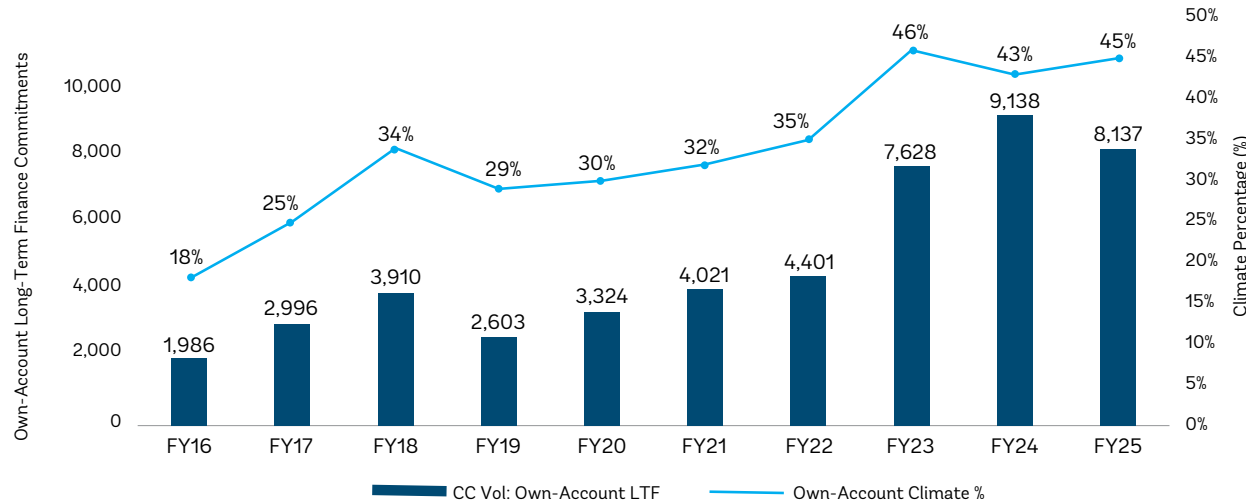
METRICS FOR IFC COMMITMENTS

In FY25, IFC’s own-account long-term climate finance-related commitments²² totaled \$8.1 billion, including \$558 million for adaptation. Climate finance represented 45 percent of IFC’s total own account long-term finance commitments, meeting the updated WBG target. Over FY21-25, IFC’s climate finance averaged 41 percent of total own-account long-term commitments, exceeding the 35 percent CCAP target.

For FY26, IFC’s climate finance target will expand to include core mobilization. In FY25, IFC mobilized \$16.4 billion in core mobilization for climate finance, reflecting a 2.0x mobilization ratio.

IFC’s accelerated growth in climate finance reflects systematic efforts to mainstream climate into operations, identify opportunities early in the project cycle, and develop innovative financing products. Integrating Paris Alignment

FIGURE 1: IFC’S TOTAL OWN-ACCOUNT LONG-TERM CLIMATE FINANCE COMMITMENTS (MILLIONS OF DOLLARS) AND CLIMATE BUSINESS AS A PERCENTAGE OF IFC’S OWN-ACCOUNT LONG-TERM FINANCE COMMITMENTS: TEN-YEAR TREND



screening at early stages allows IFC to identify both mitigation and adaptation opportunities and incorporate them into projects in line with client needs.

To ensure data integrity, IFC conducts internal quality assurance and quality control of climate finance calculations and obtains limited third-party assurance of its annual climate finance results.

In FY25, IFC also exceeded its target of Paris Alignment of 85 percent of its investment commitments and is on track to meet its target of 100 percent Paris Alignment for all new investments starting July 1, 2025.

DEVELOPMENT INDICATORS FOR IFC INVESTMENTS

IFC’s [AIMM system](#) requires climate investments to identify, where feasible, indicators for each climate-related investment, some project- and market-level outcomes and their baseline and target values. IFC systematically tracks the progress of the indicators during project implementation, and this enables IFC to undertake timely corrective actions, strengthening the likelihood of delivering the anticipated impact, and to learn from

its implementation experience. Selected project-level indicators are used to report on climate-related indicators under relevant WBG Scorecard indicators such as *Net GHG Emissions (millions tCO₂e per year)*, and *Number of beneficiaries with enhanced resilience to climate risks*, which can be found [here](#).

GHG ACCOUNTING

Development often involves potentially emissive activities, such as the expansion of energy use, transport, or agricultural production. GHG accounting is utilized by International Financing Institutions (IFI) to understand the sources of emissions associated with their lending operations and how they can reduce these emissions. Since 2012, through the IFI GHG Accounting Group, IFC works with the United Nations Framework Convention on Climate Change (UNFCCC), other MDBs, some commercial banks, and bilateral Development Finance Institutions (DFIs) to harmonize standards for GHG accounting. This collaboration resulted in the adoption of a Harmonized Framework for GHG accounting in 2015.²³

20. Common Approach announcement can be found [here](#).
21. The joint report combines data from the World Bank Group (WBG), the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), the Islamic Development Bank (IsDB), and the New Development Bank (NDB).
22. IFC’s Definitions and Metrics for Climate-Related Activities identifies projects and sectors that qualify as climate investments; these definitions are harmonized with other multilateral development banks and can be found [here](#).

23. See details on IFIs - Harmonization of Standards for GHG accounting [here](#).

GHG EMISSIONS FOR IFC’S OPERATIONS

In line with its Policy for Environmental and Social Sustainability and Performance Standards, IFC discloses ex-ante project-level gross GHG emissions for real sector projects with expected annual emissions exceeding 25,000 tCO₂e, through the publicly available data portal²⁴ under IFC’s Access to Information Policy.²⁵

IFC also estimates and reports aggregate GHG emissions reductions from investments (IFC’s Scope 3 emissions) and collaborates with other MDBs and IFIs through the IFI Technical Working Group on GHG Accounting to maintain consistent methodologies and emission factors for power grids in more than 100 countries. IFC applies the IFI Harmonized Approach to GHG Accounting and IFI sector-specific approaches, where available, to estimate absolute, baseline, and relative ex-ante GHG emissions where use of proceeds is defined.

Within the WBG Scorecard (FY24–FY30), IFC tracks net emissions as an indicator under the *Greener Planet and Resilient Populations* outcome area. Net emissions are calculated as the difference between project emissions and those of a baseline scenario, both annualized over the project’s expected lifetime.²⁶

In FY25, IFC direct investment commitments are expected to result in total annual absolute emissions of approximately 26.8 million tCO₂e. Relative to baseline (business-as-usual) scenarios, IFC’s direct and indirect investments — where data and methodologies are available — are expected to reduce or avoid approximately 31.1 million tCO₂e per year. Gross emissions include Scopes 1 and 2 from IFC-financed real sector projects. The total figures are not adjusted for IFC’s share of project financing and therefore should not be interpreted as IFC’s financed emissions (commonly defined under Scope 3 Category 15).

To better integrate carbon externalities into project economics, IFC applies a shadow price of carbon (SPC) in its economic analysis for selected sectors. Since 2018, SPCs have been incorporated into the analysis of project finance and corporate loans in the cement, chemicals, and thermal power generation sectors when emissions exceed 25,000 tCO₂e per year. The resulting impact on a project’s economic rate of return and viability is reflected in Board documentation. To ensure consistency across the WBG, price levels are guided by the High-Level Commission on Carbon Prices.²⁷

FOSSIL FUELS EXPOSURE

As presented in the Strategy section, IFC has limited direct exposure to fossil fuels since the WBG no longer finances thermal coal power generation or upstream oil and gas. IFC’s investment in fossil fuels may stem from its direct investments in select gas power generation, captive power, industrial consumption, distribution, and trade finance. In FY25, \$23 million of IFC’s total new commitments was in these sectors. IFC also has indirect exposure to fossil fuel investment via its equity positions in financial institutions and LP investments in funds.

METRICS FOR IFC CORPORATE ACTIVITIES

IFC SCOPE 1 AND 2 GHG EMISSIONS (ktCO ₂ e) ²⁸					
GHG EMISSIONS	FY20	FY21	FY22	FY23	FY24
Scope 1	1,058	970	1,022	1,026	1,195
Scope 2	8,669	7,275	7,386	7,428	6,990
Total Scope 1 and 2 Emissions	9,727	8,245	8,408	8,454	8,185

IFC Scope 1 and Scope 2 emissions have been subject to a Limited Assurance review by EY provided on the WBG Scopes 1 and 2 emissions.

LOOKING AHEAD

As IFC continues to increase transparency and strengthen the robustness of its climate-related disclosures, the institution is advancing a series of internal initiatives to enhance its climate reporting capabilities.

Key enhancements include efforts to improve the quality and timeliness of GHG emissions data, with a specific focus on reducing the current reporting lag-time.

IFC is developing a methodology to expand the coverage of GHG accounting across its investments, and to design an approach to estimate absolute emissions attributed to IFC’s portfolio (financed emissions).

IFC is working on building on its existing risk taxonomy to focus on identifying and defining risk categories associated with climate risk factors and organize transmission channels between climate risk drivers and financial/ non-financial risk drivers, including credit, market, and

operational risks. IFC will work on further developing its industry-based scoring, heatmap, and scenario analysis to understand and assess project-level climate transition and physical risks associated with its investment portfolio. In addition, it will continue to enhance its existing climate risk taxonomy and periodically review and validate these methodologies and tools.

IFC’s Articles of Agreement set out mobilization as a key institutional objective, calling on the institution to serve as a catalyst for increasing capital flows into productive private investments in member countries. From FY26, IFC will include the climate share of core mobilization in its climate finance targets.

As the climate reporting environment continues to evolve, IFC will aim to continue enhancing its climate disclosures in line with evolving global industry standards. Concurrently, IFC is investing in digital infrastructure and data systems to support automation, traceability, and audit-readiness of climate data.

DISCLAIMER

The information set forth in this report is expressed as of June 30, 2025, and is being provided by the International Finance Corporation (referred in this document as “IFC”). The report has been prepared to disclose climate-related financial risks and opportunities for stakeholders, is not intended to be comprehensive, and does not constitute investment, financial, economic, accounting, legal, or tax advice or recommendations. Users of this report must consult with their own advisors and rely on their own analysis of IFC and its climate-related risks and risk practices discussed, to determine the suitability of this disclosure for their purposes.

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This report includes non-financial metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements.

The precision of different measurement techniques may also vary. IFC reserves the right to update its measurement techniques and methodologies in the future.

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24. IFC Project Information & Data Portal can be found [here](#).
25. IFC Access to Information Policy (Amended November 25, 2013) can be found [here](#).
26. This includes direct/indirect absolute emissions (Scope 1 and Scope 2, and other indirect GHG emissions from other sources (Scope 3) on a case-by-case basis) and “other consequential emissions,” as defined under the IFI TWG Guideline for a Harmonized Approach to GHG Accounting.
27. Carbon Pricing Leadership Coalition can be found [here](#).
28. Data lag by one fiscal year due to timing of data collection.