

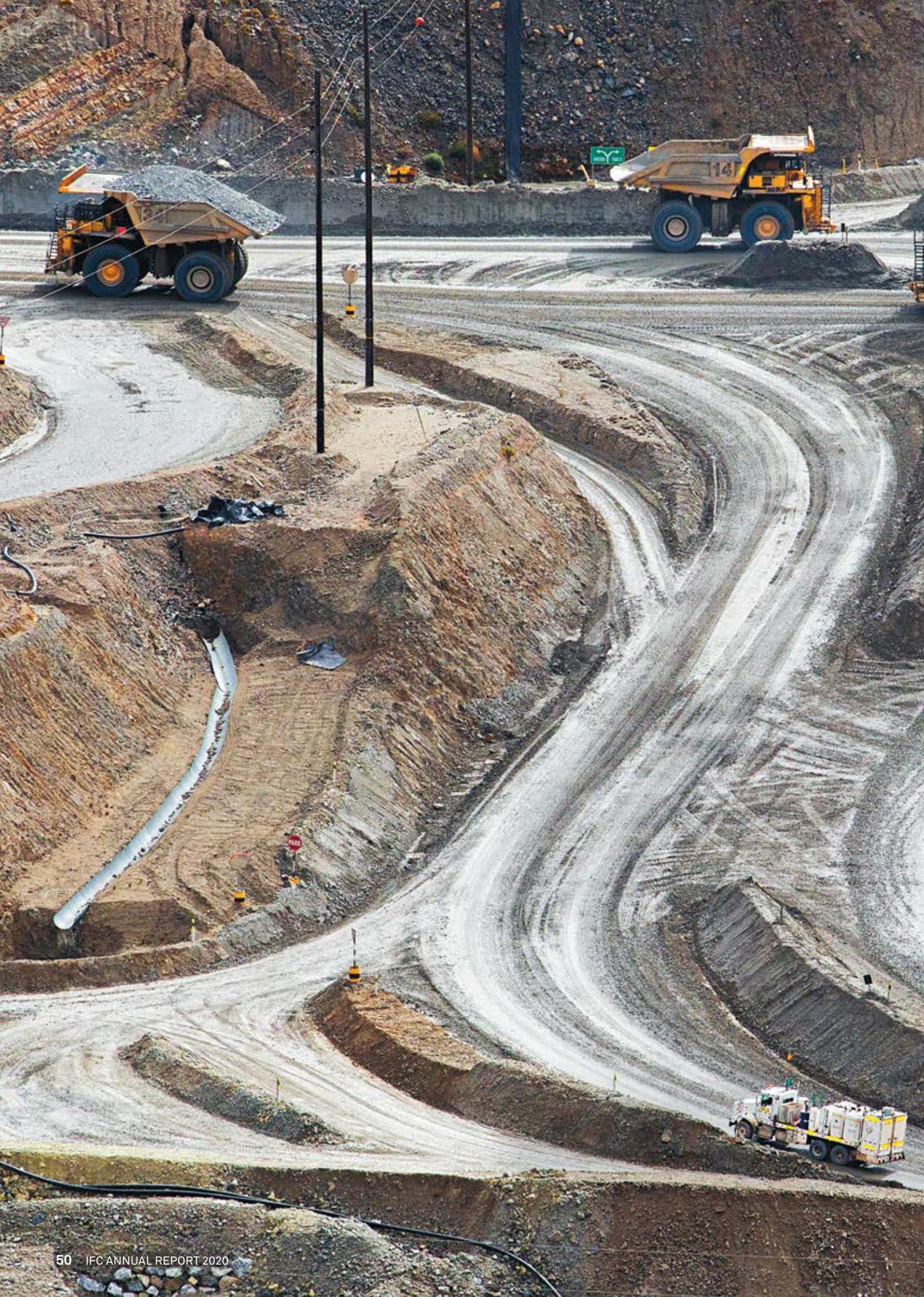
COUNTRY STORIES

Eleven stories highlighting some of this year's most impactful work in countries across the globe.

**CREATING
MARKETS** | PAGE 50

**SUPPORTING
GROWTH** | PAGE 60

**DRIVING
SUSTAINABILITY** | PAGE 70





CREATING MARKETS

IFC works to create markets that give new opportunities to people in developing countries through the private sector.

PAGE
52

AFGHANISTAN
Putting Afghanistan on the path to energy security

PAGE
54

INDIA
Maintaining access to health care during the pandemic via an online platform

PAGE
56

INDONESIA
Issuing a first-ever gender bond to tap the capital markets for inclusive growth

PAGE
58

BRAZIL
Supporting a woman entrepreneur's recipe for launching a market for allergen-free foods



Photos: The Mazar-e-Sharif independent power plant, supported by IFC and private investors, will increase domestic power generation by up to 30 percent—supporting education and other key needs.



AFGHANISTAN

Putting Afghanistan on the path to energy security

Afghanistan has a vast unmet need for energy, despite having substantial natural gas reserves of its own. Only 34 percent of Afghans have access to grid electricity: those who do can experience blackouts of up to 15 hours a day. A lack of infrastructure investment, combined with an underdeveloped and fragmented system of transmitting and distributing power, means Afghanistan imports about 75 percent of its power from its Central Asian neighbors. Many people are left to rely on expensive, polluting diesel generators.

A pioneering IFC-led investment in a 59-megawatt gas-to-power plant will bring change, boosting the country's current total domestic generation by up to 30 percent. The Mazar-e-Sharif project was conceived as the first long-term private investment in Afghanistan's energy sector and the first long-term public-private partnership in the country.

At an estimated cost of \$89 million, the project is expected to create about 200 direct jobs, plus many more indirectly, while demonstrating that internationally bankable long-term public-private partnership contracts are possible in a conflict-affected country.

The project will be implemented by Afghan Power Plant Company, established by the Afghan conglomerate, the Ghazanfar Group, in partnership with HA Utilities, the utilities investment and development arm of Hassan Allam Holding.

"If you don't have power, you cannot educate people. If you don't have power, you don't have health. All hospitals, all education systems, and all industry — all that is around you needs power," explained Ismail Ghazanfar, Chairman and CEO of Ghazanfar Group. "This is not a one- or two-year project. We in the Ghazanfar Group are thinking it's a long-term investment by our company, and we are committed to invest in Afghanistan."

IFC spent over six years turning an idea — to find a way to use Afghanistan's significant gas reserves to meet the country's energy needs — into reality. The Mazar-e-Sharif project demonstrates IFC's commitment to creating markets by working Upstream, in collaboration with the World Bank.

World Bank Group support for the project includes IFC long-term debt financing, a guarantee from the

International Development Association (IDA), political risk insurance through the Multilateral Investment Guarantee Agency (MIGA), as well as use of the IDA Private Sector Window (PSW).

IFC's financial support for the project from its own resources includes a \$21.2 million senior loan and a \$1.5 million client risk-management swap. In addition, as the mandated lead arranger for the project, IFC mobilized \$41.2 million in parallel loans from other lenders, including DEG, the German development finance institution, and the Asian Development Bank.

The financing package also includes political risk insurance from MIGA amounting to \$48.7 million. IFC's



financing and MIGA's investment guarantees will be covered in part by the IDA PSW's risk-mitigation facility as well as the MIGA guarantee facility. This is the first time the private sector window's risk mitigation facility has been used.

For Ismail Ghazanfar, the investment is essential to Afghanistan's energy future. "We have gas. We have rivers. We have the opportunity of solar, with 300 days a year of sun in Afghanistan," he said. "It makes sense to invest in Afghanistan's energy sector to develop the country's capacity."



INDIA

Maintaining access to health care during the pandemic via an online platform





As India entered a strict nationwide lockdown to counter COVID-19, 1mg — the nation’s largest integrated online health platform — rushed to ensure the continued flow of regular health supplies and testing services to its customers.

The company, which has served more than 150 million customers with medicines, lab tests, and a wide range of other health-related products and services, saw a jump in demand for flu and fever e-consultations. It met this demand, alongside existing customer commitments, by signing up new doctors, securing government permission to carry out essential deliveries, and creating workplace sanitation procedures to protect employees.

A \$12.5 million IFC equity investment in FY19 and FY20 helped 1mg to grow its platform.

1mg intends to replicate its success and scale up, and also to stimulate and invite market competition in providing health care in a country with 1.3 billion residents in need of services. The company is a lifeline for its customers, especially those who live in smaller towns and rural areas and rely on 1mg’s deliveries to treat chronic conditions.

“We are all witnessing a new model of health care, led by patient-centric design, as 1mg has always believed to be the right way. Digitally enabled, real-time access to pharmacy, labs, and doctors is going to be the new norm,” said Prashant Tandon, co-founder and CEO of 1mg. “This is our opportunity to be game changers, and to change the entire health infrastructure in a lasting way, for the better.”

Photos: IFC’s \$12.5 million equity investment in 1mg helped the company to grow its platform in India and meet increased customer demand during COVID-19.



Issuing a first-ever gender bond to tap the capital markets for inclusive growth

Women-owned small and medium enterprises (WSMEs) are critical to Indonesia's economy, one in which women own 34 percent of medium enterprises and 51 percent of small enterprises. Yet more than 40 percent of the country's WSMEs lack the financing needed to reach their full potential for growth.

An IFC investment of up to 2.75 trillion Indonesian rupiah (\$200 million) in Bank OCBC NISP's sustainable bond program helped to launch the first-ever gender bond in Indonesia in 2020. The bond is the second to be issued in the East Asia and Pacific region, following the Bank of Ayudhya's gender bond issuance in Thailand in 2019, also backed by IFC.

Proceeds from the bond will enable Bank OCBC NISP to increase lending to Indonesia's women entrepreneurs and WSMEs, with the intent of advancing their participation in the economy.

IFC is also sponsoring Bank OCBC NISP's new green bond, building on the success of a 2018 project that has been fully deployed. Bank OCBC NISP is now expanding its green financing through actions like the development of green projects and the financing of green mortgages.

Reducing the impacts of climate change is important in Indonesia, an archipelago nation that is additionally vulnerable because of decades of rapid carbon-intensive growth. Green financing contributes to meeting the government's 29 percent target of reducing greenhouse gas emissions by 2030.

In addition to building Indonesia's bond market, IFC is partnering with Bank OCBC NISP to provide training to the bank's staff and to Indonesian property developers. IFC will provide Indonesian developers with training to help them to identify eligible green building construction projects and learn how to use EDGE, an IFC innovation to build and brand green buildings in a fast, easy, and affordable way. The bank will work with IFC to increase its capacity on gender finance and to develop a targeted approach, including financial and nonfinancial services, to support the growth of women entrepreneurs. The project aims to demonstrate the viability of WSMEs as a distinct customer segment and support the government's efforts to establish climate finance as a distinct asset class.

The gender bond is supported by the Women Entrepreneurs Finance Initiative (We-Fi) program, a partnership housed at the World Bank Group



that aims to unlock financing for WSMEs in developing countries. We-Fi is also aligned with the government of Indonesia's goal to reduce Indonesia's gender gap.

Investing in gender and green bonds, whether by issuing its own bonds or investing in bonds issued by financial institutions and other corporates, allows IFC to build capital markets in Indonesia and throughout East Asia while targeting positive social and environmental impact. These types of bonds are a critical tool to attract private capital to finance important development goals for countries.



Photos: IFC investment helped a local bank launch Indonesia's first-ever gender bond, increasing women entrepreneurs' access to finance.



Supporting a woman entrepreneur's recipe for launching a market for allergen-free foods

"Crazy."

That is how Adriana Fernandes, a 46-year-old former television director from Brazil, describes her decision to launch a line of allergen-free foods in 2015.

Gluten-free bread and dairy-free "cheese" might be popular foods now, but back then, demand for fare like that was almost nonexistent.

"It wasn't just me opening a simple business," said Fernandes, a São Paulo mother whose son, Leo, has severe food allergies. "I was creating a market that didn't exist in Brazil."

Fernandes grew her business with help from *Itaú Mulher Empreendedora* (Itaú Women Entrepreneurs), an accelerator program founded by Itaú Unibanco, the largest commercial bank in Brazil, which has had investment and advisory support from IFC.

The program provided Fernandes with mentoring, connected her to other entrepreneurs, and helped her develop a strategic plan for Mandala, her fledgling company. "It helped me to step away from the day-to-day operations of the business and think strategically about the future without fear," said Fernandes.

Fernandes, whose company supplies everything from gluten-free bread to dairy-free brownies to hospitals, schools, and airlines, is one of more than 24,000 female entrepreneurs who have taken part in the *Itaú Mulher Empreendedora* program since its launch in 2014.

In 2013, IFC invested \$470 million in Itaú to fund the expansion of its women-owned small and medium enterprises (WSMEs) program, and in subsequent years, IFC has also provided technical expertise to help build and strengthen the *Itaú Mulher Empreendedora* program. This remains the largest investment IFC has made through its Banking on Women program, which helps spur financing and channel advice to female entrepreneurs around the world.

Increasing access to finance for small- and medium-sized businesses owned by women is an important part of IFC's strategy to expand inclusion and economic

opportunities in the country. Almost half of Brazil's businesses are run by women, 99 percent of which are micro or small enterprises. These businesses often struggle to secure financing: Brazil's female-run small businesses face a financing gap of nearly \$16 billion.

Initially, Fernandes struggled to get credit. In the early days of Mandala, facing what she calls an abundance of "machismo" in the startup world, she was turned away by many lenders.

"I joke that Mandala could be much bigger if I were 20 years old, were a man, and lived with my mother."

Itaú Unibanco was willing to take a chance on Fernandes. The company provided her with a pair of loans, helping her to steadily grow Mandala into a company that now has 13 employees. Despite COVID-19, the company has seen revenues rise in 2020.

Fernandes plans to continue to expand the business, especially in e-commerce.

"I need to be careful with my words because [running a business] is not always glamorous," she said. "But if you have a company that has a mission, that can transform lives, it can be an incredible journey."



BANKING ON WOMEN

Since its launch in 2010, IFC's Banking on Women business has committed and mobilized 93 investments totaling more than \$2.7 billion dedicated to women-owned enterprises and has advised on 50-plus projects in 32 countries. IFC's advisory support for Itaú is supported by the Women Entrepreneurs Opportunity Facility, a partnership between IFC's Banking on Women business and Goldman Sachs 10,000 Women. The facility is designed to improve access to finance for 100,000 women entrepreneurs worldwide.

Photo: Adriana Fernandes founded her food products company in Brazil with support from an accelerator program that has received \$470 million from IFC.





SUPPORTING GROWTH

Opening doors of opportunity is a top priority for IFC.

PAGE
62

SOLOMON ISLANDS

Going green in the blue Pacific Ocean

PAGE
64

MALI

Strengthening the economy by increasing production of local quicklime

PAGE
66

WEST BANK AND GAZA

Boosting learning — and self-reliance — through solar power

PAGE
68

KENYA

Supporting small businesses to withstand the shock of COVID-19



Going green in the blue Pacific Ocean

In the early months of 2020, local Solomon Islanders were being hired as laborers, engineers, carpenters, and security personnel for one of the Pacific Island nation's biggest projects — the Tina River Hydropower Development Project. Despite the impact of COVID-19, Solomon Islands Prime Minister Manasseh Sogavare says the project is on track to deliver “extraordinary benefits” to Solomon Islanders.

Solomon Islands, scattered over 1.3 million square kilometers of ocean, relies almost entirely on imported, polluting diesel for its energy needs. The project, sponsored by Korea Water Resources Corporation (K-water) and Hyundai Engineering Corporation (HEC), will be the first large-scale infrastructure project to be developed under a public-private partnership and the country's first scaled renewable energy project.

Once up and running, the project will curb Solomon Islands' reliance on expensive diesel power by almost 70 percent and lower prices for homes and businesses. In addition to creating more jobs and lowering power prices, the project will pave the way for the country to reduce its greenhouse gas emissions by two and a half times its 2025 target. It will also ensure a steady price for power, unaffected by global economic swings.



This will especially help people like Toata Molea, who has struggled to afford the electricity he needs to run his service station, reliant on imported diesel fuel — paying among the highest costs in the world. Molea says the cost of electricity is his biggest overhead. In just one month, he can spend more than what most people on the islands earn in a year.

The landmark financing deal for the project, worth over \$200 million — through loans and grants from six institutions — was signed in December 2019. The World Bank Group has supported the project for more than ten years, starting with the World Bank’s project preparation, which included initial feasibility studies and environmental and social impact assessments. The World Bank also committed funding from IDA that helped to mobilize funding and coordinated the lenders’ group.

IFC’s support has been the cornerstone, as transaction adviser to the government of Solomon Islands, for project preparation, investor selection, the negotiation of project agreements with the preferred bidder, and the final financing agreement package. In March 2020, MIGA provided equity political risk insurance coverage to the private investors.

The size and complexity of the proposed project in a fragile and post-conflict nation has fostered collaboration among multiple development partners and mobilized concessional finance from other multilateral and bilateral institutions including the Green Climate Fund, the Republic of Korea’s Economic Development Cooperation Fund, the Abu Dhabi Fund for Development, the Asian Development Bank, and the Australian government.

The cheaper renewable energy delivered through the project will ensure that Solomon Power, the country’s state-owned electricity supplier, can deliver cheaper power including outside Honiara.

IFC’s project preparation support has been funded by the Pacific Partnership, supported by Australia and New Zealand. Other support came from the Global Infrastructure Facility as well as from DevCo, a multi-donor facility affiliated with the Private Infrastructure Development Group, with funding from the Netherlands and Sweden.

Photos: Toata Molea (above), a service station owner in Solomon Islands, is one of many individuals who will benefit from IFC’s support for the Tina River Hydropower Development Project.



Strengthening the economy by increasing production of local quicklime

Agribusiness and gold mining are hugely important to Mali's economy, employing millions and accounting for the bulk of the country's gross domestic product and exports.

The two industries share something else in common: both depend heavily on quicklime. The chalky, alkaline substance derived from limestone is used to refine and condition gold. Agricultural lime, a quicklime by-product, reduces soil acidity, helping farmers achieve bigger yields.

Despite having large lime reserves of its own, Mali imports most of the quicklime its economy needs, driving up production costs and taking the glitter off important drivers of growth.

To help Mali develop its quicklime industry, IFC invested in local lime producer Carrières et Chaux du Mali (CCM), which will help it boost production and improve efficiencies. The IFC and IDA PSW financing package consists of an €8.9 million-equivalent loan in West African CFA francs — IFC's first local currency financing in Mali and the first in the country to be supported by the IDA PSW in the manufacturing, agribusiness, and services sector.

Madani Diallo, CEO of CCM, estimates that IFC's support will help his company cut production costs by up to 20 percent and allow it to better satisfy the increasing local demand for quicklime and agricultural lime. "We will also strengthen our exports of agricultural lime to farmers in neighboring Côte d'Ivoire, Guinea, and Senegal," Diallo said.

Increased access to agricultural lime should help boost productivity in Mali, where an estimated two-thirds of the country's 2.4 million hectares of agricultural land suffers from soil acidity.

"Spectacular" is how Youssouf Dembélé, a retired teacher and now a smallholder farmer, called the increase in productivity when he started using agricultural lime in his fields in Koutiala, 390 kilometers west of Bamako. "People were so impressed that they thought I was using different crops," he said. Dembélé started using agricultural lime in his fields over 10 years ago and wishes more farmers would do the same.

IFC is also developing a soil management advisory program to strengthen CCM's commercial and technical capacity to help



it increase sales. A second phase of the program will include training for thousands of the country's smallholder farmers on the use — and benefits — of agricultural lime.

While the loan to CCM will help strengthen businesses in some of Mali's foundational industries, it also highlights IFC's support for fragile and conflict-affected countries.



Photos: IFC's investment in Carrières et Chaux du Mali (CCM) is helping to create a thriving quicklime market in Mali, increasing local farmers' access to agricultural lime.





Boosting learning — and self-reliance — through solar power

Power outages in the West Bank occur frequently. For students, blackouts result in classrooms without necessities like lights, computers, and fans — at times, for up to a week or more.

“We can’t focus on learning because of the heat,” said Juman Jad, a student at an all-girls school in Jericho, where summer temperatures often top 45 degrees Celsius (113 degrees Fahrenheit).

To reduce the interruptions in education, nearly 500 schools in the West Bank are being outfitted with arrays of solar panels over the next three years. This first-of-its kind project aims to develop the renewable energy sector and address chronic power shortages by harnessing a domestically available source of energy.

This \$32 million project is being led by Massader, a local power company. The financing package for the project includes an Israeli Shekel loan of up to \$8.1 million equivalent from IFC, in addition to loans from the Finland-IFC Blended Finance for Climate Program and the Netherlands and IFC Private Sector Development Program in MENA (Middle East and North Africa). The project is also receiving a grant of up to \$2 million from the World Bank’s Investment Co-Financing Facility.

The solar arrays will eventually generate 35 megawatts of clean electricity, enough to power the equivalent of about 16,000 homes across the West Bank. It is part of a larger program called Noor Palestine, in which Massader is joining with its parent company, the Palestine Investment Fund, to develop 200 megawatts of solar power — enough to provide about 30 percent of the West Bank’s power.

The arrival of solar energy is a huge step in reducing energy dependency in the West Bank, where up to 90 percent of electricity is imported. The solar arrays project has also bolstered the private sector. Private companies, instead of the state, are doing much of the construction work for the project and providing part of the financing.

In a novel arrangement, the schools served by the solar arrays project will receive free electricity and, in some cases, cash payments for hosting the installations. Most of the electricity generated from the solar panels will then be fed into local distribution systems at a competitive tariff. This will create a more conducive environment for public services and private enterprise.

The solar arrays project is part of a broader strategy by IFC and the World Bank Group to catalyze private investment in the Palestinian economy, with the goal of achieving sustainable and inclusive economic growth.

IFC’s role in structuring the project included building local capacity by developing key project documents, such as the power purchasing agreements and construction and operating contracts. This assistance is expected to help the future development of more decentralized, low-cost private sector projects with sound financial structuring.

Jad’s school was recently outfitted with solar panels, creating cooler indoor conditions that will help students pay more attention in the classroom. “Frankly, I like the idea of the solar arrays,” the teenager said.

Photos: With IFC’s support, nearly 500 schools across the West Bank will install solar arrays (far left), making it easier for these girls in Jericho to study year-round.

A close-up photograph of a woman in a coffee plantation. She is wearing a black turtleneck and a red headband. She is looking intently at a branch of coffee cherries. The cherries are in various stages of ripeness, from green to bright red. The background is filled with green coffee leaves and branches, creating a lush, natural setting. The lighting is soft and natural, highlighting the textures of the leaves and the woman's features.

**Supporting
small
businesses
to withstand
the shock
of COVID-19**



KENYA

Many micro, small, and medium enterprises (MSMEs) in Kenya saw their incomes disappear overnight because of COVID-19. With limited emergency reserves, about 75 percent of them were at risk of collapse, according to a Central Bank of Kenya survey conducted in April 2020.

To help MSMEs in Kenya and elsewhere adapt to the challenges of the COVID-19 operating environment, IFC created six one-hour interactive webinars on topics like how to access finance during the crisis, manage costs, and improve online marketing techniques. The webinars were delivered through four banks — Co-operative Bank of Kenya, Gulf African Bank, Kenya Commercial Bank (KCB), and Stanbic Bank — and reached 1,550 MSMEs from April to June 2020.

Three additional banks in Ghana and Nigeria helped to scale the program across Sub-Saharan Africa and reach an additional 2,300 participants. The webinars were developed as part of Grow Learn Connect, an IFC program that builds human capital in emerging markets and fragile and conflict-affected situations by creating a network of qualified local advisory service providers for MSMEs.

“The COVID-19 SME training webinars enabled us to offer tools and knowledge to our existing MSME customers at a time when our support is most critical,” said Annastacia Kimtai, Director of Retail Banking for KCB Bank Group.

Photo: A coffee farmer harvests ripe coffee beans from her fields in Kabuboni village, Kenya. IFC advisory services reached 1,550 MSMEs across the country from April to June 2020.

The webinars are one component of IFC’s two-year partnership with KCB Bank, which began with the Women Value Proposition to support women entrepreneurs. Through this program, 370 KCB Bank relationship managers have been trained on the business case for serving women in Kenya and on creating a cutting-edge experience that will make KCB the bank of choice for women-owned businesses in Kenya.

Almost 240 women entrepreneurs have now been coached on how to differentiate their businesses from competition, expand their customer base, and increase sales. In total, the program has reached 848 SMEs across Kenya, 58 percent of which are women-owned.

For Annastacia Kimtai, partnering with IFC has created benefits that will outlast the shock of COVID-19. “MSMEs and female entrepreneurs make vital contributions to Kenya,” she said. “The more we can support them with inclusive banking products and services, the more resilient our economy will be.”





DRIVING SUSTAINABILITY

IFC partners with our clients in developing countries to promote sustainable growth.

PAGE
72

SERBIA
Cleaning up one of Europe's largest landfills

PAGE
74

EI SALVADOR
Lowering the cost of electricity, boosting business growth

PAGE
76

COLOMBIA
Empowering the next generation of sustainable finance leaders



SERBIA

Cleaning up one of Europe's largest landfills

Dragan Varga has spent two decades directing vehicular traffic at the main landfill for the city of Belgrade, the Serbian capital. And he does not mince words when talking about his workplace.

"This is just slightly better than hell," he says.

The landfill, which sits on the shores of the Danube River, has long been regarded as one of the most toxic in Europe. Rotting garbage routinely leaches into local groundwater and, occasionally, erupts into massive fires that can be smelled in Belgrade, 15 kilometers away. The situation has become so dire that Serbia's finance minister, a former mayor of Belgrade, called the landfill an ecological "black spot" on all of Eastern Europe.

But that will soon change.

Late last year, crews broke ground on a new waste processing and disposal complex for Belgrade that will be compliant with Serbian standards as well as applicable European Union specifications and standards for landfills and waste processing plants. It will include a plant that converts garbage into electricity and heat, a facility for recycling construction waste, and a new sanitary landfill. Once the work is done, the old landfill, which has piles of trash 70 meters high in places, will be turned into green space.

The project, scheduled to be completed in 2022, is being delivered under a long-term public-private partnership between the City of Belgrade and a private company named Beo Čista Energija, formed by global utility company Suez S.A., the Japanese conglomerate Itochu Corporation, and Marguerite Fund II, a pan-European equity fund. Last year, IFC and MIGA provided the firm with €260 million in financing and guarantees, helping to get construction rolling. The package included financing from the Development Bank of Austria and the Canada-IFC Blended Climate Finance Program. The European Bank for Reconstruction and Development also provided funding. Advisory services for the transaction were implemented in partnership with the governments of Austria, Canada, and Switzerland, and the Rockefeller Foundation.

But the genesis of the deal stretches back more than half a decade. That's when IFC signed an agreement to help Belgrade explore private sector solutions to its mushrooming waste management problem. IFC staff helped Serbian officials shore up what was then a new law governing public-private partnerships. IFC



also worked with the city to design and tender the contract for the new facilities, the first public-private partnership in the country.

That effort falls under what we at IFC call working Upstream. Instead of simply waiting for projects to finance, we collaborate with governments and other development institutions to open up entire industries to private investment. The strategy is part of a push by IFC to find innovative ways of tackling the most pressing issues facing the developing world. In an era when government budgets are stretched thin, this creativity helps direct capital and expertise into projects that make life better for everyday people.

It also allows IFC to develop initiatives with widespread impact — and the waste management facilities outside Belgrade could soon be one of those. Globally, municipalities produce 2 billion tons of garbage a year. Backers believe the new facility, the first project of its kind in an emerging market, could serve as a model for other cities struggling to deal with mounting waste.

Photos: Serbia's Vinča landfill—one of Europe's most toxic—is being transformed with €260 million in financing from IFC, MIGA, and other partners.





Lowering the cost of electricity, boosting business growth



Photo: San Salvador Cathedral, El Salvador. A power plant financed by IFC will generate 30 percent of the country's power supply starting in 2022.

In El Salvador, the high cost of electricity increases the costs of products and services and prevents businesses from being competitive. An Enterprise Survey conducted by the World Bank Group in 2016 revealed that 48 percent of Salvadoran firms rank electricity as their main barrier to growth.

The sky-high electricity rates in El Salvador may finally be lowering. In late 2019, IFC led a \$657 million financing package for local power provider *Energía del Pacífico* — the largest private sector investment in the history of El Salvador. The investment will help the firm build a power plant that will turn liquefied natural gas into electricity. When it is finished in 2022, the 378-megawatt facility will provide 30 percent of El Salvador's power.

"*Energía del Pacífico* is a transformational project for El Salvador and the entire region — a shining example of the enormous opportunity that can be created, despite prior obstacles, when private

initiatives have strong government support," said Michael Polsky, the CEO of Invenergy, an American power company that is the majority owner of *Energía del Pacífico*.

The new plant, located in the port city of Acajutla, will enable the country to cut its reliance on pricey imported oil and reduce the amount of electricity it buys from neighboring countries. (One-quarter of El Salvador's power comes from abroad, the highest rate in Central America.) These actions are expected to drive down the price of electricity, which will be a boon for businesses in the manufacturing and services sectors, key parts of the Salvadoran economy. Ultimately, it is expected that lower electricity prices will aid job creation and economic growth in a country where more than 25 percent of people live in poverty.

Since natural gas is cleaner than oil, it will reduce El Salvador's sulfur dioxide (SO₂) emissions — a high air

pollutant — by 8,000 tons a year, and the country's carbon dioxide emissions by 376,000 tons annually — the equivalent of taking more than 70,000 vehicles off the road.

The project will also include a 44-kilometer transmission line to the city of Ahuachapán, mooring infrastructure for a floating storage unit, and a 1.7-kilometer sub-sea and underground gas pipeline. IFC is providing \$85 million in direct financing, with the rest of the funding for the project coming from other lenders.

The project has its origins in the World Bank Group's Country Partnership Framework for El Salvador, a document that lays out the development priorities for the nation of six million. The Country Partnership Framework identified two key challenges in El Salvador — a reliance on foreign oil for power and a lack of private investment — both of which the new project is designed to address.





Empowering the next generation of sustainable finance leaders

From floods to landslides, climate change is significantly disrupting markets across Latin America. Finance leaders know that they need to prepare for climate-related risks — and seize related business opportunities — but many lack the requisite knowledge. IFC is working to change this through the IFC-Green Banking Academy, a pioneering knowledge and capacity building program that provides banking professionals across Latin America and the Caribbean with skills and training on the fast-emerging area of green finance.

Climate finance is very important to Efrain Forero, president of Davivienda bank, Colombia's second-largest bank. "It is my responsibility to ensure that Davivienda will become a sustainable bank," he said, following his completion of IFC-Green Banking Academy training in 2019.

Forero took an eight-week IFC-Green Banking Academy course relating to green finance. In addition, he and two senior colleagues received scholarships for a one-week intensive program, which included customized workshops and roundtables with other CEOs on how to enhance green banking practices to benefit shareholders, regulators, and customers.

Championing green banking is a natural extension of IFC and Davivienda bank's more than 40-year partnership. IFC and Davivienda were instrumental in strengthening Colombia's active participation in the Sustainable Banking Network, a voluntary community of banking associations and regulators from emerging markets committed to moving forward on sustainable finance. Colombia made a commitment to develop its sustainable finance system and has been doing so since 2012, currently in an advanced stage, according to the Sustainable Banking Network progression matrix. In addition, the country has also set the goal of significantly reducing its greenhouse gas emissions by 2030 through the Nationally Determined Contributions.

Since its launch in November 2018, the IFC-Green Banking Academy has facilitated 400 program scholarships for bankers from 60 financial institutions in eight countries, with funding provided by the German government's International Climate Initiative. Over

5,000 financial professionals across Latin America's commercial banking sector have been trained through the IFC-Green Banking Academy Webinar Series. Additional requests for trainings extend from as far as Asia.

The IFC-Green Banking Academy has partnered with various international and academic institutions from across Latin America and Europe, including Beel Infrastructure Partners, IDOM, the Latin American Federation of Banks, Management Solutions, Pontifical Xavierian University, and the Renewables Academy, to develop specialized academic programs for the banking sector.

The IFC-Green Banking Academy aspires to put leaders in banking at the heart of its curriculum and to position climate change as a significant business opportunity for the financial sector. In a post-COVID-19 world, the IFC-Green Banking Academy's approach is especially relevant, as governments and investors need to better integrate climate risks into their planning.

Having completed his IFC-Green Banking Academy training, Forero is even more committed to championing green banking in Colombia: "The knowledge we received will make Davivienda a better institution, make us more competitive in the future, and more attractive for our investors and our clients," he said.

Photo: Homes in Bogotá, Colombia. IFC is helping to create a thriving green finance market in the country.



Prompting Growth in the Green-Loan Market

The green loan is a fast-emerging tool whose proceeds can be used by corporate borrowers to finance or refinance eligible assets or activities that improve the sustainability of their operations.

In 2019, IFC became the first global development institution to offer its investment clients the option of structuring loans in accordance with the Green Loan Principles. These principles, modeled on the Green Bond Principles, specify how loan proceeds should be used and how projects should be selected in order to qualify for green-loan status. This “green-loan”

label can help businesses attract additional financing and align their sustainability and funding strategies.

IFC is encouraging its clients to use green loans to mitigate the adverse impacts of climate change and encourage low-carbon development. We are supporting our clients’ efforts to meet the requirements of the Green Loan Principles, such as establishing a management system to track, manage, and report on the use of proceeds of a loan for dedicated green projects and have it verified by a third party.

Developing countries accounted for just \$1.6 billion of the estimated

\$33 billion in outstanding green loans as of 2019. But the market is expected to grow rapidly and may even outpace the growth of the green-bond market in the near term.

IFC is a leading provider of climate-related financing. We were one of the earliest issuers of green bonds, launching a Green Bond Program in 2010 to unlock investment for private sector projects that support renewable energy and energy efficiency. To date, IFC has issued more than \$10 billion across 172 bonds in 20 currencies.