

IFC

Financial Institutions Group (FIG)

Climate Finance

As of October 2025

Industry Context

Climate change represents both a challenge and an opportunity for financial institutions in emerging markets. Climate mitigation and adaptation needs in emerging markets and developing economies are significant, with estimates ranging between \$1.7 trillion and \$3.4 trillion annually by 2030 – an amount that cannot be financed by the public sector alone. The private sector has a critical role to play by investing in low-carbon technologies, creating jobs and skills, and building resilience into its investments and operations. Indeed, according to the IMF, 80-90% of the climate finance needed in emerging markets will have to come from the private sector. Fortunately, financial institutions are increasingly building climate finance into their long-term strategies and portfolios, and financial markets are integrating climate transition risks and opportunities into investment decision-making.

FIG Climate-Related Committed Portfolio



\$21.5billion

to climate-related projects



through **160+**

emerging market
financial institutions

IFC Strategy and Portfolio

Since the 1980s, IFC has been a critical player in climate business and continues to be a leader in this space. IFC's climate business is focused in the near term on five strategic areas – clean energy, climate-smart cities, climate-smart agribusiness, green buildings, and green finance. IFC is committed to working with financial institutions to finance projects that will support mitigation and adaptation. In addition, as of July 1, 2025, IFC has committed to aligning 100% of its new investment projects with the objectives of the Paris Agreement.

FIG focuses on investing directly in and partnering with financial institutions in climate-smart sectors to reduce GHG emissions and support climate change adaptation. FIG's climate finance strategy is guided by three priorities:

- Help create a livable planet for all by ensuring climate markets and sustainability engagements support a just transition.
- Create and grow climate markets through investment, mobilization, and institution building.
- Enable emerging market financial institutions to meet their Paris Agreement commitments.

STRATEGIC INITIATIVES

BLUE FINANCE

The Global Blue Bond Project achieved a significant milestone reaching a cumulative financing total of \$2 billion since its inception in 2020. IFC partnered with T. Rowe Price to develop a global blue bond investment strategy, which contributed to winning the 2024 ESG Initiative of the Year award in the Americas from Environmental Finance. Furthermore, IFC was recognized as the Best Multilateral Institution for Sustainable Finance by Global Finance, highlighting its blue-themed bonds that support sustainable ocean economies. Additionally, IFC published an updated version of its Guidelines for Blue Finance, providing financial institutions and market stakeholders with enhanced tools to identify, structure, and scale investments supporting the sustainable use of water and ocean resources, and underscoring IFC's leadership in this field.

ADAPTATION & RESILIENCE

Since FY24, FIG has committed more than \$180 million in own account climate adaptation & resilience (A&R) finance in the areas of climate smart agriculture, green buildings, renewable energy, and biodiversity. Examples of deals include: IFC's commitment of \$130 million to DLL, a Rabobank subsidiary, to finance sustainable equipment for agri-SMEs in Brazil, Chile, and Poland, with at least half of the proceeds earmarked for climate adaptation. Meanwhile, in South Africa, IFC provided an unfunded risk sharing facility for up to \$100 million to FirstRand Bank to expand lending to SMEs, including businesses owned by women and those engaged in climate-related activities, such as climate-smart agriculture initiatives, with 25% of projects to be tagged for A&R using the Climate Bonds Resilience Taxonomy.

Project Examples



ITAÚ UNIBANCO (BRAZIL)

IFC partnered with Itaú Unibanco and IDB Invest to support the issuance of \$250 million equivalent biodiversity and social bond—marking Itaú's first issuance focused on biodiversity. The bond aims to increase access to credit for green and inclusive projects, with up to \$75 million allocated to biodiversity-focused initiatives, including Itaú's and Syngenta's REVERTE® Program, which supports rural producers in restoring degraded land, preserving native vegetation, and promoting sustainable agricultural practices. An additional \$175 million will finance micro, small, and medium enterprises (MSMEs), expanding access to capital for underserved businesses.



BANCO DAVIVIENDA (COLOMBIA)

IFC subscribed to a \$50 million equivalent four-year, senior unsecured biodiversity bond issued by Banco Davivienda. This marks the second globally issued biodiversity bond and is aligned with the green taxonomy of Colombia, for which IFC played a catalytic role as an advisor to the Banking Superintendency. It is also the first issuance to include impact indicators for nature-based solutions. The bond finances climate-smart agriculture, and sustainable freshwater and marine production projects.



KOMMUNALKREDIT AUSTRIA AG

IFC closed the €200 million investment in a privately placed MREL-eligible bond of Kommunalkredit Austria AG, a niche Austrian bank specializing in infrastructure and municipal finance. This is the first-ever investment in a specialized infrastructure financial institution in Europe, and a new chapter in the FIG Europe MREL program, whereby IFC partners with robust and specialized banks in Western Europe, with the proceeds utilized to support high-impact lending in IFC's countries of operations. In particular, the use of proceeds under this project is financing of mid-sized wind projects in Bulgaria, Poland and Romania, a unique space where KA's involvement is highly complementary to the footprint of IFC's Infrastructure department.



ARAB AFRICAN INTERNATIONAL BANK (EGYPT)

IFC subscribed to a \$300 million tranche of AAIB's inaugural US\$500 million sustainability bond, alongside \$100 million each from EBRD and BII. The bond—the first sustainability bond in Egypt and the largest issued by a private bank in Africa—will finance green and social projects, with 75 percent allocated to green financing, including industrial energy efficiency, small-scale renewables, and green buildings, and 25 percent to social assets such as inclusive finance and MSMEs. The issuance supports Egypt's goal to reduce greenhouse gas emissions by 37 percent by 2030 and expands access to long-term funding for climate and social initiatives, reinforcing AAIB's role as a leader in sustainable finance.