IFC-Canada Blended Climate Finance Program

2019 Implementation Progress Report

IN PARTNERSHIP WITH

Canada

Creating Markets, Creating Opportunities
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Foreword

Deeper partnerships between the public and private sector are an indispensable tool to unlocking investment in clean technologies to support the transition to a low-carbon future. We know that without private sector investment, we cannot expect results on the scale that we want — and need — in order to make progress on the climate agenda. Fighting climate change should be reason enough, but there is clear evidence that investing in climate solutions is also good business: IFC estimates that $23 trillion in climate-smart investment opportunities exist in emerging markets. With a narrowing window of opportunity for strong and decisive action, we are committed to deepening our investment in climate-smart programs through blended finance solutions.

Canada’s early support of IFC’s blended finance operations played a major role in shaping our use of blended concessional finance. Launched in 2011, the IFC-Canada Climate Change Program has been the keystone of this groundbreaking partnership between Canada and IFC, enabling long-term affordable financing for climate-smart investments in renewables, energy efficiency, sustainable transport, agriculture and much more. The investment period of the IFC-CCCP ended in 2018, however, Canada’s generous support helped drive more than $1.4 billion in IFC and private sector financing in renewables in emerging markets, translating into critical development impact like increased access to clean electricity and avoiding the equivalent of about 4.9 million metric tons of carbon dioxide a year.

Building on the strong foundation of the IFC-CCCP, we are proud to continue progress on climate solutions with two new programs: the Canada-IFC Renewable Energy Program for Africa and the successor of the IFC-CCCP, the Canada-IFC Blended Climate Finance Program.

The Canada-IFC Blended Climate Finance Program (BCFP) was launched in March 2018 and is funded by a contribution of 250 million Canadian dollars from the Government of Canada, reflecting Canada’s commitment under the Paris Agreement to support developing countries in their transition to sustainable and resilient low-carbon economies. IFC uses these blended concessional finance resources to support transformative private investment in climate mitigation, adaptation and resilience, with a focus on key areas such as resilient infrastructure, climate-smart agriculture, and renewable energy. This financing, when blended with IFC’s own investments, will mobilize private capital to help overcome the challenges of climate change through investments in low-carbon
technologies and systems. The BCFP expands our reach into the poorest countries, where we are increasingly using blended concessional finance solutions to unlock opportunities for those who need it most.

Though the BCFP is relatively new, with limited projects yet at the commitment stage, it expands on lessons learned from the IFC-CCCP and in some cases, it builds directly on that project’s foundation. A prime example of this is in Serbia, where IFC-CCCP advisory services delivered a strong project design and tenure system to be leveraged in the BCFP investment in the Belgrade Waste-to-Energy project.¹

Tied to the issue of climate change, is gender equality. Undeniably, much more needs to be done to bridge the vast gap in economic opportunities between women and men. Canada has been a global champion of gender equality and the empowerment of women and girls, and the BCFP seeks to promote gender-responsive climate action. A prime example is in Sri Lanka, where the BCFP includes gender targets for agribusiness financing to ensure female entrepreneurs are financially supported to pursue their livelihoods.

The Canada-IFC partnership remains a model of what innovative and impactful blended climate financing can look like. With a renewed commitment to impact in both emerging and the least-developed economies, we remain ready and eager to continue our collaboration with Canada and continue using blended concessional finance solutions to support the fight against climate change.

Kruskaia Sierra-Escalante
Senior Manager
IFC Blended Finance Department
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AIMM</td>
<td>Anticipated Impact Measurement and Monitoring system</td>
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<tr>
<td>BCFP</td>
<td>Blended Climate Finance Program</td>
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<tr>
<td>BFC</td>
<td>Blended Finance Committee</td>
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<td>BFD</td>
<td>Blended Finance Department</td>
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<td>CCCP</td>
<td>Canada Climate Change Program</td>
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<td>DFI</td>
<td>Development Finance Institution</td>
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<td>FI</td>
<td>Financial Institution</td>
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<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>GoC</td>
<td>Government of Canada</td>
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<tr>
<td>GWh</td>
<td>Gigawatt-hour</td>
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<tr>
<td>IBRD</td>
<td>International Bank of Reconstruction and Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>LFG</td>
<td>Landfill Gas</td>
</tr>
<tr>
<td>MtCO2</td>
<td>Metric ton of CO2 equivalent</td>
</tr>
<tr>
<td>ODA</td>
<td>Overseas Development Assistance</td>
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<tr>
<td>PPP</td>
<td>Public Private Partnerships</td>
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<tr>
<td>PSW</td>
<td>Private Sector Window</td>
</tr>
<tr>
<td>PV</td>
<td>Photovoltaic</td>
</tr>
<tr>
<td>RE</td>
<td>Renewable Energy</td>
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<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>WBG</td>
<td>World Bank Group</td>
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Program Overview

The Blended Climate Finance Program (BCFP or the “Program”), established in 2018, is a partnership between the Government of Canada (GoC) and International Finance Corporation (IFC) to catalyze private sector financing for resilient infrastructure, climate-smart agriculture, and renewable energy. The Program provides concessional financing (financing at below-market rates and/or lenient grace periods) for private-sector led projects across the globe, with a growing focus on the poorest and most vulnerable countries. The BCFP promotes gender-responsive climate action, recognizing that climate change disproportionally effects girls and women.

CANADA AND THE WORLD BANK GROUP: A LONG-STANDING PARTNERSHIP

Canada has been an active member of the World Bank Group for over six decades through its thought leadership and financial support, as the 10th largest donor. The WBG-Canada partnership is generating results that improve lives in low and middle-income countries around the world, supporting the twin goals of ending extreme poverty and boosting shared prosperity. Canada is one of IFC’s largest development partners, supporting IFC’s investments and advisory services in all regions and across many sectors, with a focus on climate adaptation and mitigation, agribusiness, gender, investment climate, and extractives. Since the beginning of its partnership with IFC in 1988, Canada has committed $1.2 billion in funding, including $283 million for advisory services and $911 million for investment initiatives. Through its contributions to IFC, from FY15 through FY19, over $476 million in financing was facilitated through supporting public-private partnerships.

PROGRAM DESCRIPTION

Canada is IFC’s largest bilateral provider of blended concessional finance across all sectors and themes. In 2015, pursuant to the Paris Agreement, the GoC announced it would contribute a historic 2.65 billion Canadian dollars over five years to help developing countries tackle climate change, with a focus on adaptation and resilience efforts for the world’s most poor and vulnerable countries. In line with this commitment, the Canada-IFC partnership on climate grew from the IFC-Canada Climate Change Program (CA$291 million, 2011-2018) to include two new programs that will mobilize private capital for global climate action: the Canada-IFC Blended Climate Finance Program (CA$250 million, March 2018) and the Canada-IFC Renewable Energy Program for Africa (CA$150 million, December 2017).

The BCFP finances climate-smart investments in developing countries to catalyze financing for resilient infrastructure, climate-smart agriculture, and renewable energy. With a growing focus on the poorest and most vulnerable countries, the Program provides concessional financing for private-sector led projects.

PROGRAM ELIGIBILITY

IFC acts as an implementing entity, blending Canada’s concessional funds alongside IFC’s own commercial resources to support projects that have met both DFI Enhanced Blended Finance Principles and Program eligibility requirements. Disciplined use of concessional financing allows IFC to boost climate-smart private investments where they would not otherwise exist, ensuring there is no market distortion and that these new markets can continue on fully commercial terms in the future.
ELIGIBLE COUNTRIES

Program funds can only be invested in eligible projects in countries eligible to receive Official Development Assistance (ODA) from the Government of Canada, which include the following:

**Africa**
- Algeria
- Angola
- Benin
- Burkina Faso
- Burundi
- Botswana
- Cabo Verde
- Cameroon
- Congo
- Côte d’Ivoire
- Chad
- Comoros
- Democratic Republic of Congo
- Djibouti
- Egypt
- Equatorial Guinea
- eSwatini (formerly Swaziland)
- Ethiopia
- Gabon
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Kenya
- Lesotho
- Liberia
- Madagascar
- Malawi
- Mali
- Mauritius
- Mauritania
- Morocco
- Mozambique
- Namibia
- Niger
- Nigeria
- Rwanda
- Sao Tome & Principe
- Senegal
- Seychelles
- Sierra Leone
- South Africa
- Tanzania
- Togo
- Tunisia
- Turkmenistan
- Uganda
- Zambia

**Asia-Pacific**
- Afghanistan
- Azerbaijan
- Bangladesh
- Bhutan
- Cambodia
- Cook Islands
- Fiji
- Georgia
- India
- Indonesia
- Kazakhstan
- Kiribati
- Kyrgyz Republic
- Laos
- Malaysia
- Maldives
- Marshall Islands
- Micronesia
- Mongolia
- Nauru
- Nepal
- Palau
- Pakistan
- Papua New Guinea
- Philippines
- Samoa
- Sri Lanka
- Solomon Islands
- Tajikistan
- Timor-Leste
- Thailand
- Tokelau
- Tonga
- Tuvalu
- Uzbekistan
- Vanuatu
- Viet Nam
- Yemen

**South America**
- Argentina
- Bolivia
- Brazil
- Colombia
- Ecuador
- Paraguay
- Peru

**Caribbean and Central America**
- Belize
- Costa Rica
- Dominica
- Dominican Republic
- El Salvador
- Grenada
- Guatemala
- Guyana
- Haiti
- Honduras
- Jamaica
- Mexico
- Montserrat
- Nicaragua
- Panama
- Saint Lucia
- Saint Vincent & the Grenadines
- Suriname

**Eastern Europe & Middle East**
- Albania
- Armenia
- Belarus
- Bosnia & Herzegovina
- Jordan
- Kosovo
- Lebanon
- Macedonia
- Moldova
- Montenegro
- Serbia
- Turkey
- Ukraine
ELIGIBLE SECTORS

The BCFP is designed to support a wide range of projects and be adaptive to challenging environments and markets. Program funds are dedicated to projects in climate mitigation as well as adaptation and resilience.

Climate Mitigation

To support climate mitigation efforts, the Program targets investments catalyzing private sector financing flows into renewable energies such as solar power, wind, hydropower and biofuels like bioethanol. Activities also include industrial process improvements to support the reduction of greenhouse-gas emissions and accelerate the transition to a low-carbon economy in these markets.

Climate Adaptation and Resilience

To catalyze private investment in climate adaptation and resilience, the BCFP targets projects that reduce vulnerability to the effects of climate change, such as improving resilience of water treatment plants, changes in the design of sanitation to respond to extreme weather events, investments in the development of climate resilience crops and high-efficiency irrigation systems in agriculture, as well as gender-responsive emergency response systems. Market-based climate disaster risk financing solutions (e.g., insurance) to support timely post-disaster recovery by governments, businesses, communities and households, are other examples of eligible investments to support adaptation and resilience.

WORKING WITH OTHER DEVELOPMENT FINANCIAL INSTITUTIONS (DFIs)

IFC works across DFIs as a thought leader and convener on the practice of blended finance. As the GoC’s global development partnerships range across DFIs, IFC is thoughtful in its application of Canadian Program funds, cognizant of other existing programs and implications, and working with other DFIs to maximize impact of investments. To further its thought leadership, IFC chairs a working group of more than 20 DFIs to promote the effective and efficient use of blended concessional finance for private sector projects (see DFI working group).
IFC and Blended Finance

The IFC is a member of the World Bank Group and the largest development institution focused solely on the private sector in emerging markets. As part of the WBG, IFC has two overarching goals — ending extreme poverty by 2030 and boosting shared prosperity — that are aligned with the Sustainable Development Goals (SDGs). IFC is a global leader in crowding-in private finance to deliver sustainable impact in the developing world.

IFC plays a key role globally in advancing private sector climate solutions to help in the fight against climate change. Since 2005, IFC has invested more than $18 billion in long-term financing in climate-smart industries, including renewable power generation, climate-smart agribusiness, green bonds, and green buildings.

**IFC 3.0: EXPANDING OUR FOOTPRINT WHERE IT IS NEEDED MOST**

IFC’s new strategic framework — IFC 3.0 — intensifies its concentration on development impact, focusing on creating markets and mobilizing private capital. This means increased support to the most fragile and least-developed countries where, if unlocked, private capital flows can address major development gaps and open opportunities for all. The United Nations estimates that developing countries face a $2.5 trillion annual investment gap in key sustainable development sectors. Job creation and economic growth, gender equality, environmental and social sustainability, and climate change adaptation and mitigation, are some of the areas that IFC supports through its financing. For example, IFC estimates that transitioning to a low-carbon energy sector could benefit the nearly one in five people worldwide without access to modern energy services.

Blended finance is one of the instruments that strengthens the IFC 3.0 strategy. Thoughtfully applied blended concessional finance ignites private sector investment that would not otherwise exist, creating new markets in developing countries, making it an essential tool to accelerate transformative projects in the most important and most difficult sectors and markets.

**BLENDED CONCESSIONAL FINANCE AT IFC: EXPERIENCE, LEADERSHIP AND TRANSPARENCY**

Blended concessional finance for private sector projects is one of the most significant tools that DFIs can use, in cooperation with development partners, to increase financing for important private sector activities, help address the SDGs, and mobilize private capital. Blended concessional finance combines funds from private investors with concessional funds from public and/or philanthropic sources, and IFC’s own account commercial finances. Concessional funds can catalyze private financing that would not otherwise be available to projects with high development impact. With increased interest in the use of blended concessional finance in transformative projects, IFC pays particular attention to its ability to measure project outcomes and impact.

![Blended Finance for High-Impact Projects](image-url)
IFC’s Blended Finance Approval Process and Project Cycle

IFC has a well-established, formal, and rigorous approach to blending concessional funds alongside its own commercial capital, including the principles and governance by which it applies such funds. All blended concessional finance funds at IFC are managed by the Blended Finance Department (BFD). The process for co-investing funds by the BFD is closely linked to and mirrors the IFC’s own project approval process to create efficiency, while balancing the need for strong governance.

WHERE WE START

IFC business development staff in regional and global industry departments initiate the investment process by screening opportunities, conducting preliminary discussions with potential clients, and compiling relevant market research, in addition to performing initial integrity due diligence checks. When a project is determined to potentially need concessional funding support, investment officers from the BFD work with IFC investment teams to verify eligibility, develop optimal project structure, and follow through the entire project cycle until the end of project repayment phase and completion.

Projects seeking concessional support from one of IFC’s blended finance programs — such as this Program — are reviewed by Blended Finance Director and/or the Blended Finance Donor Funds Committee (BFC) at two separate stages: the concept and final approval stage. They decide on the use, structure, and terms of all donor-funded concessional investments and ensure projects they are in line with DFI Enhanced Blended Finance Principles (see box 1 on page 12) as well as individual program eligibility criteria. With a focused, measured and disciplined approach to blended concessional finance, IFC is ensuring that it is not distorting markets through the use of concessional resources.

Figure 2: Process for Blended Finance Transactions

- Potential Need for concessional funding identified in a high-impact eligible project
- IFC Concept Approval
- BFC Concept Endorsement
- APPRAISAL (incl. structuring donor component)
- BFC Final Approval
- BOARD
- COMMITMENT
- DISBURSEMENT
IFC AND BLENDED CONCESSIONAL FINANCE INVESTMENT PROCESS

The length of time for a project to move through this process may vary significantly, depending on whether the project involves financial institutions (FIs) or real sector clients, the sector implicated, as well as the geographic location of the project. For example, infrastructure projects typically have a longer gestation period and extended business cycle. In general, the project cycle time is rarely less than six months (even for FI projects), but some projects may take in excess of two to five years, depending on the complexity of the deal and requirements of the parties involved. In challenging political environments, projects receiving concessional financing may require additional time to appraise and structure. Most, if not all, projects, involve various regulatory approvals, agreements, and arrangements with multiple local and federal authorities (such as Power Purchase Agreement, Land Lease agreement, etc.) — this is especially the case for infrastructure projects. The need to negotiate these, often complex, documents may lead to increased project timelines, uncertainties and project exposure to political cycles and changes.

DFI WORKING GROUP & ENHANCED BLENDED FINANCE PRINCIPLES

As international attention to the role of blended concessional finance has grown in recent years, so too has the need for common understanding across DFIs in applying this tool for enhanced development impact. IFC plays a leadership role among DFIs and chairs a working group of over 20 DFIs on the use of blended concessional finance for private sector projects. In 2017, the DFI Working Group on Blended Concessional Finance developed a set of guidelines that aim to maximize impact and minimize potential market distortions through the use of concessional resources. This update of principles
and guidance for providing blended concessional finance for private sector projects includes guidelines for how to push for commercially-viable solutions using minimum concessionality. In addition, it advocates for increased scrutiny of projects proportionate with the underlying risk that concessional resources could lead to market distortion.

**CONCESSIONALITY LEVELS**

Members of the BFC carefully ensure that all projects respond to all DFI Enhanced Blended Concessional Finance Principles for Private Sector Projects. Particular attention is paid to calibrate the level of concessionality that a project supported by concessional finance (such as from the BCFP) is receiving.

The use of blended concessional finance starts with a case-by-case analysis to determine the appropriateness of blending concessional public with private finance, specifically, to avoid undue subsidies to the private sector and undue risk for the public sector. In 2019, IFC announced it would hold itself to the highest standards of transparency when deploying concessional resources: IFC now discloses subsidy levels for each proposed project along with justification for why it is necessary. IFC is the only DFI or blended finance implementer taking this step to date.
Implementation Progress

BCFP INVESTMENT PORTFOLIO AS OF JUNE 30, 2019

The Program started in 2018. As expected, the first wave of quick movers constituted the FI projects, with two committed in June 2018 (Agriculture projects in Sri Lanka with Alliance and Central Finance banks.) Two more received IFC board approvals later, in December 2019 (after the end of the current BCFP reporting period).

Projects committed after the end of the reporting period

An infrastructure project, Belgrade Waste-to-Energy, that began preparations in 2014, first with the help of advisory funds from the CCCP (the predecessor of the BCFP), reached commitment in October 2019. More projects in the BCFP pipeline are at the earlier stage of development and are moving forward.

Table 1: BCFP Committed Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Country</th>
<th>Year committed</th>
<th>BCFP Funding</th>
<th>IFC Funding</th>
<th>Other funding</th>
<th>Total Project Cost In million US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate-smart Agriculture</td>
<td>Sri Lanka</td>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sri Lanka Agri-finance Program:</td>
<td>Sri Lanka</td>
<td></td>
<td>2.0</td>
<td>8.1</td>
<td></td>
<td>10.1</td>
</tr>
<tr>
<td>Alliance</td>
<td></td>
<td></td>
<td>2.0</td>
<td>8.1</td>
<td></td>
<td>10.1</td>
</tr>
<tr>
<td>Central Finance</td>
<td></td>
<td></td>
<td>3.0</td>
<td>12.0</td>
<td></td>
<td>15.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td><strong>5.0</strong></td>
<td><strong>20.1</strong></td>
<td></td>
<td><strong>25.1</strong></td>
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Sri Lanka is often referred to as “the pearl” of the Indian Ocean, referring to its teardrop shape, but perhaps most notably, a reference to its natural beauty and extraordinary biodiversity. Despite over 25 years of civil war, there have been substantial economic and social advances across the country since the war ended in 2009. Due to inclement weather conditions, that progress has slowed in the last two years — and the agribusiness sector has been hit hardest, with the contribution of the agri-sector to GDP falling from 20.5% to 7.5%.

The World Bank Group has seen how agribusiness can drive prosperity in Sri Lanka — and what is at stake if the sector fails to thrive. Over a quarter of the country’s labor force is employed by the agriculture sector, which also represents 24% of exports. Almost a third of employed women work in agriculture. In its ‘Vision 2025’ strategy, the Sri Lankan government acknowledged the necessity of the sector, as it aims to conduct reforms to enable the development of a modern, export oriented, private sector-led sustainable agriculture sector.

Areas that require attention are productivity improvements, climate resilience and expanded access to finance, in particular for women. By working with three local financial
intermediaries (FIs), IFC’s Sri Lanka Agri-Finance Program (SLAFP) is boosting lending that enables farmers and agribusinesses at each level of the agri value chain to be better equipped to preserve crops, prevent spoilage and protect farm infrastructure from increasingly severe climate shocks. The investment proceeds of these projects were utilized by the three selected FIs (Alliance Finance Company, Central Finance, and New Development Bank Agri) to expand their agriculture reach with specific focus on climate-smart agriculture and women-led agri enterprises and farmers. In fact, the project carves out 25% of the funding to women-owned agri enterprises or women farmers who lack access to formal financing given high informality rates (87.5%) and services.

The SLAFP received support from both CCCP ($5.25 million) and BCFP ($5 million), directly leveraging $69.8 million of private sector financing (from IFC). These investments support climate-smart interventions such as precision harvesting, efficient tractors, flood-proof warehouses and renewable energy sources such as solar dryers and wind-energy-based pumps and mills. One family, in Hingurakgoda, North Central province of Sri Lanka, is cultivating paddy in a 2-acre plot of land, using a combine harvester for the harvesting and threshing work. The loan was financed through a financial intermediary — Alliance Finance Company — that received a concessional loan from the BCFP.

This first-of-its kind project exemplifies why banking on women is part of IFC’s strategy. IFC anticipates that the project will systematically improve access to financial products to the agriculture sector by demonstrating to other FIs and development partners that commercial agri-finance is sustainable. The concessional loans from the Canada-IFC BCFP to financial intermediaries will help shift the risk-reward profile of the sector by providing an incentive to the banks dedicated to build significant portfolios in that space and demonstrate to others the opportunities in the sector. Closing gaps between women’s and men’s economic participation drives the growth of businesses and economies and improves the lives of families and communities.

“We have obtained financing to lease a combine harvester to support us in our farming activities. We have always tried to service the lease on time. However, due to the adverse weather conditions that affected our area for several consecutive seasons, we found it difficult to repay on time, since we were facing severe financial difficulties. Thankfully, AFC [Alliance Finance Company] understood our difficulty and instead of seizing the machine, they have offered us an extended credit period to settle the arrears and continue the repayment in easy terms. They have helped us keep the harvester, which is an integral part of our household”

— Ms. R.M.D. Wijesinghe, a female entrepreneur and customer of AFC.
Avoiding an Environmental Disaster in Belgrade

BCFP INVESTMENT BUILDS ON FOUNDATION CREATED BY IFC-CCCP

Belgrade is the capital of Serbia and one of the oldest cities in Europe — and it is also dangerously close to an environmental crisis primarily driven by mounting challenges in the city’s municipal solid waste (MSW) management, which relies on facilities that are technologically outdated. In Serbia, only 15% of waste is disposed in European Union-compliant landfills. Built in the 1970s, Belgrade’s main landfill, in Vinča, a suburb of Belgrade, is operating beyond its designed capacity and well past its operating life of 30 years. Left untreated, the existing landfill could become a threat to neighboring communities, biodiversity, as well as ground waters and transit waters from the Danube and Sava Rivers.

There is compelling evidence for addressing landfills, as they are essentially environmental disasters waiting to happen. Rotting garbage produces landfill gas (LFG) which is made up of 50 percent methane, a greenhouse-gas emission with a warming potential significantly greater than carbon, and one of the largest sources of human-created methane. Using LFG as a source of energy to create heat or electricity can avert an environmental disaster and create jobs for the local community.

Through the IFC-CCCP, IFC Advisory assisted the City of Belgrade to structure and tender a public private partnership (PPP) project in order to rehabilitate the existing landfill and develop and operate a new greenfield, waste-to-energy facility. The advisory team assisted Belgrade authorities in structuring a sustainable and bankable PPP project that led to an international, competitive and transparent tender process to attract private sector participation — a first in the waste sector in Serbia. These activities contribute to creating an enabling environment for private sector participation in the development of waste management infrastructure in Serbia.

The IFC-CCCP Advisory engagement was instrumental in developing the contractual framework and setting the foundation for the BCFP investment in Belgrade.

2017-2019: BCFP investment takes shape

Financing through the BCFP will enable the cleanup of Vinča’s over-saturated landfill, in addition to the construction of a modern, EU-compliant sanitary landfill as well as an estimated 140,000 tons p.a. (tpa) waste-to-energy facility and a facility for processing construction and demolition waste. The project will enable the use of municipal waste and landfill gas to generate renewable heat and electricity, helping to reduce pollution and mitigate climate change in Serbia.

The environmental benefits that will be realized through remediating the existing landfill, diverting improperly disposed waste to a new landfill, and biogas capture and use of MSW as feedstock in electricity and heat generation are significant for the city and country overall.

Update — post-reporting period

IFC financing for the Belgrade Waste-to-Energy project was approved in September 2019 and committed in October 2019. IFC and MIGA are providing approximately $289 million financing and guarantees package to Beo Čista Energija. IFC’s financing includes a concessional senior loan of approximately $22 million from the BCFP. Following disbursement of financing and completion of project construction, the project is expected to become fully operational in 2022.
Look at this disaster: This landfill is in some places almost 90 meters high! Someone had to do something, because otherwise all of this will continue sliding towards the Danube and this would become a never-ending story. One year from now, there will be a big change here. And in just a few years, this will be a green area—and this landfill will be completely closed.

– Vladimir Milovanović, Managing Director, Beo Clean Energy (in Serbian: Beo Čista Energija)
The Road Ahead

The magnitude and timeline of the potential downstream effects of climate change underscore that it is critical to significantly accelerate investments in climate-smart projects such as adaptation measures, climate-smart agri, decarbonized power sector, and many other emerging areas. Countries prone to natural disasters require support building resilient infrastructure that can withstand increasingly severe climate shocks and increase the climate resilience of supply and operations of key services like energy, water and transport. While there is still much work to be done to contain global rising temperatures to under 2 degrees Celsius, there is also reason for optimism.

IFC’s proven experience shows that sustainable investments in the private sector in partnership with donors like Canada can make long-lasting changes in countries that need it most. The BCFP builds on the strong foundation of the IFC-CCCP, which means for many projects, delivery of funds towards critical first-of-a-kind investments in adaptation and mitigation. Though it is early days, we are encouraged by prospects for future results and markets that can benefit from blended concessional finance support. Faced with a challenge like climate change, continuous investments in renewables, new clean technologies, more efficient machinery, green buildings and more, has never been more vital. In partnership with Canada, we will continue to seek out high-impact, climate-smart investments — and continue to be optimistic about a low-carbon future.
Annexes

**ANNEX A: PORTFOLIO OF PROJECTS AS OF JUNE 30, 2019**

The following annex details the investment project committed under the BCFP as of June 30, 2019. At this stage the climate-smart agriculture project in Sri Lanka is the only committed project to report.

<table>
<thead>
<tr>
<th>Sri Lanka Agri Finance (Alliance and Central Finance)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
</tr>
<tr>
<td><strong>Product</strong></td>
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<tr>
<td><strong>Commitment Date</strong></td>
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<tr>
<td><strong>Description</strong></td>
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**ANNEX B: MONITORING AND REPORTING**

**IFC Impact Assessment and Reporting: AIMM Scores**

The Anticipated Impact Measurement and Monitoring (AIMM) system, launched in July 2017, is IFC’s development impact rating system. The system helps IFC maintain a connection between immediate project goals to the World Bank Groups’ twin goals and the SDGs. Potential projects are rated and reviewed based on their expected development outcomes. This approach enables IFC to set ambitious yet achievable targets, select projects with the greatest potential for development impact, and optimize project design.

The AIMM system enables IFC to assess project’s outcomes as well as its effect on market creation. It looks at how project beneficiaries — including employees, customers, and suppliers — are affected. It also examines broader effects on the economy and society. With the AIMM system, IFC can examine how a project promotes objectives that contribute to the creation of markets by enhancing competitiveness, resilience, integration, inclusiveness, and sustainability.

The AIMM system incorporates country context in all of its assessments and captures greater development impact potential in projects that seek to address the widest gaps in the most difficult environments. AIMM also provides a critical economic and social impact rationale for projects in which blended concessional finance can catalyze investment where it would otherwise not happen. Average AIMM scores tend to be higher for projects supported by blended finance.
ENDNOTES

1 All figures in USD unless otherwise indicated.


3 IFC and MIGA support Waste-to-Energy PPP Project in Belgrade https://ifcextapps.ifc.org/IFCExt/Pressroom/IFCPressRoom.nsf/o/EE6C970917B54FD85258488007B6933

4 Canada is ranked 10th among development partners in terms of contributions paid-in to IBRD/IDA trust funds over FY15-19

5 See page 12 of this report and also https://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/solutions/products+and+services/blended-finance/blended-finance-principles


9 See AIMM Scores in Annex B


12 IFC Banking on Women https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/banking_on_women/banking-on-women+overview

13 Financing for this project is provided in Euros; figures above reflect exchange rate of 1 Euro = 1.11 USD.
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