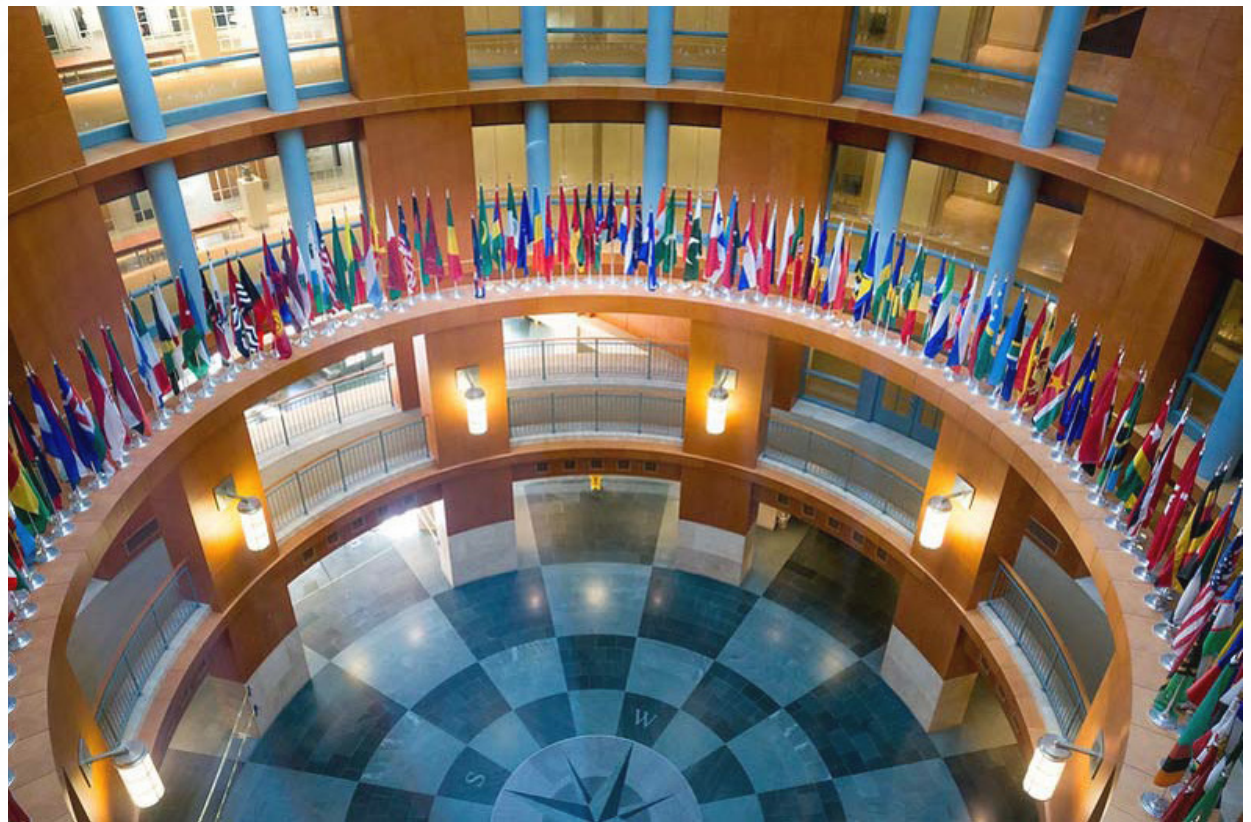


Annual Investor Newsletter
Sustainable Finance Edition
March 2023



Who We Are

International Finance Corporation's Treasury and Mobilization unit provides core treasury and financial services to the institution, mobilizes capital for liquidity and operational needs, and offers tailored capital market solutions to clients globally across emerging markets. IFC is at the leading edge of mobilizing private capital for development through innovative products in both debt and equity markets. This edition of the Sustainable Finance Annual Investor Newsletter covers funding highlights for the first half of FY2023, from July to December 2022, and major updates of IFC's sustainable finance activities.



Cover: Early morning windmill sunrise in the mist. SanderWeeteling/Unsplash

Funding Highlights

IFC issued 81 bonds in 19 currencies raising \$7.6 billion through public offers and private placements for the period July 1, 2022, through December 31, 2022. Although the US dollar was IFC's major currency of issuance, 11 of the 19 currencies were from non- G10 countries, in line with IFC's efforts to support capital market development in emerging markets. Notably, IFC issued seven bonds denominated in Romanian leu during this period which went directly to supporting projects in Romania as part of IFC's efforts to enhance local currency financing.

Core public issuances accounted for 67 percent of total issuances, which included a \$2 billion benchmark bond issued in September 2022 and two public issuances in the Australian and Sterling markets, jointly amounting to \$1.3 billion.

In terms of maturities, 97 percent of issuances in this period had tenors between 1 to 5 years. IFC also issued \$5.7 billion under its Global Discount Note Program on a rolling basis, which offers notes with maturities of up to 360 days.

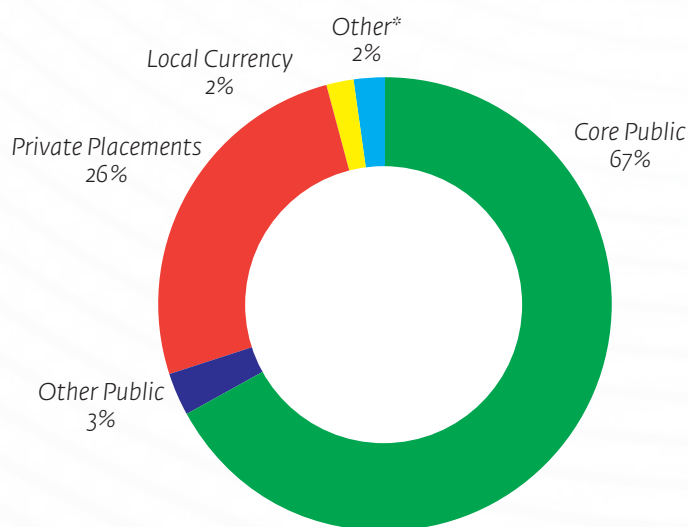


Figure 1: Borrowings by Type

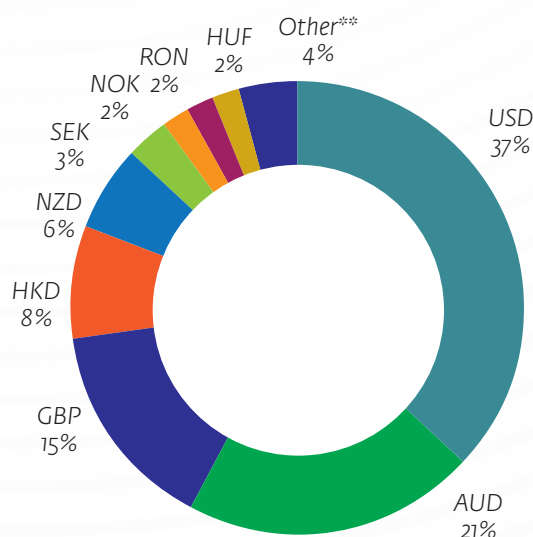


Figure 2: Borrowings by Currency

* FRNs 1.3%, Uridashi 0.2%, Retail 0.2%

**COP, EUR, JPY, UZS, DOP, MXN, CLP, BRL, ZAR, CNY

Highlights from IFC Thematic Issuances

IFC issued over \$1 billion dollars in green bonds and \$286 million in social bonds during the first half of FY2023, with thematic bonds accounting for 18 percent of all issuances.

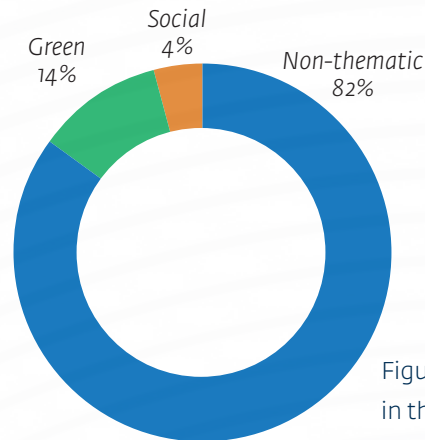


Figure 3: Issuances by theme in the first half of FY2023

Highlights from IFC's Green Bond Program

In August 2022, IFC kicked off FY2023 green bond issuances with a \$30 million equivalent ZAR-denominated bond.

In November 2022, on the eve of COP27, [IFC issued its first green Kangaroo bond](#), raising 900 million Australian dollars. The landmark fixed-rate bond, due to mature in May 2027, was the largest Australian dollar green bond issued by a multilateral development bank in 2022 and was also IFC's largest Kangaroo transaction in over a decade.

The transaction attracted robust investor demand, garnering orderbooks of over 1 billion Australian dollars. This made Australian dollar issuances account for 21 percent of total issuances in the first half of FY2023, second only to the US dollar.

During COP27, IFC added a new line to its six outstanding green Swedish Krona lines by issuing a SEK 1.2 billion fixed-rate bond that is due to mature in November 2027.

Total number of green bonds issued by IFC since inception of its Green Bond program stood at 187 at end of December 2022, amounting to \$11.6 billion.

The US dollar continues to be the main currency of issuance for IFC's Green Bond issuances.

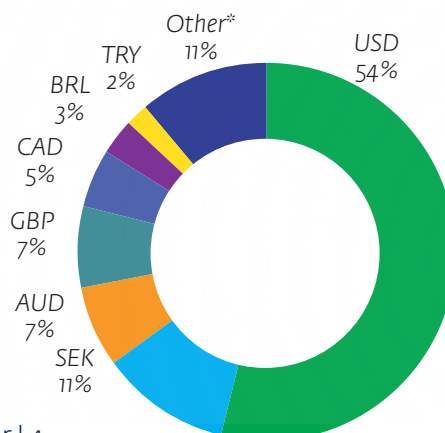


Figure 4: Cumulative green bond issuances by currency

*NOK, IDR, NZD, PHP, CNH, MXN, INR, JPY, PEN, HKD, COP, ZAR, EUR

IFC showed progress and innovation at COP27

IFC came out strong at COP27, showing considerable progress in the implementation of its climate agenda. We demonstrated our ability to effectively rally partners through innovative mobilization, and we showed leadership in developing new standards and taxonomies to boost private investment in resilience, adaptation, and the protection of ecosystems. We were proud to announce a rapid multiplication of investments in renewable energy and new technologies, reflected in \$2 billion of new deals. In total, IFC participated in 19 side events online that garnered more than 600,000 views, ensuring IFC presence in more than 100 external events and engaging with CEOs and heads of state, U.N. agencies and key networks such as the Glasgow Financial Alliance for Net Zero (GFANZ) and the World Economic Forum.



IFC has strengthened its commitment to Paris Alignment

Starting July 1, 2023, 85 percent of all new IFC operations in all sectors with known use-of-proceeds are expected to be aligned with the Paris Agreement's goals. Starting on July 1, 2025, all new projects will be aligned. To achieve this goal, IFC undertook a coordinated, dedicated, cross-corporation effort to ensure that we meet our commitments on climate. IFC has developed high-level frameworks for both real sector and intermediated finance, focusing on defined use of proceeds. We have developed guidance, tools, and methodologies on mitigation and adaptation for more than 15 sectors, with several more underway that enable implementation of these high-level frameworks. We have also trained over 1,500 staff and integrated Paris Alignment into our IT systems.

IFC published its FY2022 Green and Social Bond Impact Report

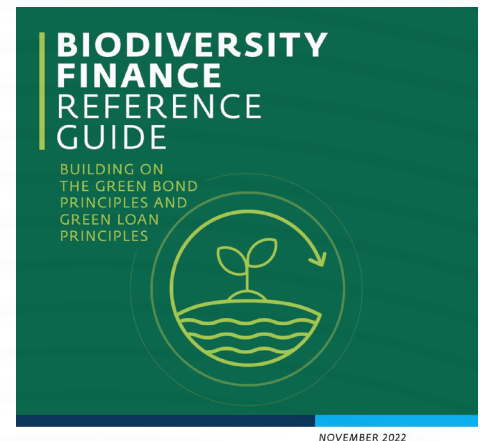
In FY2022, we raised just over \$1 billion in social bonds during the year and substantially increased our social bond funding for healthcare projects. IFC's social bond proceeds help expand local manufacturing hubs, deliver affordable medical supplies, and prepare for future pandemics in developing countries. IFC's green bond proceeds help reduce greenhouse gas emissions from buildings, finance solar and wind farms, provide access to clean water, and fund recycling facilities in developing countries.

Read the full report [here](#)



Leadership: IFC launched the world's first biodiversity finance reference guide

Biodiversity finance is a growing domain of green finance that aims to support activities that conserve and restore biodiversity and ecosystem services. While the market has increasingly expressed interest in these types of investments, it has lacked criteria for eligible projects. IFC's guide addresses this gap by providing an indicative list of investment projects, activities, and components that help protect, maintain, or enhance biodiversity and ecosystem services, while promoting sustainable management of natural resources.



"This guide is a compass for businesses and investors seeking to align their activities with the goals of sustainable growth and a healthy planet." Makhtar Diop, IFC's Managing Director.

Learn more [here](#).

IFC has updated its Green Bond Framework to include new categories

In early 2023, we updated our [Green Bond Framework](#) to harmonize the eligible categories for mitigation and adaptation projects with the Common Principles, developed by the Joint Climate Finance Tracking Group of multilateral development banks and a group of representatives from member banks of the International Development Finance Club. The framework includes emerging areas of green finance, including biodiversity and blue finance, and explicitly excludes activities that support the fossil fuel industry, livestock, or deforestation.

The new changes were welcomed by CICERO Shades of Green in its new [Second Party Opinion](#) evaluation:

*"We rate the framework **CICERO Medium Green** and give it a governance score of **Excellent**, supported by sufficient project categories receiving Dark Green or Medium Green shadings, IFC's Excellent governance score, its conservative approach in applying criteria and exclusions in project selection processes, and its efforts to support both standard and innovative or undervalued green finance project categories. We are further encouraged by IFC's inclusion of financing for research, tools, and technologies, as these are cross-cutting drivers of the climate transition and terrestrial, freshwater, and marine conservation."*

Highlights from IFC's Social Bond Program

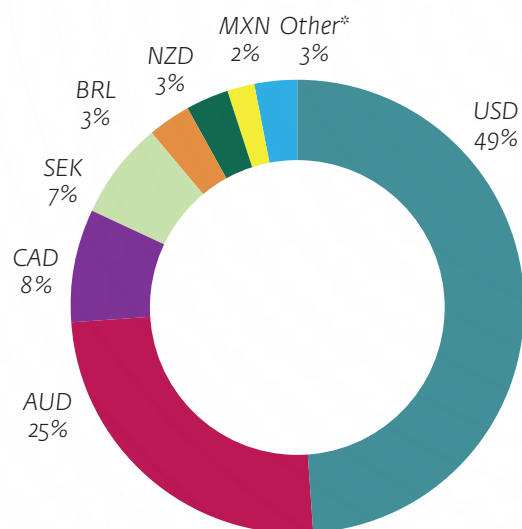


Figure 5: Cumulative social bond issuances by currency

*RUB, CLP, ZAR, JPY, TRY, CNY, UYU

In late November 2022, [IFC issued its first New Zealand dollar-denominated social bond](#) in the Kauri market. The seven-year fixed-rate bond raised 300 million NZD. This issuance will support development of the ESG bond market in New Zealand, following an inaugural government green bond issued in early November.

Two other social bond issuances denominated in US dollar brought the cumulative number of social bonds issued by IFC to 76, totaling \$5.17 billion.

**IFC RAISES
300 MLN NZD
FOR LOW-INCOME
COMMUNITIES IN
DEVELOPING
COUNTRIES.**

IFC | International
Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

Investor Engagement

IFC's 2022 Japan Day

In November 2022, IFC hosted its annual Japan Day in Tokyo, a client seminar and reception designed to strengthen IFC's relationship with Japanese investors and stakeholders. The event had not been held for the past two years due to the COVID-19 pandemic. Active capital market participants in Japan joined us to discuss our sustainability bonds. At the event, IFC Treasurer John Gandolfo mentioned that IFC has been a leading issuer in global and regional sustainable bond markets and expressed his appreciation to Japanese investors, dealers, and other stakeholders for supporting IFC's funding activity and the Asset Management Company, founded in 2009 to invest pooled funds.



John Gandolfo, IFC Vice President and Treasurer giving a speech at Japan Day

Panels

Bloomberg Canadian Finance Conference, Zauresh Kezheneva spoke about growing ESG Funding Opportunities

Crédit Agricole Corporate and Investment Bank's Central Banks Seminar, Vera Sevrouk spoke about the "Role of Public Sector Issuers and Investors in Financing a Sustainable Future"

Daiwa ESG Conference, Marcin Bill spoke on current and future ambitions for Asian ESG bonds

Environmental Finance panel on "ESG in Fixed Income Asia," Marcin Bill spoke on the continued rise of sustainable finance in Asia

OECD - CoP-PF4SD Conference, Flora Chao spoke on the role of donors in the green, social, sustainability, and sustainability-linked bond market



IFC · 2121 Pennsylvania Avenue NW · Washington, D.C. 20433 USA · +1-202-473-8392
website: ifc.org/investors · email: investors@ifc.org · Bloomberg: IFC<GO> ·
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