Green Bond Fact Sheet

Investing for a greener and sustainable future: IFC's Green Bond Program

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. We help developing countries achieve sustainable growth by financing private sector investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments. We play a catalytic role by demonstrating the profitability of investments in emerging markets.

Climate Action: A vast Opportunity

**Combating climate change** is one of the greatest challenges of our time, requiring trillions of dollars in investments. This opens vast opportunities for scaling climate-smart investments which are needed to address this global priority.

**As the largest development finance institution supporting the private sector in emerging markets**, IFC is well positioned to work with private enterprises to grow climate-smart business and to green the financial sector.

**IFC Green Bond Program**

FY20 marked the 10-year anniversary of IFC’s Green Bond Program. In September 2019, IFC crossed the $10 billion threshold in cumulative green bond issuances.

IFC’s Green Bond Program combines an attractive investment proposition with an opportunity to support climate-related projects. **IFC issued the market’s first global USD benchmark-sized green bonds in 2013**, which set precedent as the largest green bonds in the market at time of issuance and helped solidify the market. IFC offers green bonds in various currencies including emerging market currencies, such as ZAR, PHP and INR and offers tenors up to 30 years.

IFC is a **founding member of the Green Bond Principles** and chairs the Executive Committee to help develop guidelines and procedures for the green bond market. Since 2015, IFC publishes its annual Green Bond Impact Report based on the IFI Harmonized Framework Template for Impact Reporting.

**IFC’s Value Proposition**

- A supranational with fully paid-in capital
- **Owned by governments of 185 member countries** with more than 50% of capital held by AAA/AA sovereigns
- **Strong financial profile** with substantial capital and high liquidity
- **Highly diversified global portfolio** with debt and equity exposure in more than 120 countries and over 2,000 companies
- 0% risk weighting under Basel Framework
- **Consistently rated AAA/Aaa** (stable outlook) by S&P and Moody’s

IFC Green Bonds as of FY20 end

$10.4 billion

172 Green Bonds

20 currencies
IFC Climate Business

Since 2005, IFC has invested about $28 billion in climate-smart financing and directly mobilized $22.3 billion through partnerships with investors for climate-related projects. Large and growing sectors include green buildings, climate-smart cities and green finance.

IFC Green Bond Proceeds

All proceeds from IFC green bonds are set aside in a designated Green Cash Account and are invested in accordance with IFC’s conservative liquidity policy until disbursement to eligible projects. This sub-portfolio is linked to lending operations for climate-related projects in developing countries.

Only the loan portions of the projects are eligible for funding via green bond proceeds. Eligible projects are selected from IFC’s climate-related loan portfolio.

In a few cases of back-to-back financing, net proceeds from a green bond are on-lent by IFC directly to an individual eligible project.

What are eligible Projects?

IFC green bonds fund a diverse range of climate projects. IFC’s criteria for projects funded under Green Bonds are certified by CICERO, the Center for International Climate and Environmental Research. Eligible projects include the following sectors:

- **Energy efficiency**: investments in equipment, systems and services which result in a reduced use of energy per unit of product or service generated
- **Renewable energy**: investments in equipment and systems which enable the use of energy from solar, wind, hydro, biomass, geothermal, tidal and other renewables
- **Other**: resource efficiency, cleaner technology production, green lending through financial intermediaries, sustainable forestry

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Featured Project

Power of the Sun

IFC’s first certified Green Loan in Mexico finances a portfolio of solar power projects to help Mexico reduce carbon emissions and provide sustainable infrastructure.

Mexico, a country with a population of 130 million and an abundance of natural resources, is one of the largest oil producers in the world and currently the twelfth highest emitter of greenhouse gases. The significant size and reliance on fossil fuels has created challenges for Mexico, including an investment gap of $100 billion within the power sector. As a result, IFC structured & mobilized a $541 million, 15-year green loan - the first certified IFC green loan in Mexico - to support the power sector’s transition towards a greener model.

The green loan will finance the construction of five solar plant projects in Mexico with a total installed capacity of 526 MW. These solar projects will displace carbon-intensive thermal generation in the country and therefore contribute to reduce approximately 793 thousand tonnes of carbon emissions per year. The investment is part of IFC’s 20-year engagement in the Mexican power sector and involvement in the first solar power generation.