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 investments, 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 businesses and to green the financial sector.

In June 2021, the World Bank Group approved the Climate Change Action Plan (2021 – 2025) that outlines the institution’s collective response to align financial flows with the goals of the Paris Agreement.

IFC’s Green Bond Program

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 bond in 2013, which set precedent as the largest green bond 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 establish guidelines and procedures that aid the development of the green bond market.

Since 2015, IFC publishes its annual Green Bond Impact Report based on the IFI Harmonized Framework Template for Impact Reporting. All of IFC’s Green Bond Impact Reports can be found here.

In July 2021, IFC obtained a renewed Second Party Opinion from CICERO, the Center for International Climate and Environmental Research.
IFC’s Climate Business

Since 2005, IFC has invested about $32 billion in climate-smart financing and directly mobilized $26 billion through partnerships with investors for climate-related projects. Large and growing sectors include green buildings, climate-smart cities and green finance.

IFC’s Green Bond Proceeds

All proceeds from IFC’s 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’s green bonds fund a diverse range of climate projects. IFC’s criteria for projects funded under green bonds are certified by CICERO. 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, and sustainable forestry

Read more about IFC’s green bond process here.

Featured Green Bond Project
Smart Technologies, Sustainable Cities

Zaporizhzhia is one of the largest industrial centers and densely populated cities in southern Ukraine. To further develop its infrastructure after years of underinvestment and to encourage energy efficiency, the municipality is working on an urban development master plan focused on efficient transport solutions, deployment of greener technologies, and the implementation of a smart city platform. The investment, consisting of EUR33 million of IFC own-account financing and EUR2 million in blended finance through the Clean Technology Fund, will work towards achieving the city’s climate and improved public transport objectives. The project is a core component of IFC’s broader strategy to support Ukraine’s infrastructure development, climate change initiatives, and post-pandemic economic recovery.

To support the city’s efforts to improve the quality of life for its citizens, IFC’s investment will help the municipality rehabilitate up to 2 kms of roads, purchase modern battery-electric trolleybuses and electric buses, and upgrade the electric transport infrastructure. It will also support the installation of message boards featuring information on traffic conditions that will minimize travel time. IFC will also help install municipal smart city infrastructure to optimize traffic management and enable real-time monitoring of heat and water pipe pressure aiming to ensure the quality and sustainability of communal services.