



SUSTAINABLE ENERGY FINANCE THROUGH FINANCIAL INSTITUTIONS



Financial Institutions Group &
Treasury Client Solutions

Overview of IFC and Sustainable Energy Finance

Five Institutions, One Group

The World Bank Group has adopted two ambitious goals

End extreme poverty: the percentage of people living with less than \$1.25 a day to fall to no more than 3% globally by 2030

Promote shared prosperity: foster income growth of the bottom 40% of population in developing countries



WORLD BANK GROUP

International Finance Corporation

Provides loans, equity, and advisory services to private sector in developing countries

International Bank for Reconstruction and Development

Provides loans to middle-income and credit-worthy low-income country governments

International Development Association

Interest-free loans and grants to governments of poorest countries

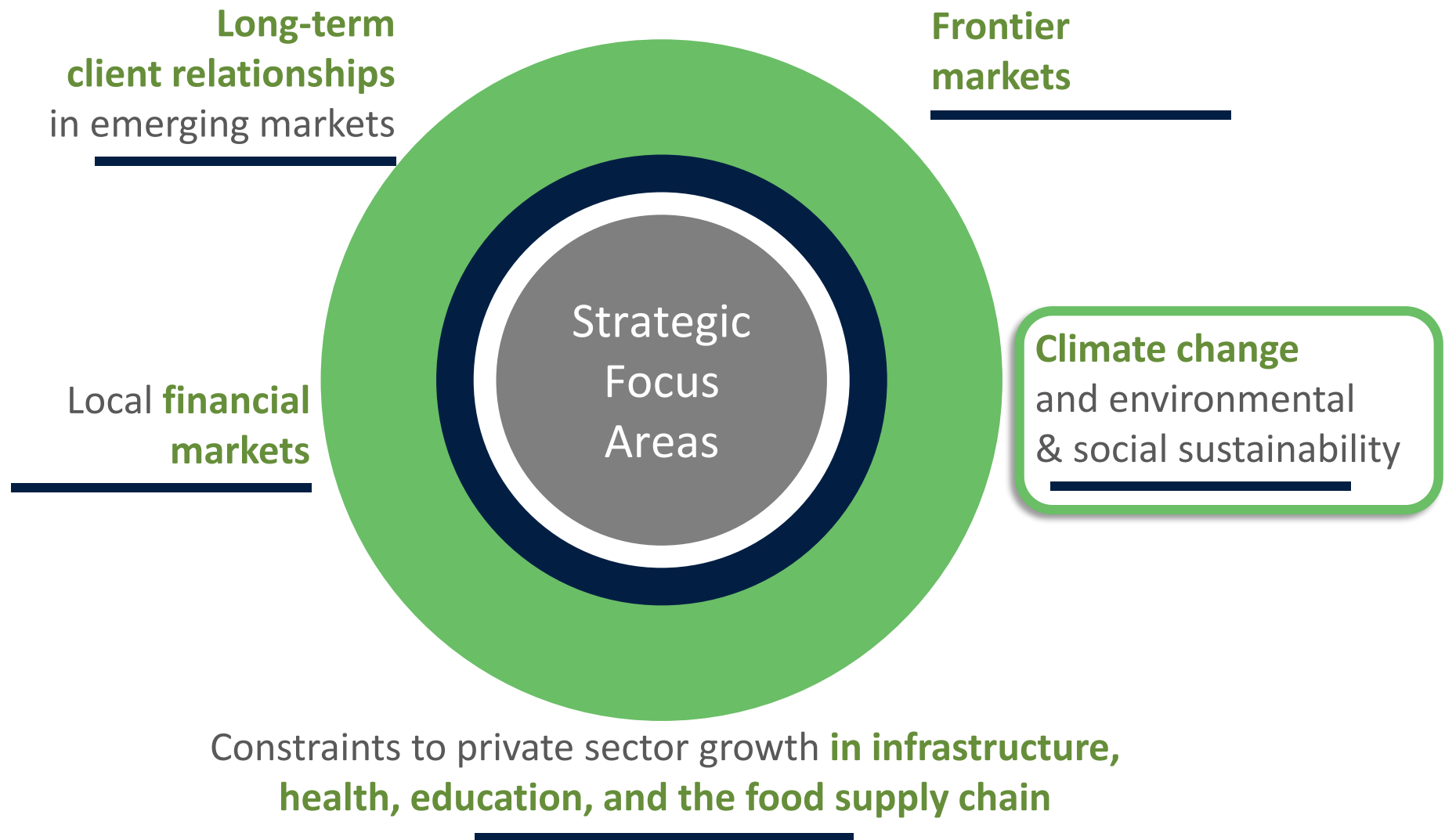
Multilateral Investment Guarantee Agency

Guarantees of foreign direct investment's non-commercial risks

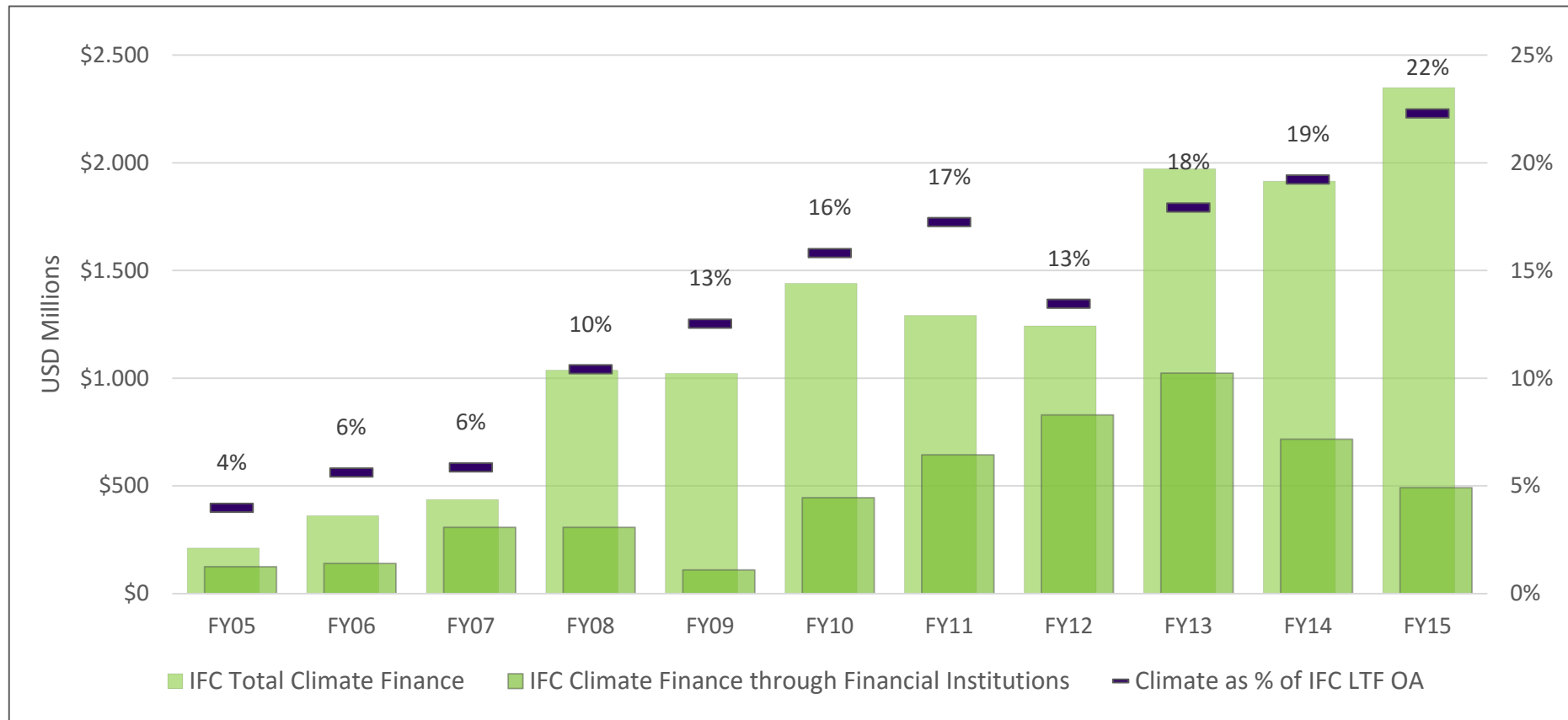
International Centre for Settlement of Investment Disputes

Conciliation and arbitration of investment disputes

Climate change is a strategic priority for IFC because it threatens development gains

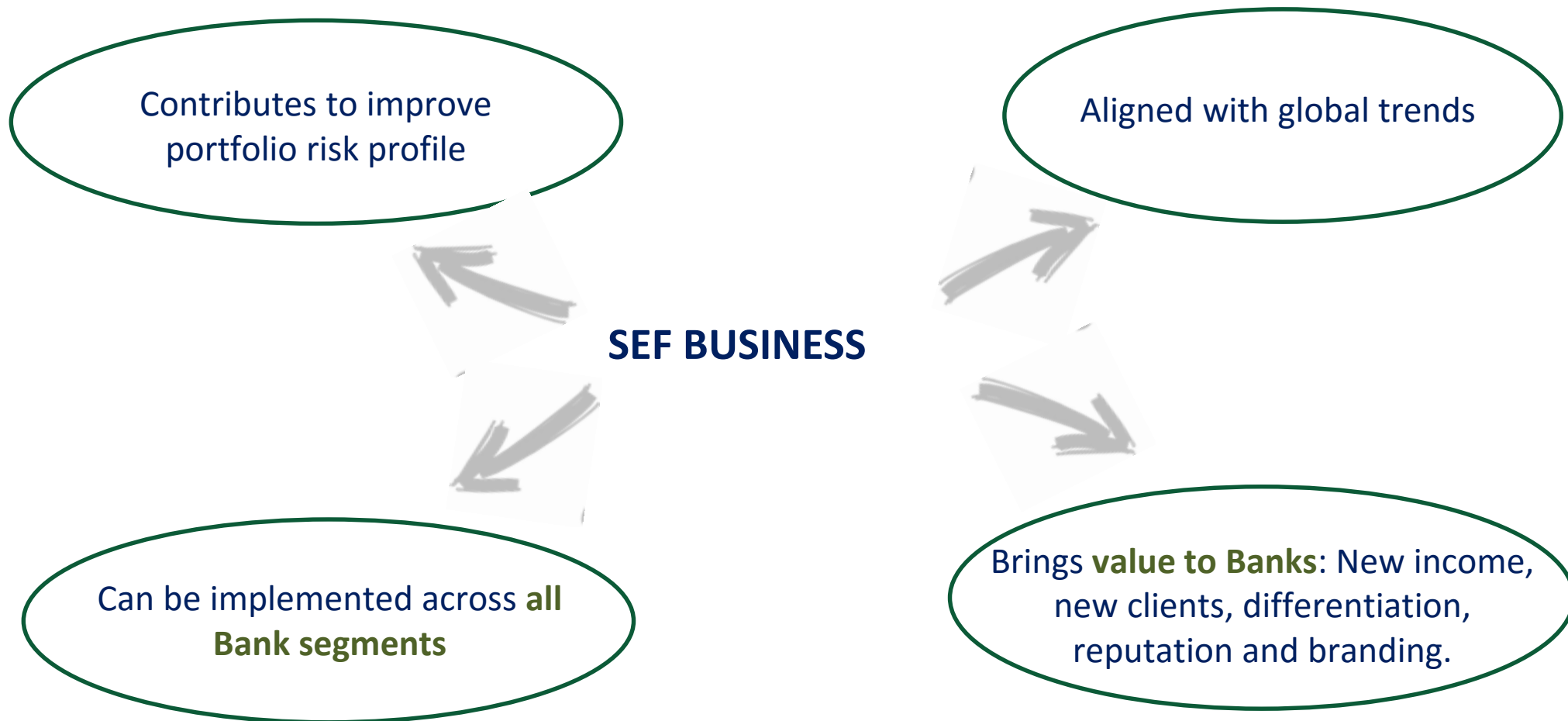


IFCs Climate Business registered steady growth through financial institutions, IFC has committed over US\$4 billion till date



In FY15, IFC surpassed its publicly stated climate business target of **20% penetration by reaching 22% of total volumes**

For FY20, the **World Bank Group as a whole has committed to reaching 28% of climate penetration** into total investment volumes



SUSTAINABLE BANK

BRAND – REPUTATION – INNOVATION

GREEN ASSETS

Resource
efficiency

Energy efficiency
(EE):

Renewable
energy (RE)



GREEN LIABILITIES



INCOME – CLIENTS

CORPORATE SOCIAL RESPONSABILITY POLICIES (CSR)

SOCIAL AND ENVIRONMENTAL RISKS MANAGEMENT SYSTEM

Benefits to the Issuer

- Enhancement of Franchise value
- Tapping a wider investor base creating a value added offering for the existing investor base
- Encouraging greater institutional focus on climate and environmental finance therefore supporting the growth of a nascent business line
- Establishment of improved monitoring and reporting requirements to better capture positive impacts of the bank's environmental finance activities
- Over time, increased demand is likely to drive increasingly favorable terms and a better price for the issuers, compared to a regular bond from the same issuer
- Risk mitigation: regulations in certain markets allow an issuer to raise longer term funding, a critical source for banks to expand their infrastructure funding, and alleviate its asset liability mismatches

Investor's view on green bonds:

"As strong believers in the change green bonds can achieve, we think corporations across all industries should consider issuing [them]"

Enrico lo Giudice – **MainStreet Partners**

Issuer's view on green bonds:

"Being the first Australian corporate to issue a green bond has confirmed that investors recognize our leading sustainability credentials and are confident in our commitment and ability to consistently deliver sustainable outcomes on our projects."

Tiernan O'Rourke, Chief Financial Officer – **Stockland**

Market's view on green bonds:

"Green bonds also attract new investors. When Unilever, a consumer-goods company, issued a £250m (\$416m) green bond in March, 40% of the issue was snapped up by people outside Britain—an uncommon response to a sterling bond" – **Economist**



ENERGY: Low carbon generation, energy efficiency, storage, smart grids, sustainable energy access



TRANSPORTATION: Energy efficient components, fuels and logistics



WATER: Capture, treatment, conservation, wastewater treatment, access



AIR & ENVIRONMENT: Carbon credits, trading and offsets



BUILDINGS: Green buildings, green mortgages, etc.



MANUFACTURING: Green chemicals, RE/EE supply chain, cleaner production.



AGRICULTURE & FORESTRY: Land mgmt, low carbon and adaptation strategies, biomass.



RECYCLING & WASTE: Recycling and waste treatment services

IFC Value Proposition

IFC's Green Bond Experience

- Since its inaugural issue in 2010, IFC has been one of the pioneers in the Green Bond market and one of the largest global issuers
- By June 30 2015, IFC has issued US\$3.8 billion in Green Bonds through 37 transactions in 9 currencies including Chinese Renminbi, Turkish Lira, etc.
- In Feb 2013, IFC issued a US\$1 billion green bond, the largest ever issued by any entity at the time and the first liquid benchmark green issuance that catalyzed the growth of the market from a niche product to main stream market instrument
- In July 2015, IFC became the 1st issuer of offshore rupee green bonds and used the proceeds of INR 3.15 billion (~\$49.2 million) in a green bond issued by Yes Bank, a leading Indian private sector bank
- IFC also plays a leadership role in developing guidelines and procedures for the green bond market as a member of the Green Bond Principles Executive Committee



A complete package for clients

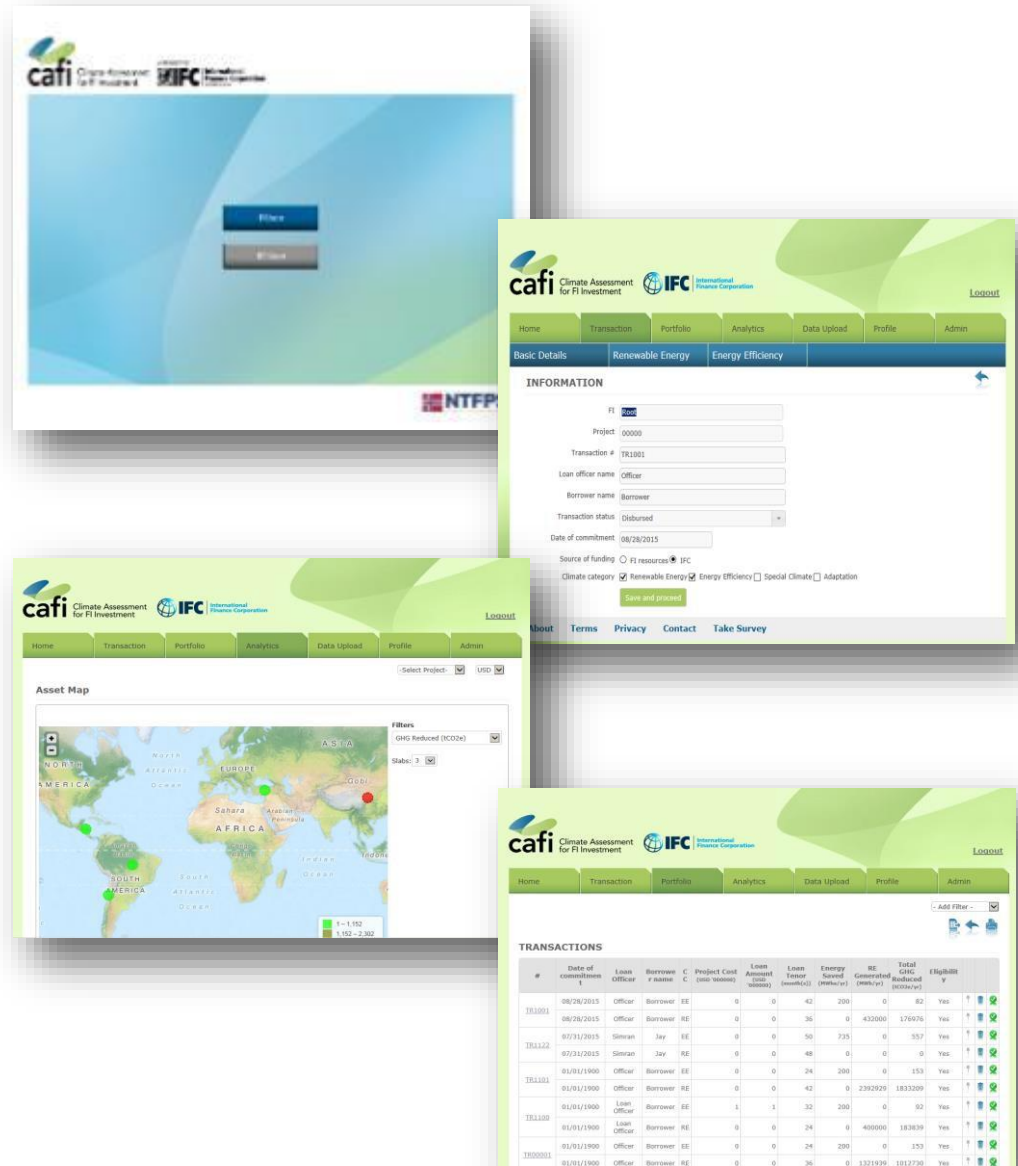
- Step 1: Technical support to issue a credible green bond
- Step 2: Bond structuring; depending on the product type
- Step 3: Mobilization; bringing other global investors



Our services include

- Ability to share expertise in Climate Business, Capital Markets and Green Bond market in one package
- Transfer knowledge and guide the issuance process to comply with the Green Bond Principles
- Ability to share the best in class impact reporting tools like CAFI tool, as part of the two-day training support to IFC's client
- Ability to commit and invest in a local currency green bonds and catalyze off-shore investors along side IFC
- We bring a strong knowledge of socially responsible and impact investors
- Flexible investment horizon and approach, working with clients through their financing needs as easy and convenient as possible – from bridge financing, loan, bond, anchor investment, credit enhancements and other structured products

- Helps banks reduce transaction cost by quickly and easily determining whether a sub-project meets climate criteria
- It covers climate categories like renewable energy, energy efficiency, and special climate
- New categories like green buildings, fleet replacement, solid waste management, fuel switch, water efficiency, etc. will be shortly available
- Is a user-friendly tool with both portfolio monitoring and analytics functionality
- Available in multiple languages (Chinese, English, French, Russian, and Spanish)
- Also available in an excel format (files can be easily uploaded on the web-platform)
- To access to the application visit: <https://cafi.ifc.org> (only for IFC clients)



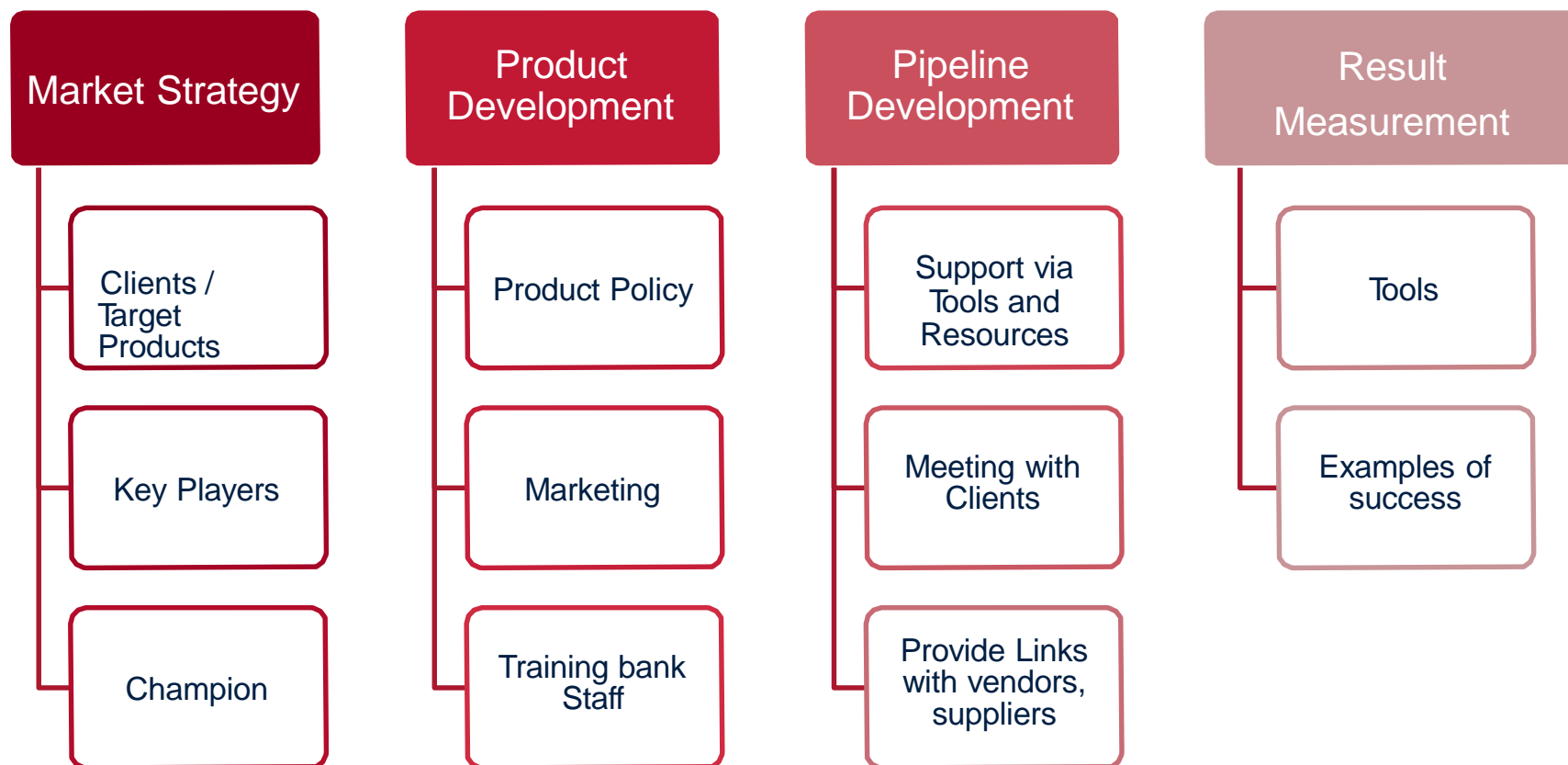
The screenshots illustrate the CAFI tool's interface, which is designed for IFC clients to assess climate impact. The tool is available in multiple languages and can be accessed via a web platform or an Excel format.

Basic Details Form: This form is used to input project information. It includes fields for Project, Transaction #, Loan officer name, Borrower name, Transaction status, and Date of commitment. It also allows users to select the Source of funding (FI resources or IFC) and the Climate category (Renewable Energy, Energy Efficiency, Special Climate, or Adaptation).

Asset Map: This feature provides a visual representation of the project's location on a world map. It includes filters for GHG Reduced (tCO2e) and a legend indicating the range of GHG reduction (0-1,192 and 1,192-2,382).

TRANSACTIONS Table: This table displays a list of transactions, including the Date of commitment, Loan Officer, Borrower, Project Cost, Loan Amount, Loan Tenor, Energy Saved, RE Generated, Total GHG Reduced, and a Highlight column. The table is sortable and includes a filter function.

#	Date of commitment	Loan Officer	Borrower	Project Cost	Loan Amount	Loan Tenor	Energy Saved	RE Generated	Total GHG Reduced	Highlight
TR1001	08/26/2015	Officer	Borrower	EE	0	0	42	200	0	82
TR1002	08/26/2015	Officer	Borrower	RE	0	0	36	0	4320000	176076
TR1112	07/31/2015	Simon	Jay	EE	0	0	50	735	0	557
TR1113	07/31/2015	Simon	Jay	RE	0	0	48	0	0	0
TR1101	01/01/1900	Officer	Borrower	EE	0	0	24	200	0	153
TR1102	01/01/1900	Officer	Borrower	RE	0	0	42	0	2382020	1833209
TR1103	01/01/1900	Loan Officer	Borrower	RE	1	1	32	200	0	92
TR1104	01/01/1900	Loan Officer	Borrower	RE	0	0	24	0	4000000	183839
TR10001	01/01/1900	Officer	Borrower	EE	0	0	24	200	0	153
TR10002	01/01/1900	Officer	Borrower	RE	0	0	36	0	1321839	1012730



IFC can deliver a structured Climate Finance Advisory, to build bank's internal capacity to independently manage a broader service offering to meet its client needs

Helping Clients Access Capital Markets

IFC Debt Capital Market (“DCM”) Product Offering

IFC offers a range of instruments aimed at helping clients successfully issue debt instruments (e.g. straight bonds, themed bonds, structured debt) in both international and domestic capital markets.

1. ANCHOR INVESTMENT

Product:	Investment in: <ul style="list-style-type: none"> ▪ Plain Vanilla Bonds ▪ Green Bonds ▪ Asset Backed / Structured Debt, etc
What:	Direct financing via purchase of a substantial portion of an issuance.
How:	IFC commits to subscribe to an issuance ahead of the public offering, which can be communicated to prospective investors to send a positive signal.

2. Credit Enhancement

Product:	Guarantee on: <ul style="list-style-type: none"> ▪ Bonds ▪ Asset Backed / Structured Debt
What:	Partial guarantee of an issuance to improve the risk profile of the instrument.
How:	IFC provides a partial credit guarantee to improve the credit rating of an issuance for wider investor access and longer term financing.

Best Practice

Supporting the process:

- Leverage IFC’s experience as a bond issuer to offer advisory on regulations, documentation and structuring across products
- Bring in partners that can provide additional resources

Comprehensive Financing Solution

Flexible approach to tailor offering to issuance process:

- IFC’s approval to invest can be applied flexibly in the form of an Anchor Investment, Partial Credit Guarantee, or Loan disbursement / bridge financing if the bond issuance is delayed

Anchor Investments

IFC's commitment to a Client's issuance

IFC as an Anchor Investor	<ul style="list-style-type: none">▪ Commitment is publicly communicated via the prospectus or during the roadshow▪ Boosts investors' confidence to improve subscription levels▪ Subject to regulations, IFC may participate in the roadshow
Support to the Client	<ul style="list-style-type: none">▪ Enhance access to primary debt markets for:<ul style="list-style-type: none">- First-time issuers- Entry into new markets- Issuance in an adverse macro-economic environment- Tenor extension issuance
Brand and Visibility	<ul style="list-style-type: none">▪ Lends IFC's brand to the transaction, increasing its visibility in the market.▪ IFC's "stamp of approval" sends a positive signal to prospective investors▪ Augments credibility of the issuance process
IFC Flexibility	<ul style="list-style-type: none">▪ IFC is open to consider various options that fit the client's needs. i.e. security type, market of issuance, form of documentation, currency of denomination, etc.▪ Debt instruments IFC will consider include: corporate bonds, convertible bonds, callable bonds, covered bonds, green bonds, project bonds, Sukuks, etc.



"IFC's Anchor Investment is a commitment to participate in a new issuance."

IFC Partial Credit Guarantee (PCG) for Bonds

Basics

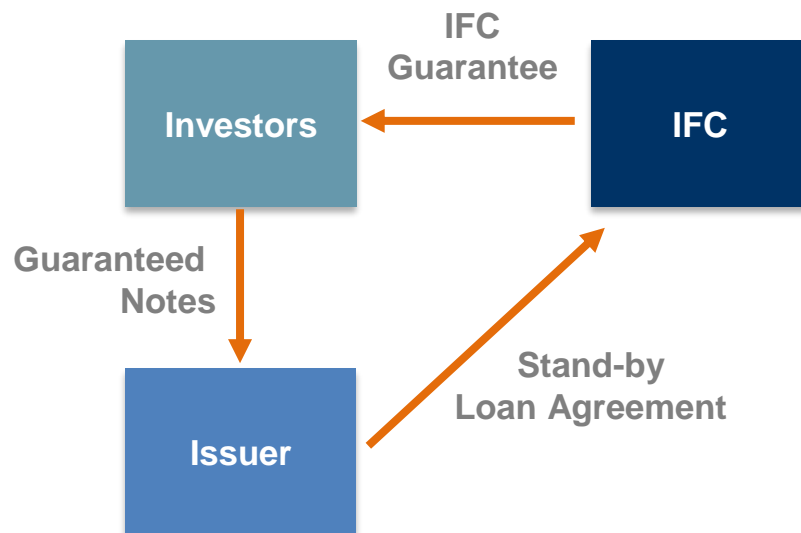
- IFC irrevocably guarantees due payment to bondholders, up to Guarantee Amount
- IFC PCG can reduce both probability of default and loss given default
- Objective is to offer minimum guarantee amount necessary to facilitate successful transaction

Benefits to Issuers

- Access to wider investor base
- Paves the way for future issuances without enhancement
- Extend maturity
- Rating increase

Benefits to Investors

- Reduced loss given default
- Reduced probability of default
- IFC due diligence and supervision
- “Stamp of Approval”



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