



Table of Contents

2	FY18 Highlights
3	Message from Philippe Le Houérou
4	Letter from Jingdong Hua
5	Letter from Alzbeta Klein
6	Coffee Chat with IFC Client
9	IFC Climate Business Overview for FY18
10	IFC Green Bond Program Overview for FY18
12	IFC Green Bond Commitments by Region
13	IFC Green Bond Commitments by Sector
14	Featured Project: Egypt's Solar Feed-in-Tariff Program
15	Featured Project: Green Energy Development in the Philippines
16	IFC Green Engagement
17	Spotlight on Environmental and Social Risk Management
18	Green Bond Eligible Project Commitments for FY18
25	Appendix A: IFC Green Bond Commitments Reconciliation
26	Appendix B: IFC Green Bond Program Process
28	Appendix C: IFC Impact Reporting Approach
30	Authors and Contacts
29	Disclaimer

FY18 Highlights

How the IFC Green Bond Program made an impact in Financial Year 2018

32
green bonds

totalling
\$1.8 billion

IFC all-time record
of green bond issuance



52
new projects

Record project
portfolio

Expected to reduce
greenhouse gas
(GHG) emissions
amount by

Expected to contribute
in annual
renewable energy
generation



6.3 million
metric tons
of CO₂-equivalent

equivalent
to GHGs
from more
than

1.3 million
passenger cars

8.2 million
megawatt hours (MWh)
of renewable energy

equivalent
to powering
almost

700,000
average U.S. homes

reduced in one year¹

driven for one year¹

contributed in one year²

for one year or
powering up households
in the cities of San Francisco and
Washington, D.C., for one year²

(Increase from 2.2 million metric tons
of CO₂-equivalent
for FY17 committed portfolio)

(Increase from 2.2 million MWh
for FY17 committed portfolio)

¹ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>
² U.S. Census Bureau QuickFacts

Message from Philippe Le Houérou

IFC Chief Executive Officer

Combating climate change is one of the greatest challenges of our time, requiring far more investments than governments alone can provide.

Our recent Climate Business Report found that more than **\$1 trillion in investment** is already flowing into climate-related projects every year. Yet trillions more are needed. That's why finding new avenues for green financing is a key priority at IFC, the largest global development organization working with the private sector in emerging markets.

The good news is that climate change is not only an environmental menace but also a tremendous business opportunity. Climate action generates natural capital, opening the way to billions of dollars of investments and profitable ways to help protect the planet.

In fact, we are living in the decade of green bonds, generating financing from the private sector for renewable energy – solar, wind and biomass – energy efficiency, green buildings and other eco-friendly projects.

In 2007, green bonds were nonexistent. A decade later, more than \$155 billion in green bonds was issued around the world in 2017 alone. Globally, the green bond issuance is predicted to exceed \$200 billion in 2018, and that number is rising dramatically as global capital markets accelerate the fight against climate change.

At IFC, we have played a leadership role in the green bond space, helping to transform the market from niche to mainstream. One of our key objectives with the green bond program is to encourage traditional investors to convert to green and Environmental, Social and Governance (ESG) investing.



Philippe Le Houérou
IFC Chief Executive Officer

Together with Amundi, IFC has also been the driving force behind the world's first targeted green bond fund dedicated to unlocking private funding for climate-smart projects in emerging markets. We are creating a market by building both the demand and the supply side. This is unprecedented. Leveraging Amundi's emerging market debt investment capabilities, our commitment to ESG, and the unique outreach of IFC in developing countries, we announced Amundi Planet EGO in early 2018 as a unique way to increase financial flows and develop sustainable financing to support the energy transition in countries where it is most needed.

But as an issuer of green bonds and a conduit helping banks and sovereigns in emerging markets to issue green bonds, we are highly conscious that without an integrated approach it remains difficult to track the impact of green finance.

As green bond volumes increase, it has become even more important to develop common guidelines that promote integrity, transparency standards, responsible investor behavior and impact evaluation. That is what this report is about.

IFC fully embraces the climate change agenda of the Paris Agreement, with the goal of holding the increase in average global temperature to well below two degrees. The only way to deliver is to **create markets for climate business**. Government reforms are also required to help unlock more investment, but the private sector holds the key to fighting climate change – it has the innovation, the financing and the tools. Green bonds offer a pathway forward.

Letter from Jingdong Hua

IFC Vice President and Treasurer

As we transition into cooler autumn weather, it begins to fade how we faced all-time heat records just a few months ago. A collage of global newspaper front pages covering summer 2018 brings back loud headlines on 'red-hot planet', 'record-breaking summer' and 'the strongest climate signal yet.' Current weather extremes impact millions of people, especially in developing countries that are most vulnerable to climate disasters.



Jingdong Hua
IFC Vice President and Treasurer

Crowding in mainstream investors – as IFC has done – is critical for us to accelerate the development of the green bond market. We need scale to tackle climate change, which requires trillions of dollars in financing.

Addressing climate change is a priority for IFC. Without action, the impact of climate change on global development and efforts to end poverty will only intensify. Already, IFC is one of the world's largest financiers of climate-smart projects in emerging markets on its own account. But to maximize our impact, we are working towards scaling up finance for climate action, as the transition to a low-carbon resilient global economy requires trillions in financing. Capital markets will play a key role in mobilizing international savings to help close the climate finance gap.

IFC continues to be at the forefront of stimulating the development of the green and ESG-focused bond market. We are one of the pioneers in the issuance of green bonds and the development of the requisite market standards. In 2013, we led by example when we issued the first \$1 billion global benchmark green bond, and we continue to lead with groundbreaking initiatives in 2018, such as issuance of the first [Philippine peso-denominated green bond](#), or the first ever [green bond in New Zealand](#). This year, we have issued 32 green bonds across 13 currencies, totalling \$1.8 billion. At the close of FY18, our green bonds supported cumulatively 177 investment projects.

Beyond our own issuances, we also help financial sector clients issue their own green bonds – often the first in their markets – through investment capital and technical assistance. Since 2015, IFC has supported 13 clients issuing green bonds – 12 of which were first-time green bond issuers – for a total green bond issuance of \$1.2 billion. These investments go alongside our broader efforts to strengthen financial institutions' awareness of green bond issuances and help build capacity for decision makers and banks. On the demand side, IFC contributed to stimulating interest for green bonds through the creation of Amundi Planet EGO, [the first-ever green bond fund focused on emerging markets](#). We have also supported broadening of ESG investing across fixed income asset portfolios through a joint report by the World Bank Group and Japan's Government Pension Investment Fund, [Incorporating ESG Factors into Fixed Income Investment](#).

Initiatives like these get us closer to fulfilling the goals of the Paris Agreement – and we will continue to develop innovative products in the years to come. We welcome more market participants to join us as we create vibrant markets for climate business!

Letter from Alzbeta Klein

Director and Global Head of IFC Climate Business

Climate change is one of our biggest challenges but also one of the world's biggest investment opportunities, especially in emerging markets. The funding required for an orderly shift to a low-carbon, resilient global economy is estimated at trillions of dollars. IFC estimates that between now and 2030, the investment potential in 21 large emerging markets will exceed \$23 trillion.

It is no longer just about climate change but about climate business.

Engaging the private sector is essential to achieve the goals of the Paris Agreement, and green bonds play a pivotal role in channeling capital towards climate-smart solutions, especially in some of the most challenging and poorest countries. Since IFC launched the Green Bond Program in 2010, we have raised billions of dollars for clean energy, climate-smart cities, green buildings and green finance.

The impact is evident in our investment volumes, with an almost doubling of green projects in the IFC green bond portfolio this financial year, from 32³ projects in FY17 to 52 projects worldwide in FY18.

The IFC Climate Business Department supports our investment teams, clients, other potential issuers of green bonds and regulators on eligibility, international guidelines, standards, practices, and impact reporting.

In September 2017, IFC approved a \$214 million investment in Schwarz Group, a chain of discount supermarkets, to support its expansion and 'greening' of grocery stores in Romania, Bulgaria and Moldova. Schwarz pledged to certify all its stores using EDGE, Excellence in Design for Great Efficiency, an IFC green building certification system.

In May 2018, IFC invested \$25 million in green buildings for campuses of the University of Santo Tomas, which is committed to achieving zero-net carbon

Alzbeta Klein
Director and Global Head
IFC Climate Business



operations across its campuses by 2026. Santo Tomas is Colombia's oldest university and the first university globally to certify all of its new and existing buildings with EDGE. The university has even integrated the philosophy and finance of green buildings into its curriculum.

In the client interview featured in this report, we further hear about how green bonds have laid the foundation for scaling investment in Colombia's green buildings.

In Africa IFC developed a roadmap for Côte d'Ivoire to achieve the country's 42 percent renewable energy commitment under the Paris Agreement.

IFC's climate investment in infrastructure reached \$1.3 billion on our own account with an additional \$1.8 billion mobilized. Notable was our IFC investment in Benban Solar Park in Egypt, the result of a joint World Bank Group effort.

In financial year 2018, 34 percent of IFC's long-term lending volume on our own account was climate-smart, exceeding our target in the [Climate Implementation Plan](#). This means over \$3.9 billion in own account climate-smart investments and an additional \$4.5 billion in core mobilization, totalling \$8.4 billion.

We are taking a programmatic approach with IFC Treasury, working upstream and helping our clients ask what it means to issue a green bond and where climate business fits into broader capital markets development.

As a founding partner of the Global Green Bond Partnership with the World Bank, IFC helps grow the issuance of green bonds and 'crowd in' more climate finance.

Looking forward, we are setting a new climate target of having one-third of IFC investments in climate-smart business by 2030 – with an eye toward new and disruptive technologies in each sector from drone applications in precision farming to electric autonomous vehicles. To achieve our goals we will bring others along with us, expanding upon market-creating platforms, that include Scaling Solar, an initiative to develop solar projects in Africa; EDGE, a green-building certification process; Amundi Planet EGO, a green bond fund; and others. We will also develop new solutions that will expand business in climate priority sectors.

Myriad opportunities exist around the world for investors to make a difference. Because – as we agreed at the inaugural One Planet Summit – there is no Planet B.

³ In FY17, there were 33 new commitments financed with our green bonds, but 32 new projects. A commitment to Consorcio RE (#36053) in FY17 is the continuation of a climate-smart project from FY15.

Coffee Chat with IFC Client

A chat with Mr. Franco Piza, Corporate Director of Sustainability for Bancolombia S.A.



Franco Piza
Corporate Director
of Sustainability for
Bancolombia S.A.

Proceeds of IFC green bonds issued in FY17 supported IFC's investment in the first green issuance by a commercial bank in Latin America to fund renewable energy projects and green buildings. In December 2016, IFC was the sole investor in 350 billion Colombian Pesos (about \$117.1 million) green bond by Bancolombia, one of the largest commercial banks in Colombia (IFC project [38731](#) in FY17).

A year after IFC's investment in Bancolombia, we spoke with the bank to discuss its green bond financing experience.

Why did Bancolombia decide to issue a green bond?

Mr. Franco Piza: Our financial services are linked to a positive transformation of society through a long-term sustainable business strategy. Sustainable business results in bottom-line profits with the additional positive outcome of protecting the environment. Because we are the largest commercial bank in Colombia financing 42 percent of market volume, it is our responsibility to offer an array of products and services to reach new markets, lower risks and foster innovation. Green bond issuance was a way to expand our corporate sustainability strategy into our financing operations, allowing us to support our green portfolio and tap a new investor base.

How did you go about building your green pipeline?

Mr. Franco Piza: Prior to issuing a green bond, we had learned from upgrading our own corporate facilities that green technologies improve the operational performance of buildings. It made clear economic sense to us to extend a credit line for green buildings, either certified with IFC's [EDGE](#) or other approved certification systems.

To promote our discounted green building financing, we held events and meetings across Colombia, supplemented by our online knowledge platform, webinars, prime-time advertising and social media coverage. In response to overwhelming demand, we have already invested \$175 million in green buildings, using our own funds to supplement the proceeds of the bond. We predict a pipeline 12 times the size of the original bond.

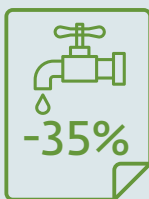
Bancolombia offers property sector clients a variable interest rate loan for design-certified green building construction with a discount rate of up to one percent. The bank also offers green mortgages to qualified homebuyers who purchase certified properties. The rate of these mortgages is up to 65 basis points lower than a loan for a conventional property.

Coffee Chat with IFC Client



Ambar Infinity
Colombia

One of the projects financed by Bancolombia's green bond is the [Ambar Infinity](#) building.



With EDGE certification, residents of the Ambar Infinity building can save 31 percent in energy costs and 35 percent in water off their monthly utility bills, compared with a conventional home.

What are your prospects for green bond markets?

Mr. Franco Piza: After our first green bond with IFC, we were operationally set up and seeing a solid pipeline of green buildings that our clients could affordably certify with EDGE.

The first green bond allowed us to test the waters. We saw investor interest and the potential for more issuance. It was only natural for us to issue a second green bond in the local market. We issued our second green bond in June, also in the local currency, in the amount of 300 billion Colombian pesos (about \$100 million). It was oversubscribed 2.8 times, attracting 72 domestic investors. This helped broaden our investor base and promote Bancolombia brand as a champion of sustainability in the banking sector.

As a bank operating in a developing country, we are keen to mobilize funds to obtain the best pricing for our clients. We took the lead and welcome our banking peers to duplicate our success. It's our goal to prove, 'Bancolombia makes it possible', for everyone.



IFC Climate Business Overview for FY18

34%

of IFC total own account commitments in FY18 are climate-related

This translates to over

\$3.9 billion

in climate-smart investments on IFC's own account

Over the past few years, IFC's climate business has diversified to be much more than renewable energy projects. Large and growing sectors include green buildings, climate-smart cities and green finance. In addition to diversifying its climate business, IFC is taking a more programmatic approach with governments, clients and other actors to help establish systems and policies that can unlock private investment and create markets.

Since 2005, IFC has invested about \$22.2 billion in long-term financing and raised another \$15.7 billion in core mobilization through partnerships with investors for climate-related projects, renewable power, energy efficiency, sustainable agriculture, green buildings, waste and private sector adaptation to climate change.

With an addition of

\$4.5 billion

in core mobilization

For a total of

\$8.4 billion

in climate-smart projects

IFC Green Bond Program Overview for FY18

FY18 marks the eighth year since the launch of IFC's Green Bond Program. This year, IFC issued a **record number** and a **record volume** of green bonds to date – 32 green bonds for a total volume of \$1.8 billion. This brings the cumulative issuance since 2010 to \$7.6 billion across 111 bonds in thirteen currencies.

At the start of FY18, IFC placed an inaugural 125 million New Zealand dollar Green Kauri bond – the equivalent of approximately \$95 million – to support climate-smart investments. This was the first time that a green bond was launched in New Zealand. The 10-year fixed rate bond pays a 3.750% coupon and was primarily placed among local (59%) and Asia Pacific (38%) investors. The bond was well received by the market opening up green and sustainable investing opportunities in New Zealand dollars.

Later in October, IFC issued a 5-year green bond that raised \$1 billion for climate-smart investments, amid surging investor demand. This was IFC's third \$1 billion benchmark green bond, after being the first global institution ever to access this size in the market. Half an hour after order books opened, demand surged above \$1 billion, with significant support from investors focused on socially responsible investments (SRI). Overnight, indications of interest grew in excess of \$2.25 billion. The trade attracted a very high quality order book supported by strong interest from SRI accounts and was 2.6 times oversubscribed. Pricing-wise, the trade came with a spread of 11.8 basis points over Treasuries and marked the tightest pricing versus 5-year US Treasury Note in the sovereigns, supranational and agencies space since 2015.

IFC continued increasing awareness of climate-smart investment instruments among retail investors in FY18. Since converting one of its US retail notes program into a fully green format more than a year ago, IFC has enjoyed increasing interest in green bonds from American household investors. In FY18, IFC sold \$50 million of green bonds under its Impact Notes program, double the size of the demand in the previous year.

IFC maintained a strong presence in the Japanese green retail market, placing 11 Uridashi trades in NZD, TRY, MXN, ZAR currencies for a total amount of \$20 million equivalent.

On top of that, IFC entered a new market – the Italian retail market – in October 2017 with debut issuances of three green bonds in BRL, TRY and USD in the course of a few months, totaling \$27 million equivalent.

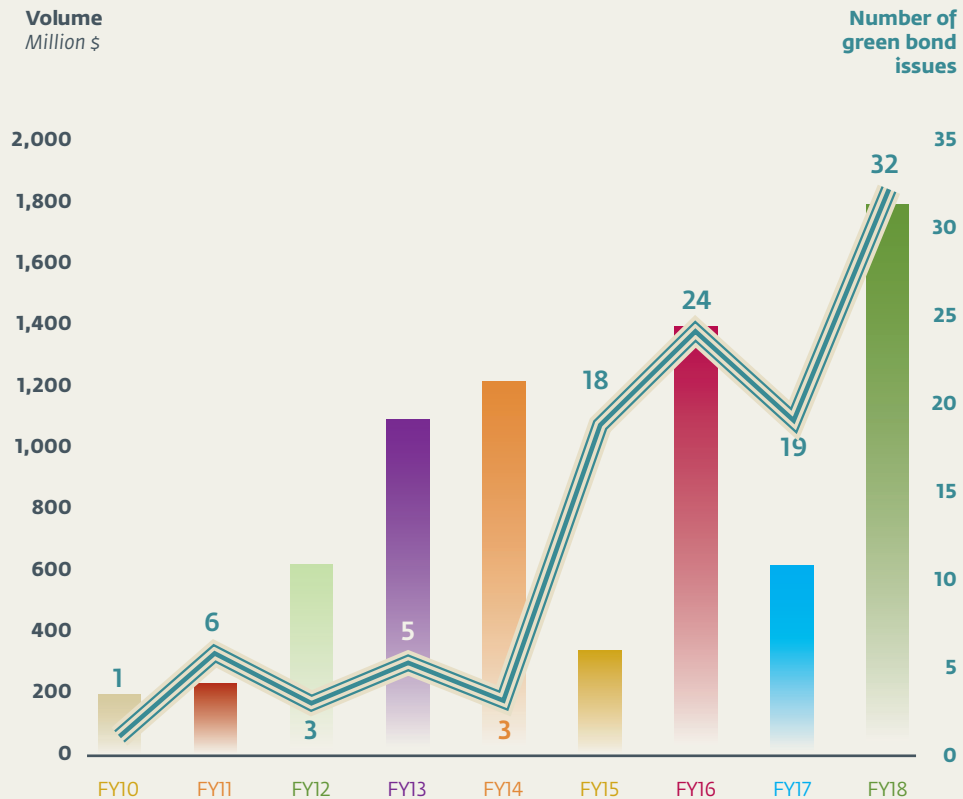
Throughout the year, IFC enjoyed a solid flow of green private placement inquiries, selling in excess of \$500 million in medium-term notes and club deals. Of note is a strong demand IFC has seen in Swedish Krona, having issued SEK1.3 billion of bonds to a number of investors.

Finally, at the close of the financial year IFC issued the first internationally rated triple-A Philippines peso-denominated green bond – the equivalent of approximately \$90 million with a 15-year maturity – to support the local capital market and renewable energy. Adding pesos as a new green bond currency supports IFC's goal to strengthen the important green asset class. This report features a story about the project financed by the proceeds of this bond.

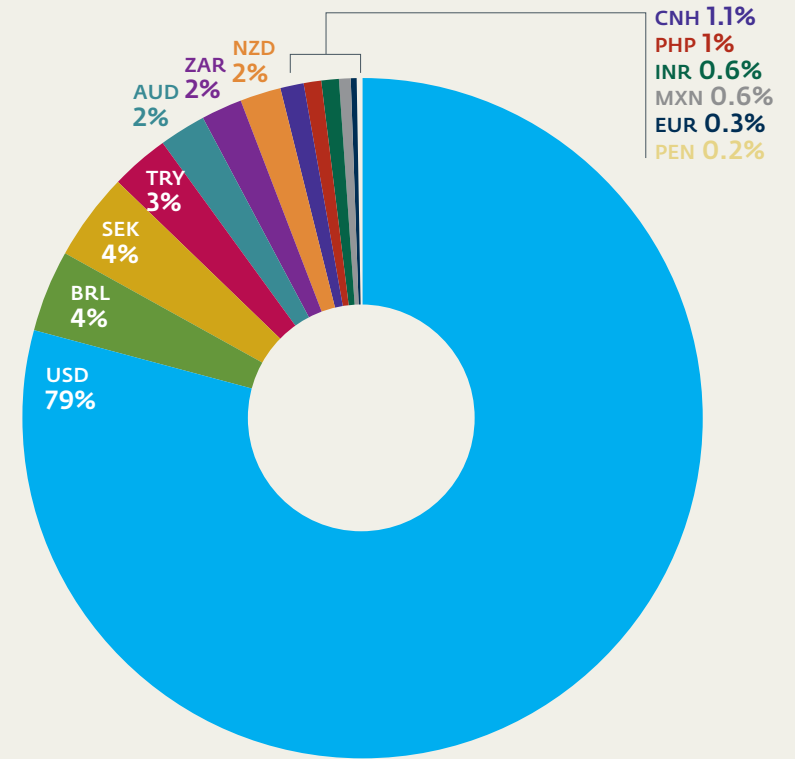
On 30th June 2018, IFC's outstanding green bonds amounted to around \$4 billion.

IFC Green Bond Program Overview

IFC Historical Green Bond Issuance by Year



IFC Cumulative Green Bond Issuance by Currency



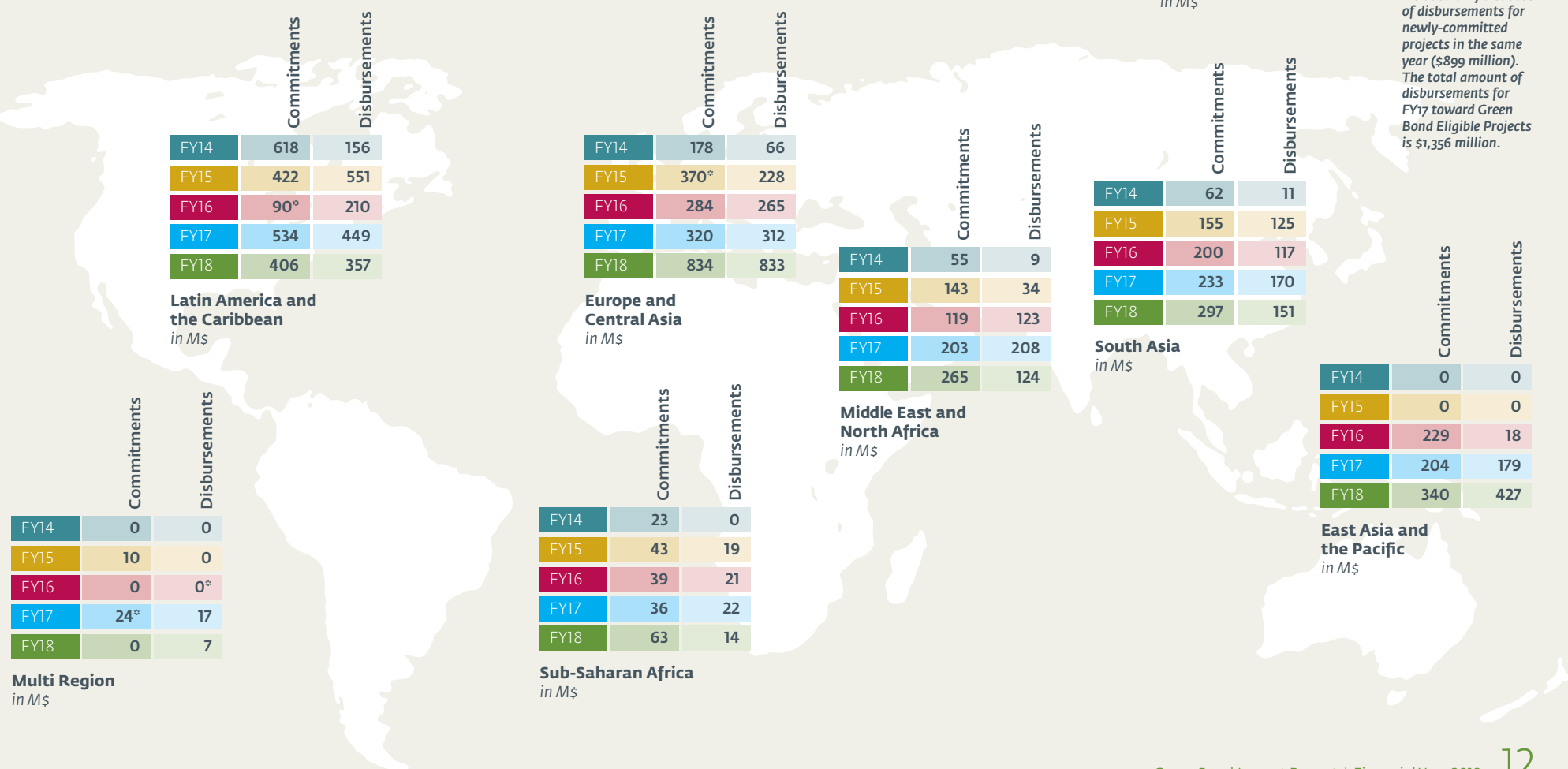
IFC Green Bond Commitments by Region

As of June 30, 2018, there were cumulatively 177 green bond eligible projects supported by IFC green bond proceeds. The total committed amount for these projects is \$6.8 billion, of which \$5.2 billion has been disbursed.

For reconciliation of the regional breakdown numbers with historical reporting please refer to Appendix A. Volumes marked with (*) have been adjusted from the volumes reported in previous impact reports – Appendix A provides further details.

	Commitments	Disbursements
FY14	936	242
FY15	1,143*	956
FY16	961*	754
FY17	1,555	1,356 ⁴
FY18	2,205	1,914
Total in M\$	6,799	5,223

⁴ A correction to disbursement numbers for FY17. FY17 Green Bond Impact Report included only a subset of disbursements for newly-committed projects in the same year (\$899 million). The total amount of disbursements for FY17 toward Green Bond Eligible Projects is \$1,356 million.



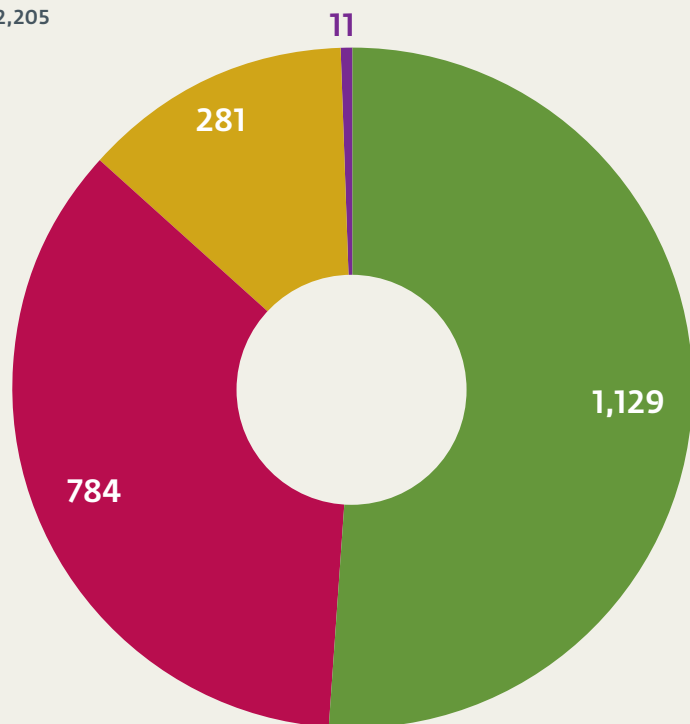
IFC Green Bond Commitments by Sector

Commitments by sector

- Renewable Energy
- Energy Efficiency
- Other Mitigation
- Adaptation

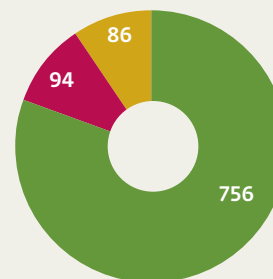
FY18

Total M\$ 2,205



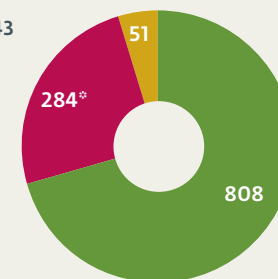
FY14

Total M\$ 936



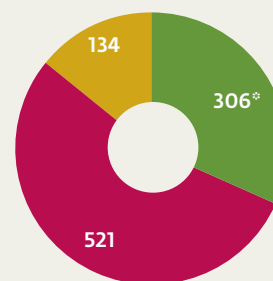
FY15

Total M\$ 1,143



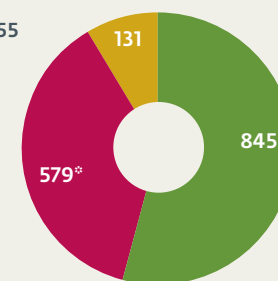
FY16

Total M\$ 961



FY17

Total M\$ 1,555



* For reconciliation of the sector breakdown numbers with historical reporting please refer to Appendix A. Volumes marked with (*) have been adjusted from the volumes reported in previous impact reports – Appendix A provides further details.

Featured Project:

Egypt's Solar Feed-in-Tariff Program



With a growing population and increasing industrial production, Egypt requires a large supply of power to meet energy demand and growth.

Ensuring a steady energy supply has been challenging due to years of underinvestment in the sector and a lack of maintenance of power generation and transmission lines. This has resulted in frequent power outages. In 2014, Egypt experienced one of its most serious energy crises in which parts of the country faced around six power cuts a day for up to two hours at a time.

The government of Egypt has identified electricity generation from renewable energy sources a low-cost development priority. Although Egypt's Nationally Determined Contribution, as set forth by the Paris Agreement, does not include a formal GHG reduction target by 2030, it does outline a range of GHG mitigation and adaptation goals. As an example, the government has a target for 20% of electricity consumption to be generated from clean energy sources by 2022. In 2014, the Ministry of Electricity and Energy and the regulatory agency launched a Feed-in-Tariff (FiT) program for solar photovoltaic (PV) and wind projects less than 50MW_{ac} to boost renewable energy production in Egypt.

To support Egypt in meeting its growing energy demand through renewables, IFC created the Nubian Suns Renewable Energy Program and led a consortium of 11 international lenders in offering the largest private sector financing program for a solar PV facility in the Middle East and Africa. As part of the program, the \$653 million debt package finances the construction of 13 solar power plants worth \$823 million with a combined capacity of 590 MW_{ac}/752MW_p near Aswan, Egypt. These solar power plants will be part of the larger Benban Solar Park, which will initially include 32 power plants in total to soon become the world's largest solar PV generation park.

IFC's participation in Benban Solar Park construction is part of our broader effort to create a market for renewable energy in Egypt by leveraging World Bank Group's resources and expertise. By demonstrating the power of private sector capital for improving country's renewable energy production, IFC encourages replication, greater private sector participation and competition in Egypt's energy market.

Featured Project:

Green Energy Development in the Philippines

The urgency to combat climate change in the Philippines is reflected in the country's vulnerability to weather events, which are increasing in frequency and impact.

Between 1996 and 2015, the Philippines was hit by 283 typhoons – eight of the most damaging typhoons occurred in the last decade. In this context, high exposure to climate change risk underscores the importance for the country to transit to a more balanced energy mix and green economic growth model.

The Philippines is committed to reduce its carbon emissions under the Paris Agreement. The development of geothermal energy is critical for implementation of this commitment and the country's sustainable economic development, particularly in light of a growing coal power share in the grid throughout the last decade. Unlike other renewable energy sources, such as wind and solar, geothermal power can provide stable, reliable power 24 hours a day and at low cost using steam generated below the Earth's surface. The Philippines has already become the largest producer of geothermal power in Asia Pacific, with the expectation to surpass 12,000 GWh to be produced in 2022.



Energy Development Corporation's Geothermal Plant in Leyte, Philippines

To help advance climate change mitigation efforts by the Philippines and accelerate green growth, IFC provided a \$90 million 15-year loan to support Energy Development Corporation (EDC). EDC owns over 60 percent of the country's total installed geothermal capacity and is the largest producer of geothermal energy in the country and one of the largest in the world. EDC is also the only company in the Philippines included in the 2017 Carbon Clean 200™, a list of the top 200 firms that lead the way with solutions for the transition to clean energy future.

In July 2017, a 6.5-magnitude earthquake damaged some of EDC's power plants in Leyte province, reducing geothermal energy production capacity. IFC's loan will support the company's efforts to bring production capacity back and optimize production by upgrading existing geothermal facilities. The completion of the restoration work and increased production efficiency are expected to yield 2,387 GWh of energy produced and contribute to reduction of 1.4 million tCO₂ on an annual basis.

The loan is financed through the proceeds of the first peso-denominated green bond by IFC, called 'Mabuhay bond', which was also the first green bond denominated in Philippine pesos issued by an internationally-rated, triple-A multilateral institution. Major local insurance companies, such as Sun Life and Insular Life, announced their investment in the IFC maiden Mabuhay bond.



Energy Development Corporation's Geothermal Plant in Mindanao, Philippines

IFC Green Engagement

IFC continues its broader engagement with market participants to develop SRI space



Images: Alana Holmberg/World Bank

As an active member of the Executive Committee (EXCOM) for the *Green Bond Principles*, IFC participated in the work on *A High-Level Mapping to the Sustainable Development Goals* – a framework by which issuers, investors and bond market participants can evaluate the financing objectives of a given Green, Social or Sustainability Bond Program against the UN Sustainable Development Goals.

As a practical engagement, IFC provided technical assistance on the debut green issuance by a developing country early in FY18. The Pacific island state Fiji became the first emerging market sovereign to issue a green bond, raising 100 million Fijian dollars – \$50 million equivalent – to support climate change mitigation and adaptation. In preparation for the issuance, Fiji requested assistance from IFC and the World Bank. With World Bank Group's technical support, Fiji aligned its green bond framework with the Green Bond Principles.

The transparency with which Fiji has approached the issuance process has provided the market with a roadmap that countries can follow when issuing their own green bond. Drawing on lessons learned from Fiji's experience, IFC has published *Guidance for Sovereign Green Bond Issuers*, which outlines practical considerations sovereigns can face at each step of the process from issuance preparation to post-issuance reporting.

Lessons learned from Fiji's Sovereign Green Bond issuance

- While green bonds allow sovereign issuers to appeal to a new class of investors – domestically or internationally – in addition to the usual costs associated with the preparation of a vanilla government bond, **green bonds require upfront and ongoing resources** that are not necessarily recoverable through bond proceeds.
- Clearly **identifying the reasons for issuing** a green bond will drive many decisions in the issuance process.
- Carefully **identifying potentially eligible green projects** will help determine the structure of the bond, which must also suit the overall debt profile of the sovereign. Projects can be defined quite broadly and may include tax relief, subsidies, financing and refinancing. However, **all expenditures should be assessed by an external reviewer** to ensure they qualify as 'green'.
- **Transparency** at every step of the process is critical to the success of the green bond market, so resources and expertise must be applied to **monitoring and reporting on the use of the proceeds** and the impact of funded projects. An extensive level of work is required to set up these processes and ensure accountability and consistency.
- There is a **significant appetite for green bonds** from both environmental, social and governance-focused investors, and institutional investors with mandates to have a minimum percentage of their portfolio meeting ESG standards.

Spotlight on Environmental and Social Risk Management

An introduction to the IFC E&S Risk Assessment and Mitigation Processes

IFC and Sustainability

IFC helps clients avoid, mitigate, and manage environmental and social risk as a way of doing business sustainably. IFC's [Sustainability Framework](#) helps clients improve business performance, transparency, stakeholder engagement, environmental protections and developmental impact, while contributing to jobs and inclusive growth.

The IFC Sustainability Framework articulates our strategic commitment to sustainable development, and it is an integral part of IFC's approach to risk management. The Sustainability Framework comprises the [Sustainability Policy](#), the [Performance Standards on Environmental and Social Sustainability](#) and the [Access to Information Policy](#).

IFC Performance Standards are a globally-recognized benchmark for environmental and social-risk management in the private sector. They reflect good practice for sustainability and risk mitigation for issues increasingly important to sustainable businesses, including supply chain management, resource efficiency, climate change and business and human rights.

While delivering climate mitigation impacts, such as reduced GHG emissions, climate-friendly projects may still pose risks to the environment and communities requiring active prevention and mitigation measures. For example, there may be risks to wildlife, such as threats to birds from wind energy projects or migratory fish from hydropower projects; impacts to livelihoods and ecosystem services, such as effects to water users along the diverted reach of hydropower projects, loss of access to agricultural land, cattle grazing and fuelwood collection; and risks to labor rights and occupational safety of construction workers.

To understand the risks of its investments, IFC conducts environmental and social (E&S) risk due diligence for all potential projects and identifies risks, impacts and prevention and mitigation measures to meet IFC Performance Standards. If additional prevention and mitigation measures are required as a condition for IFC investment, these are described in a time-bound Environmental and Social Action Plan that is an integral part of the investment agreement between IFC and clients. IFC monitors the client's implementation of the plan through the life of the investment.

Transparency and Accountability

Transparency and accountability are central to IFC's approach. IFC believes that these are fundamental to fulfilling the institution's development mandate and strengthening public trust in IFC and its clients. IFC's Access to Information Policy reaffirms and reflects IFC's commitment to these principles. IFC discloses information about all of its projects, including project-level environmental and social review summaries (ESRS) for direct investments, through its project [disclosure portal](#).

Two independent accountability mechanisms continuously evaluate IFC's work. The [Independent Evaluation Group](#) evaluates World Bank Group activities, including IFC's work in private sector development. The goals of evaluation are to provide an objective assessment of the results of the World Bank Group's work and identify and disseminate lessons learned. The [Compliance Advisor Ombudsman](#) (CAO) is an independent recourse mechanism for IFC. The CAO responds to complaints from communities affected by a project with the goal of enhancing social and environmental outcomes on the ground.

IFC Performance Standards



Green Bond Eligible Project Commitments for FY18

The Impact Assessment table below lists the expected climate results from projects eligible to be funded, in whole or in part, with IFC green bond proceeds.

The table includes only the projects committed in FY18. The projects are organized by sector and are categorized by project type as renewable energy (RE), energy efficiency (EE), climate mitigation projects that do not fall under RE and EE (Other Mitigation), and Adaptation. Adaptation refers to reduction in the vulnerability of human or natural systems to the effects of climate change and climate variability-related risks by maintaining or increasing adaptive capacity and resilience.

Reporting is based on 'ex-ante' estimates at the time of project appraisal. Because the Impact Assessment table includes the estimated results of projects that are still in the construction or implementation phase, there is no guarantee that these results will ultimately materialize. Thus, the reporting is not intended to provide actual results achieved in a specific year or reporting period.



Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Expected annual GHG reduction
						M\$	MWh	kWh	MW	tCO ₂ eq/yr
Wind	PECASA Wind	32227	Dominican Republic	RE	Construction of a 50MW wind power generation plant in the northwest of the Dominican Republic. The project will utilize wind resources and reduce dependence on imported fuel.	18.50	161,700	N/A	50.0	91,000
Wind	Cibuk 1 Wind Farm, Dolovo	33839	Serbia	RE	Development, construction, operation and maintenance of a 158MW wind farm in Serbia. The project will increase renewable energy capacity and contribute to Serbia's efforts to reduce its carbon footprint.	62.22	475,000	N/A	158.0	370,000
Wind	La Castellana	39065	Argentina	RE	Construction and operation of a 100.8MW wind power plant, a transformation substation and a 37 km transmission line connecting the plant and the substation to the national grid in the department of Villarino. This is one of the two IFC projects under the renewable energy program in Argentina (RenovAr), creating opportunities to link Argentina's renewable energy potential to private investments. RenovAr is an innovative renewable energy bidding program targeted at producing 20 percent of Argentina's electricity from renewable sources by 2025.	36.60	405,000	N/A	100.8	213,443
Wind	Achiras	39358	Argentina	RE	Construction of a 48MW wind power plant, a transformation substation and a 17 km transmission line near the city of Achiras, Argentina. This is the other one of two IFC projects under the renewable energy program in Argentina (RenovAr).	20.70	177,000	N/A	48.0	93,404

Green Bond Eligible Project Commitments for FY18



Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Expected annual GHG reduction
						M\$	MWh	kWh	MW	tCO ₂ eq/yr
Solar	FCS RE Windiga	36857	Burkina Faso	RE	Construction, operation and maintenance of a 23MW solar PV power plant in Burkina Faso to increase power generation, improve energy security and diversify the country's energy mix.	10.42	38,842	N/A	23.0	15,180
Solar	SS Zambia	37811	Zambia	RE	Construction of a new 28MW solar PV plant located in the Lusaka South Multi-Facility Economic Zone to increase solar electricity generation capacity.	9.00	70,000	N/A	28.2	45,000
Solar	SS Zambia 2	38685	Zambia	RE	Construction of a new 47.5MW solar PV plant located in the Lusaka South Multi-Facility Economic Zone to increase solar electricity generation capacity.	13.30	100,000	N/A	47.5	98,013
Solar	Masdar Baynouna	39339	Jordan	RE	Construction, operation and maintenance of a greenfield 200MW solar PV plant in Amman, Jordan. The plant will diversify Jordan's energy supply mix and improve energy security.	53.75	565,340	N/A	200.0	367,835
Solar	Rewa Actis	39866	India	RE	Financing of two 250MW solar farms for a total capacity of 500MW in the low-income state Madhya Pradesh, India. The projects will contribute to addressing India's growing electricity demand: as one of the largest solar parks to date in India, the two projects will add 1,052GWh annually to the grid and displace 923,332 tons of CO ₂ -equivalent each year.	46.77	526,000	N/A	250.0	461,666
Solar	Rewa Mahindra	40646	India	RE		31.44	526,000	N/A	250.0	461,666
Solar	Solem Uno	40372	Mexico	RE	Construction and operation of two greenfield solar PV power plants with a total installed capacity of 290MW, three electrical substations (two step-up substations and one maneuver substation), and a 6.6 km power transmission line connecting the plants to the national grid.	28.87	435,000	N/A	150.0	218,985
Solar	Solem Dos	40374	Mexico	RE		21.14	407,000	N/A	140.0	204,889
Solar	Azure RG	40099	India	RE	Development of 200MW solar PV rooftop projects across India to increase clean energy production.	35.00	303,000	NA	200.0	265,941
Solar	Azure RGA	41615	India	RE		10.00				
Solar*	Phoenix Power 1	37591	Egypt	RE	Construction of a 50MW solar PV plant by Phoenix Energy and its partners Infinity Solar SAE and IB Vogt GmbH as part of the second round of solar PV projects being implemented under the Feed-in-Tariff Program (FiT).	13.70	141,000	N/A	50.0	66,626



*With a total combined capacity of 590 MW, these are 13 sub-projects under the umbrella Egypt FiT project aimed at mobilizing private investment to build the world's largest solar photovoltaic (PV) generation park in Benban and harness the country's exceptional solar resource. Launched by the Government of Egypt in September 2014, the program aims to develop 2,300MW of solar PV capacity and 2,000MW of wind power.

Green Bond Eligible Project Commitments for FY18



Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Expected annual GHG reduction
						M\$	MWh	kWh	MW	tCO ₂ e/yr
Solar*	Alcazar Solar 1	37633	Egypt	RE	Construction of four 50MW solar PV plants by Alcazar Energy Partners at the Benban Solar Park in Egypt as part of the second round of solar PV projects being implemented under the FiT program.	13.25	142,600	N/A	50.0	67,430
Solar*	Delta Solar	37636	Egypt	RE		13.00	142,600	N/A	50.0	67,430
Solar*	Alcazar Solar 3	40386	Egypt	RE		18.25	142,600	N/A	50.0	67,430
Solar*	Alcazar Solar 4	40390	Egypt	RE		18.25	142,600	N/A	50.0	67,430
Solar*	TaqaArabia Solar	37637	Egypt	RE	Construction of 50MW solar PV plant by Taqa Arabia at the Benban Solar Park in Egypt as part of the second round of solar PV projects being implemented under the FiT program.	16.80	153,944	N/A	50.0	65,731
Solar*	SP Infra Solar	39728	Egypt	RE	Construction of 50MW solar PV plant by Shapoorji Pallonji Infrastructure Capital at the Benban Solar Park in Egypt as part of the second round of solar PV projects being implemented under the FiT program.	13.25	140,000	N/A	50.0	66,390
Solar*	Acciona Benban 1	39729	Egypt	RE	Construction of three 50MW solar PV plants by Acciona and its partner Enara Bahrain as part of the second round of solar PV projects being implemented under the FiT program.	12.00	130,000	N/A	50.0	61,472
Solar*	Acciona Benban 2	39995	Egypt	RE		12.00	130,000	N/A	50.0	61,472
Solar*	Acciona Benban 3	39997	Egypt	RE		12.00	130,000	N/A	50.0	61,472
Solar*	SECI ARC	37580	Egypt	RE	Construction of one 50MW and two 20 MW solar PV plants by SECI and its partner Desert Technologies Industries Company Limited as part of the second round of solar PV projects being implemented under the FiT program.	12.00	134,319	N/A	50.0	63,514
Solar*	SECI Arinna	40019	Egypt	RE		6.00	53,668	N/A	20.0	25,377
Solar*	SECI Winnergy	37713	Egypt	RE		6.00	53,668	N/A	20.0	25,377
Geothermal	Energy Dev III	39842	Philippines	RE	Restoration and improvement of a geothermal plant that was damaged by an earthquake. The project will improve reliability and efficiency of power supply, increase output and reduce health, safety and environmental risks.	90.00	2,387,000	N/A	N/A	1,413,015
Electric Power Distribution	Zorlu Disco	39691	Turkey	EE	Financing the upgrade and expansion of electricity distribution network in the Oedas region, Turkey. The project will support Oedas to undertake much-needed major rehabilitation and modernization of the distribution network, helping to improve power supply reliability, reduce energy losses and enhance customer service quality.	70.40	N/A	-	N/A	30,880



*With a total combined capacity of 590 MW, these are 13 sub-projects under the umbrella Egypt FiT project aimed at mobilizing private investment to build the world's largest solar photovoltaic (PV) generation park in Benban and harness the country's exceptional solar resource. Launched by the Government of Egypt in September 2014, the program aims to develop 2,300MW of solar PV capacity and 2,000MW of wind power.

Green Bond Eligible Project Commitments for FY18

Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Expected annual GHG reduction
						M\$	MWh	kWh	MW	tCO ₂ e/yr
 Waste Management	Fenglin III	39801	China	Other Mitigation	Financing of a new particle board plant that will use an innovative technology that requires less fiber density while being lighter and physically stronger than traditional particle boards. This new technology will reduce the carbon footprint of particle boards.	40.00	N/A	N/A	N/A	329,210
 Transport	Antalya Tramway	38506	Turkey	Other Mitigation	Construction of Phase III of Antalya's urban rail transport system that includes a new 18.2 km tramway line and procurement of 20 tram vehicles to connect Antalya's populated but underserved northern neighborhoods. The project will support additional tramway ridership of 78,000 riders per weekday by 2023 and reduce GHG emissions.	93.04	N/A	N/A	N/A	931
Transport	Cordoba Infra II	40793	Argentina	Adaption	Financing climate adaptation solutions such as drainage and flood management in connection with the construction of road transport infrastructure in Cordoba.	6.79	N/A	N/A	N/A	N/A
 Green Buildings	Schwarz EE V	39573	Eastern Europe Region	EE	Financing of new store expansion of Kaufland supermarkets in target countries across Eastern Europe. The stores, committed to obtaining EDGE certification, will showcase green building best practices and will have energy efficiency features including efficient envelope design, controlled glazing and energy-efficient lighting systems.	213.50	N/A	237,863	N/A	5,094
Green Buildings	Tropicalia	38846	Dominican Republic	EE	Financing of a hotel and residences in Miches, Dominican Republic. The project will get EDGE certification once built. Green features include energy-efficient HVAC and lighting systems, use of natural ventilation, higher performance glass, low-flow plumbing fixtures, a better recycling system, and walls made of in-situ concrete with greater than 30 percent pulverized fly ash, a recycled material.	45.50	N/A	3,915,240	N/A	1,835
Green Buildings	Hystead	39423	Eastern Europe Region	EE	Financing of upgrades and expansion of shopping malls into BREEAM certified green building facilities in Serbia, Montenegro and Macedonia to improve water and energy efficiency.	59.58	N/A	9,019,630	N/A	6,299

Green Bond Eligible Project Commitments for FY18



Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Expected annual GHG reduction
						M\$	MWh	kWh	MW	tCO ₂ e/yr
Green Buildings	Santo Tomas	40421	Colombia	EE	Financing expansion of the country's oldest university in five cities. The university is committed to obtaining EDGE certification as well as net zero carbon on its campuses. The university will also implement energy efficiency measures compliant with some of the best global practices, anticipating that the new measures will help it become carbon neutral by 2026.	25.00	N/A	230,800	N/A	51
Green Buildings	Genomma Lab	40144	Mexico	EE	Construction of a pharmaceutical manufacturing facility in Mexico. The project is committed to obtaining EDGE certification and will incorporate resource efficiency criteria in the design of its new facility to reduce energy and water consumption.	29.35	N/A	1,659,650	N/A	729
Green Buildings	NEPI Bond	38149	Romania	EE	Investing €50 million in a €500 million 7-year senior unsecured Eurobond issued by a real estate company. IFC's funds are earmarked for green property development and acquisitions in Romania. This was the first 7-year Eurobond issued by a non-sovereign issuer listed on the Bucharest Stock Exchange, and is still one of the few listed corporate bonds available for trading in Romania's emerging corporate bond market.	58.15	N/A	-	N/A	-
Green Buildings	GREI Bond	41142	Romania	EE	Investing €50 million in a €550 million 7-year senior unsecured Eurobond issued by a fully integrated real estate developer of high-quality commercial properties in Romania and Poland. IFC's funds are earmarked for the construction of green commercial buildings in Romania. The bond is the largest listed Eurobond issued by a non-sovereign issuer to date in Romania's emerging capital market.	61.09	N/A	-	N/A	-
Green Banking	FHIPO Loan	39740	Mexico	EE	Financing of a Mexican real estate investment trust to grow its mortgage portfolio that will be consolidated into the first green mortgage REIT, a unique asset class in the Mexican capital market. It will increase liquidity of residential mortgage originators focused on the low- and middle-income segment.	53.69	N/A	-	N/A	3,300
Green Banking	DCM BDO Green	40419	Philippines	RE	Financing of renewable energy, energy efficiency and green buildings.	150.00	-	N/A	-	93,000



Green Bond Eligible Project Commitments for FY18



Green bond climate sector	Project short name	Project ID	Country	Type	Project description	Climate loan committed	Annual energy produced	Annual energy savings	RE capacity constructed/rehabilitated	Expected annual GHG reduction
						M\$	MWh	kWh	MW	tCO ₂ e/yr
Green Banking	DCM TMB SMEGreen	41118	Thailand	EE/RE	Financing of renewable energy, energy efficiency and green buildings.	60.00	-	-	-	59,528
Green Banking	TSKB Climate	39330	Turkey	EE/RE/Other Mitigation/Adaptation	Financing of sustainable energy generation and green buildings in Turkey.	65.00	-	-	-	78,565
Green Banking	DCMIs Mortgag DPR	39403	Turkey	EE	Financing of green residential mortgage portfolio of certified green buildings.	50.40	N/A	-	N/A	-
Green Banking	DCM Akbank Cbond	39781	Turkey	Other Mitigation	Financing of green residential mortgage portfolio of certified green buildings.	77.42	N/A	N/A	N/A	-
Green Banking	DCM-YKB CovBond	39501	Turkey	Other Mitigation	Financing of green mortgage portfolio of certified green buildings.	22.90	N/A	N/A	N/A	-
Green Banking	SocGen EF Brazil	39086	Brazil	EE	Financing that will enable businesses to replace outdated machinery with more energy efficient and eco-friendly equipment reducing their carbon footprint.	20.12	N/A	-	N/A	218,409
Green Banking	DCM Gaucho GB	41090	Argentina	EE/RE	Financing of sustainable energy projects.	100.00	-	-	-	157,515
Green Banking	DCM-FransaGreenB	40005	Lebanon	EE/RE/Other Mitigation	Financing of energy efficiency, renewable energy and green infrastructure projects in Lebanon.	45.00	-	-	-	25,058
Green Banking	ONE Bank Green	41420	Bangladesh	EE/RE	Financing of rooftop solar PV and energy efficiency projects in Bangladesh.	20.00	-	-	-	49,176
Green Banking	Co-op Bank III	41133	Kenya	EE/RE/Other Mitigation	Financing of climate-related projects in Kenya, including biomass, rooftop solar PV and energy efficiency.	30.00	-	-	-	61,140
Green Banking	DCM ABFL GreBond	40557	India	RE	Financing of solar energy projects in India.	153.41	-	N/A	-	120,104
Total						2,204.55	8,213,881	15,063,183	2,235.5	6,328,011



IFC Green Bond Commitments Reconciliation

In FY18, we have undertaken an internal review and reconciliation of commitments and disbursements towards a portfolio of FY14-FY17 Green Bond Eligible Projects. Hereunder we outline corrections and adjustments with respect to commitment and disbursement numbers reported by IFC in prior years ([FY15](#), [FY16](#) and [FY17](#)). IFC Green Bond Commitments by Region and IFC Green Bond Commitments by Sector breakdowns on pp. 12-13 of this report reflect all these corrections and adjustments.

Adjustments to Commitments

FY17:

- Commitments to Renewable Energy sector and Commitments to Energy Efficiency sector: corrected to \$845 million and \$579 million, respectively. FY17 Green Bond Impact Report has the labels reversed.
- Commitments to Multi Region: corrected to \$24 million

FY16:

- Commitments in Latin America and the Caribbean region, Commitments to Renewable Energy sector and Total Commitments: corrected to \$90 million, \$306 million and \$961 million, respectively. FY17 Green Bond Impact Report considered a potential project, not included in FY16 Green Bond Eligible Portfolio commitments

FY15:

- Commitments in Europe and Central Asia region, Commitments to Energy Efficiency sector and Total Commitments: adjusted from \$382 million to \$370 million; from \$296 million to \$284 million; and from \$1,155 million to \$1,143 million, respectively due to a subsequent commitment reduction for project #35012

Adjustments to Disbursements

FY17:

- Total disbursements: corrected to \$1,356 million. FY17 Green Bond Impact Report included only a subset of disbursements for newly-committed projects in the same year (\$899 million). The total amount of disbursements for FY17 towards Green Bond Eligible Projects is \$1,356 million.

FY16:

- Disbursements to Multi Region: corrected to reflect zero disbursement. The disbursement of \$18 million for FY16 reported in FY17 Green Bond Impact Report relates to disbursement in East Asia and the Pacific region in the same year.

IFC Green Bond Program Process

The IFC Green Bond Program follows best market practices and is compliant with the Green Bond Principles.



Projects eligible for green bond financing include the following sectors:

Energy efficiency (EE): investments in equipment, systems and services which result in a reduced use of energy per unit of product or service generated, such as waste heat recovery, cogeneration, building insulation, energy loss reduction in transmission and distribution

Renewable energy (RE): investments in equipment, systems and services which enable the productive use of energy from renewable resources such as wind, hydro, solar and geothermal production

Resource efficiency: investments to improve industrial processes, services and products that enhance the conversion efficiency of manufacturing inputs (energy, water, raw materials) to saleable outputs, including reduction of impact at source

Cleaner technology production: investments in manufacturing of components used in energy efficiency, renewable energy or cleaner production, such as solar photovoltaics, manufacture of turbines, building insulation materials

Financial intermediaries: lending to financial intermediaries with the requirement that IFC investments are on-lent to specific climate projects that fit IFC green bond eligibility criteria; and

Sustainable forestry

Stage 1: Use of Proceeds

Proceeds from IFC green bonds are allocated to a sub-portfolio that is linked to lending operations for climate-related projects ('Eligible Projects'). Only the loan portions of the projects are eligible for funding via green bond proceeds (equity investments and guarantees are ineligible).

Eligible Projects are selected from the IFC climate-related loan portfolio, which comprises projects that meet IFC Definitions and Metrics for Climate-Related Activities. 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.

Stage 2: Evaluation and Selection

In addition to meeting the green bond eligibility criteria, all projects financed by IFC comply with IFC Performance Standards on Environmental and Social Sustainability and the IFC Corporate Governance Framework and have undergone a rigorous due diligence process.

The Center for International Climate and Environmental Research at the University of Oslo (CICERO) has reviewed IFC's project evaluation and selection criteria. CICERO's Second Opinion is published on [IFC's website](#).

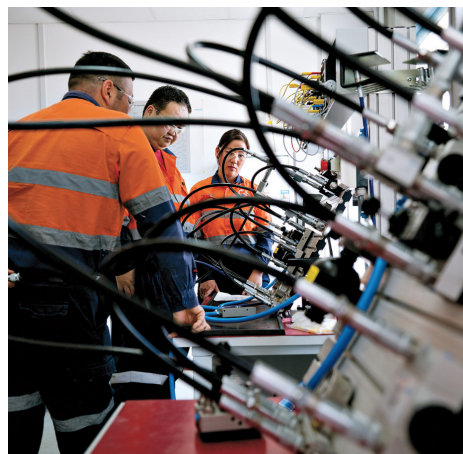
IFC Green Bond Program Process

Stage 3: Management of 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 (except a few cases when the proceeds are on-lent directly to an Eligible Project). The Green Cash Account tracks the difference between the balance of outstanding green bonds and outstanding Eligible Project loans. The Green Cash Account balance decreases as disbursements are made towards Eligible Projects or the green bonds mature and increases as new green bonds are issued or Eligible Projects are repaid. Disbursement requests for Eligible Projects take place in accordance with IFC's established policies and procedures and are often made over a period of time depending on project milestones.

In some cases, the climate-related component of a project supported by green bonds may be a part of a larger investment. In such cases, the green bond portfolio only finances the eligible portion of the project.

Monitoring of the projects comprises regular reports by the investee company on project activities and performance throughout the lifetime of investment.



Stage 4: Reporting

IFC's Green Bond Impact Report follows the Green Bond Principles' reference framework for reporting 'Working Towards a Harmonized Framework for Green Bond Impact Reporting', which aims at ensuring integrity of the market through increased transparency.

The report provides a list of projects that received funding from green bond proceeds and subject to confidentiality considerations, it also provides a brief description of each project, the climate loan amount, and the expected environmental impact. The report only covers projects eligible for green bond financing.

For more information on IFC's climate business visit www.ifc.org/climatebusiness.



IFC Impact Reporting Approach

IFC Access to Information Policy

The Access to Information Policy is the cornerstone of the IFC Sustainability Framework and articulates our commitment to transparency.

We seek to provide accurate and timely information regarding our investment and advisory activities to clients, partners and stakeholders, and we disclose relevant information pertaining to project, environmental and social implications, as well as expected development impact prior to consideration by our Board of Directors.

This commitment also applies to projects funded by the Green Bond Program.

Impact indicators

IFC reports on a number of core indicators for projects included in the Green Bond Program in accordance with the Harmonized Framework for Impact Reporting developed by a group of multilateral development banks including IFC. The four core indicators are as follows:

1. Annual energy savings
2. Annual Greenhouse Gas (GHG) emissions reduced or avoided
3. Annual renewable energy produced
4. Capacity of renewable energy plant(s) constructed or rehabilitated.

Interpreting impact indicators

The impact indicators are tracked on a project-level basis and have not been prorated for the portion of IFC's contribution. Investments in financial intermediaries ensure that climate finance is available for smaller clients that IFC cannot reach directly, such as small-sized and medium-sized enterprises. It is important for IFC that our partner financial intermediaries assess climate impacts of their investment portfolio, and therefore, IFC has developed the application CAFI (Climate Assessment for FI Investment) which enables financial intermediary clients to monitor results for relevant climate-related investments.

IFC's GHG Methodology and Climate-Related Definitions and Metrics are available at IFC Climate Business website.⁵

Reporting allows for quantification of a few core indicators, but it is important to appreciate the limitations of data reported. The main considerations to interpret results are:

Scope of results: Reporting is based on 'ex-ante' estimates at the time of project appraisal and mostly for direct project effects.

Uncertainty: An important consideration in estimating impact indicators is that they are often based on a number of assumptions. While technical experts aim to make sound and conservative assumptions that are reasonable, based on information available at the time, the actual environmental impact of the projects may diverge from initial projections. In general, behavioral changes or shifts in baseline conditions can cause deviations from projections.

Comparability: Caution should be taken in comparing projects, sectors, or whole portfolios because baselines (and base years) and calculation methods may vary significantly. In addition, the cost structures between countries will also vary, so that developing cost-efficiency calculations (results per unit of amount invested in eligible projects) could place smaller countries with limited economies of scale at a disadvantage and not take into consideration country-specific context.

Omissions: Projects may have impact across a much wider range of indicators than captured in the reporting and may have other important development impacts. Furthermore, there may be some projects for which the proposed core indicator is not applicable or the data are not available.

While IFC takes efforts to improve the consistency and availability of reported metrics over time, projects with climate impact can span over a wide diversity of sectors and sub-sectors making complete harmonization of reporting metrics challenging.

⁵ https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Climate+Business



Authors and Contacts

Authors

This report was prepared by IFC's Climate Business and Treasury Market Operations Departments.

The authors are Zauresh Kezheneva, Sophie Peeters, Berit Lindholdt-Lauridsen, Maria Paraan, Olga Khlebinskaya, Emma-Kate Symons, Elena Panomarenko, Arielle Nicole Alexander, and Rebecca Ann Menes. The report's design is by Frank Schroeder.

Contacts

IFC Investor Relations
International Finance Corporation
2121 Pennsylvania Avenue NW
Washington, DC 20433

Email: investors@ifc.org
Twitter: [@IFC_Investors](https://twitter.com/IFC_Investors)

ifc.org/investors

Disclaimer

This report has been prepared for information purposes only. IFC does not make any warranties or representations as to the completeness or reliability of the information, opinions or conclusions expressed herein. The reports and any other information contained or otherwise accessible through the websites mentioned in this report are historical and only speak as of their respective date. IFC is under no obligation to update these materials.

This report is not intended to provide the basis for the evaluation of any securities issued by IFC. This report should not be construed and does not constitute an invitation, recommendation or offer to subscribe for or purchase any of IFC's securities. Under no circumstances shall IFC or its affiliates be liable for any loss, damage, liability or expense incurred or suffered which is claimed to have resulted from use of this report, including without limitation any direct, indirect, special or consequential damages, even if IFC has been advised of the possibility of such damages.

For additional information concerning IFC, please refer to IFC's current Information Statement, financial statements and other relevant information available at www.ifc.org/investors.

