

IFC Infrastructure & Natural Resources

Innovations for Sustainability and Resilience



IFC: A MEMBER OF THE WORLD BANK GROUP



IFC: WHAT WE DO

Integrated Solutions, Increased Impact

INVESTMENT

Financial products tailored to client needs

- Loans
- Equity and Mezzanine
- Trade and Commodity Finance
- Derivatives and Structured Finance
- Blended Finance

\$31.7 billion committed in FY23
\$69.5 billion committed portfolio

UPSTREAM

Create proprietary projects and investment opportunities by developing a sustainable pipeline of bankable transactions

- Early-stage, project level intervention in return for proprietary rights for equity and debt arranger role.
- Promoting and anchoring the design and implementation of platforms and programmatic approaches.
- Working closely across the World Bank Group to help develop policies, regulations and frameworks for private sector investments.

ADVICE

Innovative solutions combining IFC's expertise and tools

- Help Create New Markets
- Unlock Investment Opportunities
- Strengthen Clients' Performance and Impact
- Improve Environmental, Social, and Corporate Governance Standards
- Support shaping corporate sustainability strategies

MOBILIZATION

Mobilizing and managing capital for investment

- Syndications
- IFC Asset Management Company

\$15.0 billion mobilized from other investors

Note: \$31.7 billion includes both IFC's own account and mobilization, excluding MIGA.

IFC INFRASTRUCTURE & ENERGY: FY23 COMMITMENT HIGHLIGHTS

FY23 Commitment Activity

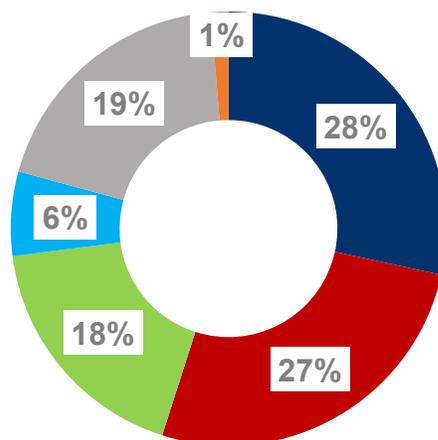
US\$8.0 billion invested in FY23, including:

- US\$3.2 billion for IFC's own account and
- US\$4.8 billion of total mobilization.

US\$13.7 billion committed infrastructure portfolio.

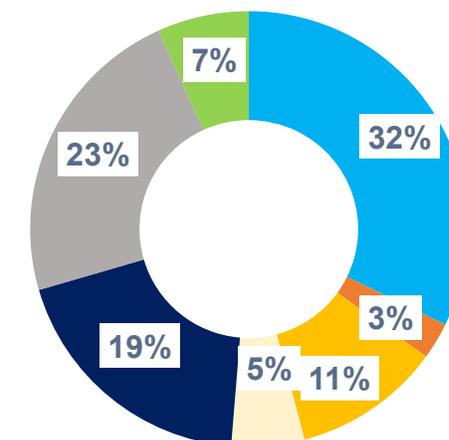
FY23 Commitment Activity By Sector

- Energy
- TMT
- Transport
- Muni and 'Utilities
- Mining
- Other



FY23 Commitment Activity By Region

- Africa
- Middle East
- Central Asia and Turkey
- Europe
- Latin America and the Caribbean
- East Asia and the Pacific
- South Asia



In the last decade, IFC has invested over US\$64 billion in infrastructure & energy in emerging markets.

Innovation in IFC's Product Offering

IFC is committed to combining its traditional DFI offering with innovative approaches

Innovative Approaches:

- ❑ Corporate Finance
- ❑ Sustainability-Linked Financings
- ❑ Upstream Advisory
- ❑ Capital Markets Solutions
- ❑ Re-financing
- ❑ Local Currency Evergreen Pool



IFC is actively seeking to support business innovation with products and structures that were not previously commonplace with DFIs

Corporate Finance

Using unsecured and covenant-light structures to support clients at the corporate level

IFC is expanding our book of **fast-disbursing corporate loans** to clients seeking to expand their activities in emerging markets jurisdictions.

Description	“Covenant-Lite” corporate loans are senior loans, that rank <i>pari passu</i> with the client’s borrower’s existing senior creditors but are under unsecured or under-secured
Covenants	Few covenants and limited mainly to indebtedness, rating maintenance, negative pledge
Eligibility	Generally for clients rated above S&P BB- (international scale)
Currency	Local Currency or US Dollars
Amount	Between \$50 and \$200 million USD equivalent
Maturity	Tenor/maturity can exceed the borrower’s existing debt maturity
Timing	3 to 5 months from mandate to commitment



US\$ 541mn

Corporate Green Loan
Mexico, 2019

Support IEnova’s expansion into the renewable energy sector by financing a 526MW solar PV portfolio in Mexico

IFC is growing its portfolio of corporate unsecured facilities

Sustainability-Linked Financings

IFC is uniquely placed to support sustainability linked financings in emerging markets

Sustainability-linked financings link the pricing of loans / bonds to the achievement of pre-agreed sustainability-linked KPIs. IFC has developed a unique offering for our infrastructure clients:



IFC as Sustainability Coordinator

- IFC can play the **role of Sustainability Coordinator**, helping clients set KPIs, draft sustainability frameworks, obtain second opinions, etc..
- IFC leverages off its **unique, proprietary, impact measurement system (AIMM)** to advise clients on impactful KPIs based on their corporate sustainability strategy
- IFC offers additional **Advisory services** (e.g., community engagement) to complement the Sustainability Coordinator role.



Flexible Product Offering

- IFC can offer different **pricing mechanisms** (including step ups / downs) depending on KPI ambitiousness
- IFC can arrange and mobilize financing for **sustainability-linked loans** but also play the role of anchor investor in **sustainability-linked bonds**



IFC's Unique Brand and Credibility

- Issued its **first green bond in 2010** (and over 157 since)
- Launched the **largest EM green/sustainable bond fund** (with Amundi and HSBC)
- Supported various clients in sustainability-linked financings
- Chaired the **International Capital Market Association's Executive Committee** that published the Sustainability-Linked Bond Principles

Upstream Advisory

IFC provides holistic support for developing sustainable infrastructure

VALUE-ADD BEYOND FINANCING



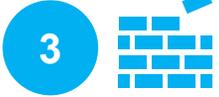
1 Strategic Support: Climate and Social Advisory

Decarbonization pathways, climate resilience & just transition support, gender and inclusion strategies.



2 Transaction Support

Sustainability Coordinator supporting clients in structuring sustainable finance frameworks and obtaining SPOs.



3 Implementation Support

Co-developing solutions to reach sustainability objectives.

CREDENTIALS IN SUSTAINABLE FINANCE SPACE

<p>Water Brazil 2021</p> <p>US\$ 56mm</p> <p>Green/SLL</p>	<p>Water Turkey 2021</p> <p>US\$ 30mm</p> <p>Green/SLL</p>	<p>Energy Asia 2021</p> <p>US\$ 500mm</p> <p>SLB</p>	<p>Mining South Africa 2022</p> <p>US\$ 100mm</p> <p>SLL</p>	<p>Energy Brazil 2022</p> <p>US\$ 116mm</p> <p>SLL</p>
<p>TMT Poland 2022</p> <p>PLN 435 mm</p> <p>SLB</p>	<p>Energy Thailand 2022</p> <p>US\$ 110mm</p> <p>Green Bond</p>	<p>Transport Chile 2022</p> <p>US\$ 70mm</p> <p>SLL</p>	<p>Energy Georgia 2022</p> <p>US\$ 20mm</p> <p>Green Bond</p>	<p>Argentina Mining 2023</p> <p>US\$ 130mm</p> <p>Green and SLL</p>
<p>Energy Chile 2023</p> <p>US\$ 400mm</p> <p>Green and SLL</p>	<p>Manufacturing Senegal 2023</p> <p>US\$ 151mm</p> <p>Green and SLL</p>	<p>Transport South Asia 2023</p> <p>US\$ 164mm</p> <p>SLL</p>	<p>Mining Morocco 2023</p> <p>US\$ 111mm</p> <p>Green Loan</p>	<p>Energy Africa 2023</p> <p>US\$ 98mm</p> <p>Green Bond</p>

THOUGHT LEADERSHIP

- ✓ Recognized for Outstanding Leadership in Sustainable Finance by a Multilateral institution by Global Finance (2023)
- ✓ IFC E&S Performance Standards constitute an internationally recognized framework for E&S risk management.
- ✓ IFC historically chaired ICMA's Sustainable Finance Committee (SLB and GB principles)



Creating Markets, Creating Opportunities

Engie Chile

- In June 2023, IFC closed a **US\$400 million Green and Sustainability Linked Loan for Engie Energia Chile S.A. (EECL) to develop solar PV and BESS**
- EECL, the Chilean subsidiary of Engie Group, is the 4th largest generation company in Chile, with **2.4 GW of installed power capacity**
- This was **IFC's first project with a coal decommissioning KPI** and also its **largest BESS program**



PROJECT HIGHLIGHTS

IFC played several key roles in the transaction:

- IFC supported the client in their **ambitious decarbonization program**, providing financial additionality through a countercyclical role in the market, offering longer tenors, and **mobilizing US\$200 million** in private capital.
- Strong developmental angle by contributing to Chile's energy transition goals (**grid stability** and further penetration of renewables in Chile)
- **Transaction Support:** (i) helped select the three KPIs (coal decommissioning, installed renewable energy, and female managers) and validated the ambitiousness of the SPTs; (ii) assisted Engie in putting together a Sustainability-Linked Financing Framework

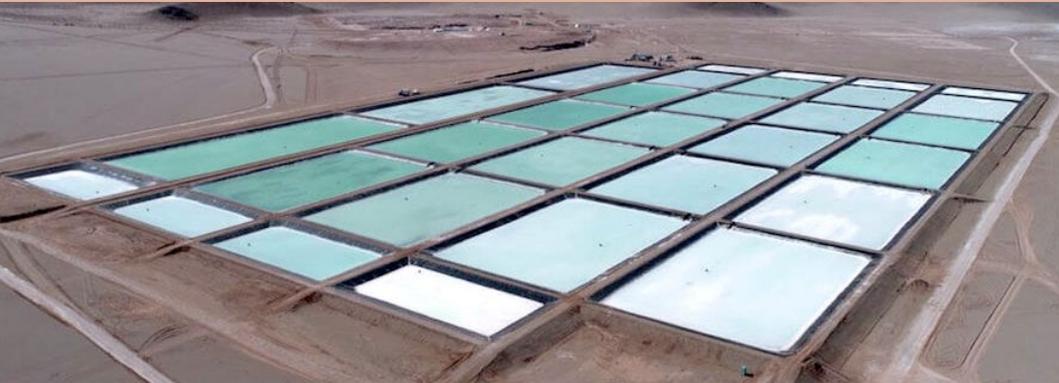


SAL DE VIDA, ARGENTINA

- In July 2023, IFC announced **loan of US\$180 million** with Allkem, a world-class lithium chemical producer, to support **the development of Sal de Vida, a greenfield lithium operation in Catamarca province** of Argentina, located at 4,100 meters above sea level.
- The investment was structured as a **green + sustainability-linked loan**, combining the “green” use of proceeds with sustainability-linked features. The pricing of the loan is linked to the achievement of 3 sustainability targets.

PROJECT HIGHLIGHTS

- Lithium is a key input for batteries that power clean energy technologies and plays a critical role in the transition to a low-carbon future.
- The project will produce 15kt pa of Lithium Carbonate Equivalent (LCE) in its first stage.
- KPIs include reduction of Scope 1 and 2 GHG emissions and increase of renewable energy share to 50% by 2030 (climate) + increase the % of women in workforce of Sal de Vida, from 10% in 2022 to 26% in 2030 (gender)
- The loan will contribute to the economy of Catamarca via local employment, the development of local supply chains, and community development programs.



Capital Markets Solutions

Supporting bond issuances for infrastructure development and refinancing



Anchor Investment and Mobilization

- **As anchor investor**, IFC may help improve tenor or volume beyond what is available under current market conditions
- We can also help to mobilize additional financing into transactions, where required



Technical assistance

- IFC can provide **technical assistance for building debt management capacity and also supports clients in developing green, social, blue and sustainability frameworks**
- IFC can **subsidize certain transaction costs** in emerging markets for debut issuers such as cost of obtaining second party opinion for thematic instruments



Market Development

- IFC can collaborate with central and subnational governments and the World Bank to influence and **improve the regulatory environment** for bond issuance, as well as introduce new structured products in the market
- IFC also supports markets by issuing its own bonds in diverse markets and currencies
- Also sets up dedicated debt funds which serves as a complementary way for mobilizing investment

ECOVIA (BRAZIL)

- EcoNoroeste is part of the Ecorodovias group, a leading Brazilian toll roads operator, which is indirectly owned by ASTM, one of the largest global road operators.
- EcoNoroeste was established to operate, improve, and maintain 600km of brownfield toll-road segments in the State of São Paulo under a 30-year concession awarded in 2022.
- In FY23, IFC invested **US\$ 78 million** (BRL 400 million) in a corporate unsecured debenture issuance by EcoNoroeste that amounted to **US\$280 million** (BRL 1,400 million) and will fund the upfront concession fee payment and related investments.



PROJECT HIGHLIGHTS

- **IFC participated in the BRL 1.4mn debenture issuance** in the current context of a major slowdown in the Brazilian capital markets resulting in the lack of availability of one of the most important and traditional sources of infrastructure financing.
- This is the **first ever subscription** to a debenture by IFC in Brazil, proving our ability to deliver an **important product** to a new client.
- IFC also expects to provide **advisory services** focused on **sustainability**, including assisting the company on its *Carbon Neutral* program certification to **decarbonize** its operations as required by the concession agreement.



Re-financing

Assisting corporate and project finance clients in managing their liabilities

IFC support to re-financings:

- ❑ **Improve alignment of debt profile with crisis-impacted revenue streams** due to demand shocks, currency depreciation, delayed capex and/or renegotiations by off-takers and suppliers
- ❑ **Free-up cash to cover increased expenses or future capital expenditures**
- ❑ **Catalyze the issuance of new debt instruments (such as sustainability-linked, green or blue bonds)** and diversify sources of funding by tapping new markets and investors



2018

US\$403m refinancing (IFC US\$229m)
Cost savings leading to tariff reduction

Asahan Hydro

2019

US\$230m refinancing (IFC US\$40m)
Cost saving and new investor introduction



2019

US\$600m – 75% refinancing (IFC US\$80m)
Debt roll-over and bond issuance



2021

US\$561m – 90% refinancing (IFC US\$56m)
Cost savings, capital market access and Green Bond



2021

US\$620m refinancing (IFC US\$100m)
Maturing debt roll-over and bond issuance

IFC support for refinancing creates financial flexibility for our clients

Local Currency Evergreen Pool

Structuring innovative loan solutions to achieve greater financial flexibility and impact

What is it?

- **A more flexible Local Currency Solution** IFC can offer in selected countries / currencies.

The Benefit for the Client

- **Price Certainty at Commitment:** The all-in pricing is fixed at the signing of Loan Agreement (vs at the disbursement when using swap)
- **Flexible Prepayment:** The client would be able to prepay at anytime for COP and BRL (as interest rate is overnight with no duration), and at an Interest Payment Date for MXN and ZAR, without Make Whole Amount .

Which Country/Currency?

Country	Local Benchmark	All-in rate to the client	Repayment Frequency
Colombia	ONIBR	ONIBR + Spread	Quarterly
Brazil	CDI	CDI + Spread	Semi-Annual
Mexico	28d TIIE	28d TIIE + Spread	Monthly
South Africa	3M JIBAR	3M JIBAR + Spread	Quarterly

Eligibility Criteria

- **Tenor up to 10 years:** The final maturity of the loan shall be up to 10 years from the commitment date
- **Availability Period up to 18 months:** the last date of the Availability Period for disbursement shall be within 18 months from the commitment date

Elektro SLL

- In May 2023, IFC signed an 8-year green and sustainability-linked corporate loan of **BRL800 million (~US\$160 million)** loan to Neoenergia in Brazil.
- The use-of-proceeds will be (i) **network enhancements** to improve the quality of service, and (ii) **network expansions** to connect new users within their concession area
- The price of the IFC loan will be linked to two sustainability targets: increased network **digitalization** and increased **share of female electricians** in the workforce.



PROJECT HIGHLIGHTS

Through its role as the **Sustainability Coordinator** for this project, IFC has helped Neoenergia by:

1. Defining **innovative indicators** on **digitalization and gender** - never used before by other power distribution companies globally;
2. Updating Neoenergia's **Sustainability-linked Finance Framework** to incorporate the new targets; and
3. Coordinating a **Second Party Opinion** for the framework, financed through IFC's Sustainable Finance **Upstream** platform.

This investment will be the second green + sustainability-linked for an energy company in Latin America, only after IFC's investment in Coelba. The investment positions Neoenergia as a **leader in the LAC sustainable finance market**.



SABESP, BRAZIL

- Brazil has significant gaps in access to essential services—with 50.8 percent coverage for sewage treatment and 84.1 percent for potable water.
- IFC provided a **US\$150 million loan (2022) and a US\$200 million loan (2023) to SABESP**, one of the largest water and sanitation companies in the world. The loan will be used to finance investments that focus on improving water quality and expanding sewage collection and treatment in the poorest neighborhoods of São Paulo, as part of the Pinheiros River Clean-Up Program.
- In addition, IFC extended to SABESP the **first pure-play blue loan in Latin America**, with the proceeds to be used for investments that protect water resources.
- IFC is providing advisory services under the **Utilities for Climate (U4C) initiative** to reduce non-revenue water losses and develop a circular economy approach to sewage sludge management.

PROJECT HIGHLIGHTS

- The project will add 29,000 new connections to the sewage collection network, **benefiting approximately 128,000 people** in the city of São Paulo.
- Areas of São Paulo within the project's catchment area had a deficient sewage network. Most of the beneficiaries will gain **access to sewage for the first time**.
- The project contributes to climate mitigation by helping **reduce greenhouse gas emissions and improving water quality** of the Pinheiros River in São Paulo.

