

CONSIDERATIONS FOR FINANCING HIGH SUSTAINABILITY PROJECTS

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INTERNATIONAL FINANCE CORPORATION

Six Decades of Experience in Emerging Markets

Leveraging the full range of
World Bank Group
capabilities



More than **\$321B**
invested since our
founding in 1956



Provides **investment,**
advice, resource
mobilization



AAA credit rating;



Owned by **185** countries,
present in nearly **100**
countries with **4,300+** staff;

IFC is the largest
global development
institution focused on
the private sector in
emerging markets with
a portfolio of **US\$63**
billion worldwide*.

IFC Advisory Programs available with IFC Financings

More than just financing

Operations

Lean Assessment Tool

- Help companies in light-manufacturing identify opportunities to improve operational efficiency and labour productivity through assessment and advisory support



Transactions

Corporate Finance Advisory

- Providing tailored strategic and transactional advisory to manufacturing clients in emerging markets (buy-side/sell-side/corporate)



Sustainability

Decarbonization

- Targeting opportunities for climate-friendly investments, including greater resource efficiency and water savings in manufacturing
- Provides light-touch and in-depth advisory to manufacturing clients to improve energy and resource efficiency, mitigate climate risks and minimize climate footprint



Working Conditions / Labour Standards

- Through the IFC-ILO *Better Work* Program, which works with apparel brands and factories to improve working conditions and business competitiveness in the garment industry

EDGE

- A green building certification system focused on making more resource-efficient buildings with a lighter carbon footprint

Gender

Women Employment Program

- Tools to enhance gender inclusion within operations, increase employee engagement and enhance company performance



Environmental, Social, and Governance (ESG)

Corporate Governance Advisory

- An advisory platform to help clients adopt sound corporate governance practices

Environmental and Social Standards

- Advice clients to improve standards and responsibilities for managing their environmental and social risks



IFC's capability to finance projects in Emerging Markets

Financing climate change abatement

- IFC is an institution dedicated to supporting investments in Emerging Markets (EM), with local presence and knowledge of specific country conditions and requirements
- In most cases, EM companies do not have alternative financing sources, and IFC can provide longer tenors than most commercial banks, along with local or international currencies, corporate/project finance, and secured/unsecured lending
- IFC has in-house robust due diligence practices and people, and regularly syndicates with other banks
- Additionally, IFC's loans are not subject to withholding taxes, and IFC enjoys preferred creditor status from most EM
- Green Loans & Bonds, Blue Loans and Sustainability Linked Financing are examples of the incentivized instruments available for sustainable projects

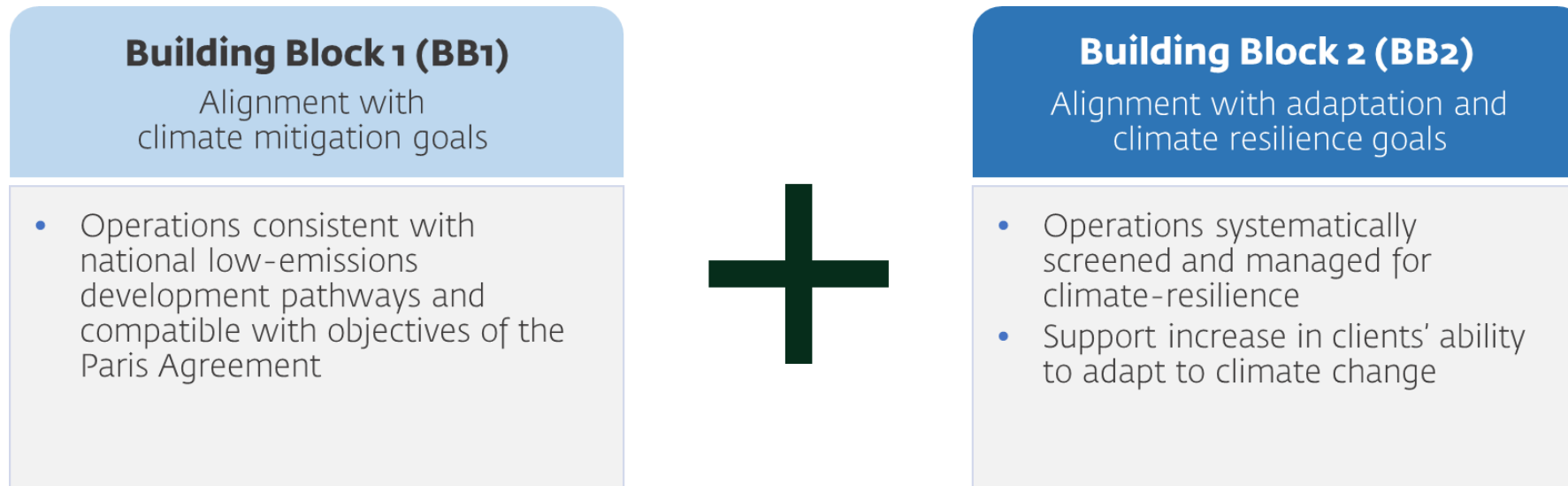


Injection molded plastic parts in Ghana
(Photo credit: Nyani Quarmyne)

Going Forward Paris Agreement Aligned Projects

Financing climate change abatement

- Effective now, minimum of 85% of IFC's projects need to be Paris Agreement aligned
- For the determination whether a project is Paris Agreement aligned, a framework developed by Multilateral Development Banks is followed
- This framework takes into account the country context, scale and the used technology



Going Forward Paris Agreement Aligned Projects

Financing climate change abatement

- IFC is committed to invest in projects that will help mitigate climate change and has a pipeline containing several projects utilizing green hydrogen, circularity and renewable raw materials.
- As industries in EM need to build also more traditional industry, the IFC project pipeline is a mix of high sustainability projects as mentioned above and projects utilizing Best Available Technology processes for optimal energy efficiency
- Additionally, IFC offers advisory and financing for decarbonization of existing assets with renewable energy and process upgrades, to name a few examples



Resource efficient production of jeans in Bangladesh.

(Photo credit: Kazi House Productions)

IFC's capability to finance high sustainability projects in Emerging Markets

Financing climate change abatement

- IFC can work with both small and large corporations and sponsors. IFC can provide both corporate and project financing.
- For riskier projects, it is especially important to have a strong sponsor with the necessary capabilities and sector experience
- In addition, feedstock and offtake arrangements are crucial considerations



Wind powered green hydrogen off-shore skid

(Photo credit: IFC)

IFC's capability to finance high sustainability projects in Emerging Markets

Financing climate change abatement

- Blended finance can be used to lower capital costs and even de-risk projects, for example, through first loss provisions or lowering financing costs
- IFC is developing a “Value chain approach”, meaning that we can develop projects in parallel in a value chain from waste collection to products from waste feedstock (e.g. SAF) or with recycled content (e.g. plastics)
- EPR, carbon tax, recycled content mandates are very much needed in order to level the playing field with virgin materials, and The World Bank Group is well positioned to connect the law makers and the industries for that dialogue



rPET flakes

(Photo credit: IVL)

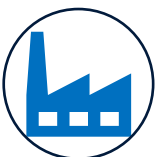
Ifor example, IFC's Value Chain Approach To Circular Economy For Plastics

Catalytic advisor for recycling industry & for creating markets for recycled raw materials



Infrastructure

- Support cities to improve solid waste management (SWM) processes, encouraging removal of materials with market value
- Improve quality & quantity of recycled material **through private sector involvement**
- Link cities with private sector **and support equitable engagement of the informal sector**
- **Invest in recycling & processing, and energy recovery from residual waste**



Manufacturing

- Improve robustness of recycled materials while creating business opportunities
- Work with clients to increase recycled content and optimize value chain
- Improve quality of recycled material
- Encourage use of recycled material to create demand
- **Invest in manufacturing facilities using recycled materials as key source of feedstock**



Coordinated efforts across the World Bank Group

Advisory Services

- Circular economy interventions for sustainably-focused private sector companies
- Promote adoption of 3Rs and innovative business models
- Support **private sector involvement in waste management**
- **Support on regulatory** environment and helping to choose the right technical solutions



Challenge: develop scalable & bankable circular economy deals, which requires a strategic sectoral approach and deep knowledge of national regulatory environments



Potential outcomes:

- Integrated SWM systems and improve livelihoods, leading to less leakage of plastics and waste into the community and oceans
- Reduced emissions across sectors, contributing to national climate goals
- Improved economic development through localized capture, sorting, and processing operations
- Diversified downstream industries and more complex economies

Examples of IFC Green Financings & Sustainability Investments

Partial Reference list

China ALBA Group <u>ALBA Group Asia</u> \$60 million Hazardous waste treatment and biowaste treatment projects (Tranche 1)	Nigeria engee <u>Engee</u> \$39 million Continuous Polymerization plant + Advisory to implement a plastics waste recycling program	Lebanon Unimetco <u>Up to \$25 million</u> Capex (polyester reactors, system house for polyurethane and packaging adhesives)	Yemen Nadfood National Dairy & Food Co. <u>Nadfood</u> \$75 million Permanent WC needs + Advisory in energy and water efficiency / wastewater treatment solutions	Thailand/Brazil INDORAMA VENTURES <u>Indorama Ventures</u> \$300 million Expansion of recycled PET capacity and other sustainability projects
China adecoagro <u>Adecoagro</u> \$100 million Expansion of dairy production capacity and further downstream dairy integration + Advisory in energy efficiency	Pakistan Packages <u>Packages</u> \$25 million Capex, including resource efficiency measures to conserve energy and water usage	Egypt Lekela <u>Lekela</u> \$82 million Construction, operation and maintenance of a 250 MW wind farm	MENA YELLOW DOOR ENERGY <u>Yellow Door Energy</u> Up to \$35 million Construction of green field rooftop and ground-mounted distributed solar projects	Jordan KOSPO KORER SOUTHERN POWER CO., LTD. DAELIM ENERGY <u>Daehan Wind Power</u> \$53 million Construction, operation and maintenance of a 51.75 MW wind farm
Egypt ALCAZAR ENERGY <u>Horus Solar Energy</u> Up to \$57 million Construction of a green field greenfield 50 MW photovoltaic plant	China Envision <u>Envision Energy</u> \$50 million Working capital requirement related to two assembly facilities	Mexico CEMEX <u>Cemex</u> Up to \$170 million Support projects to enhance improvements in environmental performance in the operations	Jordan Masdar A MUBADALA COMPANY Baynouna \$225 million Construction, operation and maintenance of a green field 200 MW solar PV plant	Jordan XENEL <u>About Energy</u> \$33 million Construction, operation and maintenance of a 49.5 MW wind farm