

FIG LAC Climate Finance in LAC



Creating Markets, Creating Opportunities





EDGE – A SOLUTION FOR GREENING THE BUILDING SECTOR



IFC provides different model in the promotion of Sustainable Construction...



IFC's consulting models in sustainable construction

In-house training	Awareness – raising Events	Technical advice	Business model design	Portfolio's report 	Trusted Advisory 
Training sessions for the bank's staff to promote knowledge in sustainable construction	Generate interest in the market in order to position the bank in the system with technical expertise	Develop skills in sustainable construction in the sector with direct support to clients and the market	Design a sustainable business model for green buildings, defining a strategy, a value proposition, and an action plan for its implementation	Provide support through technical expertise in sustainable construction, participating in the development of a strategic business model	Provide support through technical expertise in sustainable construction, participating in the development of a strategic business model

Green Building Market Transformation Program (1/2)

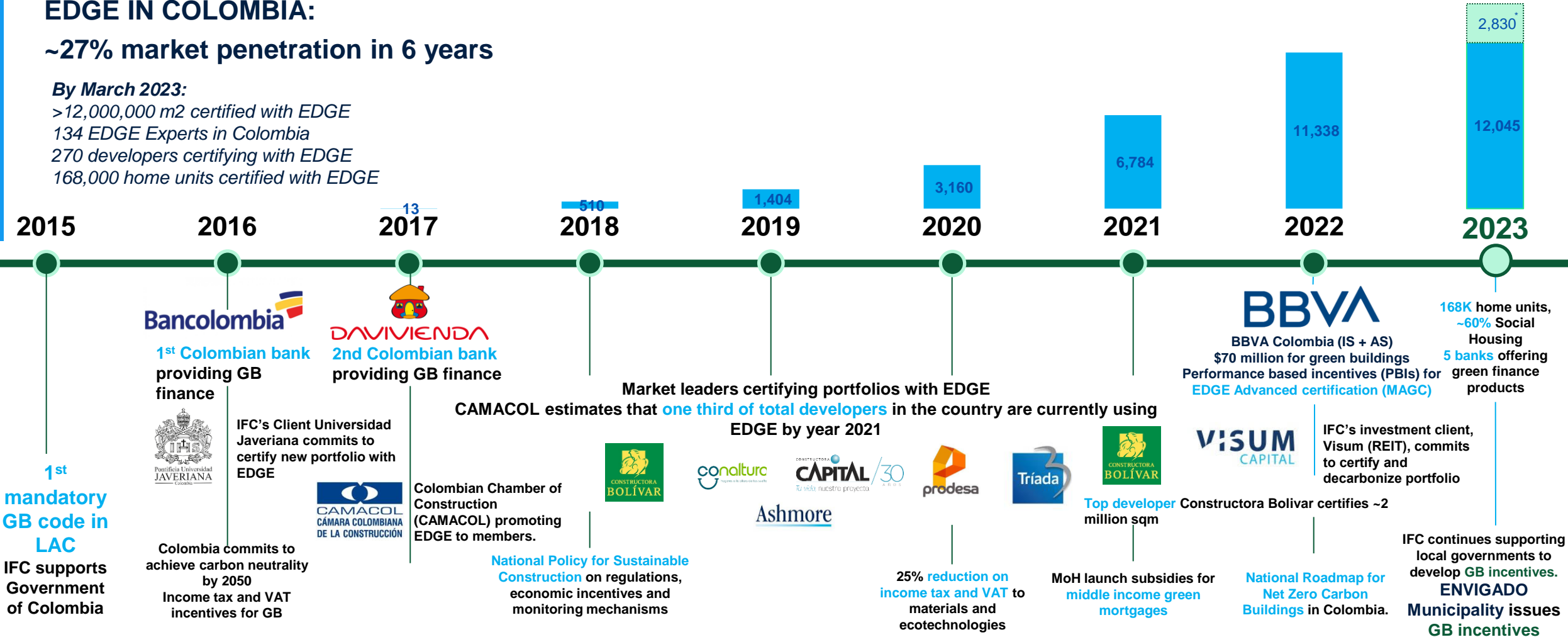
EDGE IN COLOMBIA:

~27% market penetration in 6 years

By March 2023:

- >12,000,000 m² certified with EDGE
- 134 EDGE Experts in Colombia
- 270 developers certifying with EDGE
- 168,000 home units certified with EDGE

Cumulative EDGE certified floor space (in 000's m²) in Colombia



* Estimate of EDGE additional m² based on 2023 actuals.

Green Building Market Transformation Program (2/2)

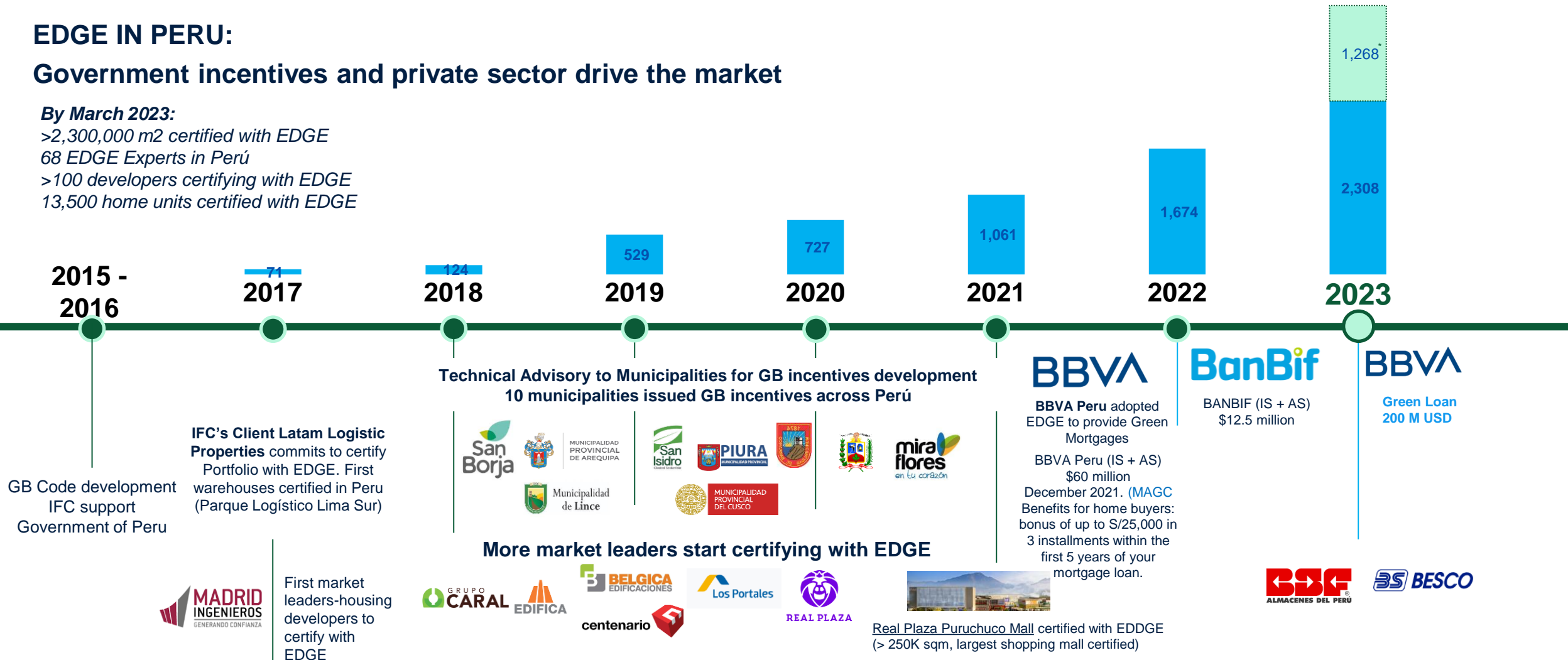
Cumulative EDGE certified floor space (in 000's m²) in Peru

EDGE IN PERU:

Government incentives and private sector drive the market

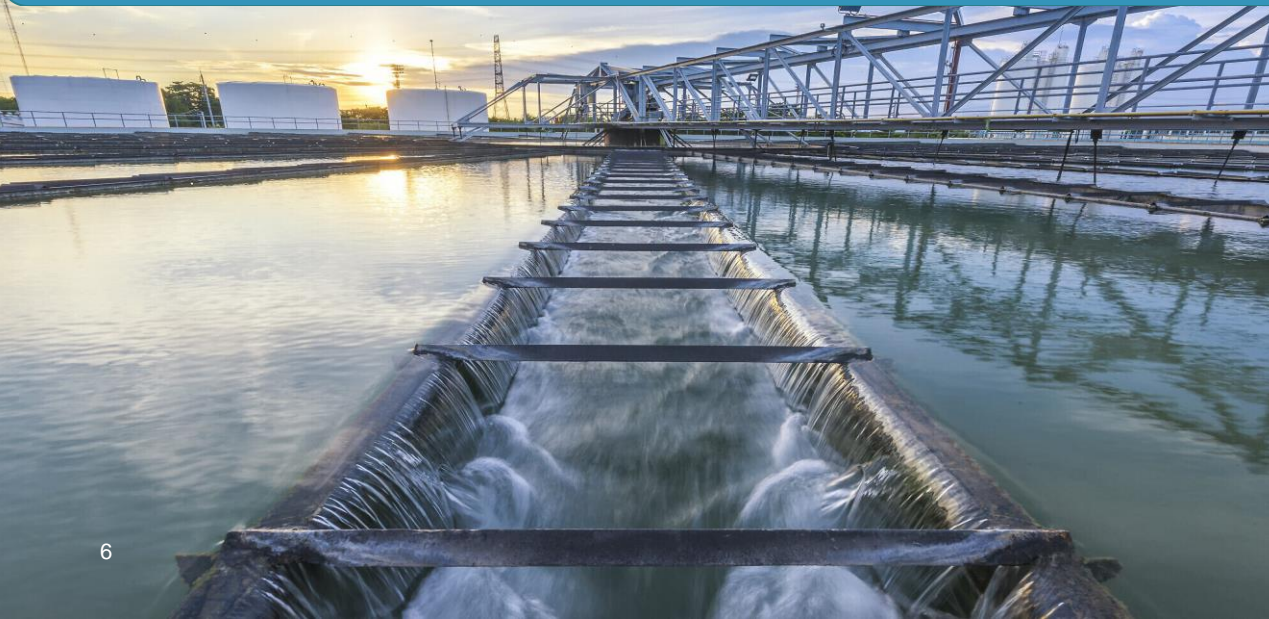
By March 2023:

- >2,300,000 m² certified with EDGE
- 68 EDGE Experts in Perú
- >100 developers certifying with EDGE
- 13,500 home units certified with EDGE





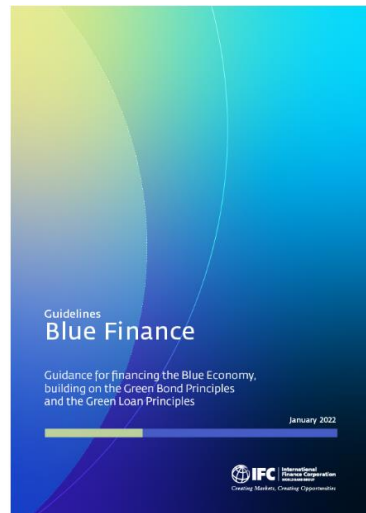
BLUE FINANCE – FINANCING THE BLUE ECONOMY



Blue Economy is a strategic priority for IFC, as it supports 3 Bn. people who rely on the ocean for food, employment, and their overall well-being while also preserving our oceans

Investing in Blue Finance:

- diversifies and grows **economies**
- boosts **marine-health**
- improves **livelihood** and provides **jobs**
- preserves **oceans**
- creates ocean-tourism **sustainable**
- increases sources of **clean-water**
- helps curb **carbon emissions**
- protects communities from **climate change**



Manufacture



Water treatment



Transport / ports / logistics



Fishing / shellfish



Tourism



Water management



Chemicals and plastics related to sectors

Blue finance

1. Standard-setting and market guidance

- Implementation of Blue Finance Guidelines – across IFC investments and in the market (e.g. Orsted Blue Bond – first energy company)
- Blue Bond Practitioners Guidance in collaboration with ICMA, ADB, UNEP-FI and UN Global Compact
- IFC's Blue Finance Guidelines were further incorporated into national taxonomies – Sri Lanka, Philippines, National Bank of Canada
- SBFN included Blue references in 2023 SBFN Measurement Framework and Methodology
- CAFI Blue Finance Update to measure blue impact reporting
- Global Finance - Sustainable Finance Awards 2024 - Best Multilateral Institution for Sustainable Finance. Blue Finance initiatives were highlighted in GF's Press Release

2. Market Studies

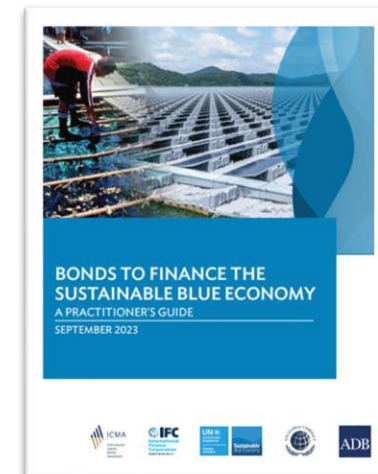
- 3 Market Mapping exercises: 28 priority markets with at least US\$90 bn investment opportunities across LAC, ECA and AFRICA

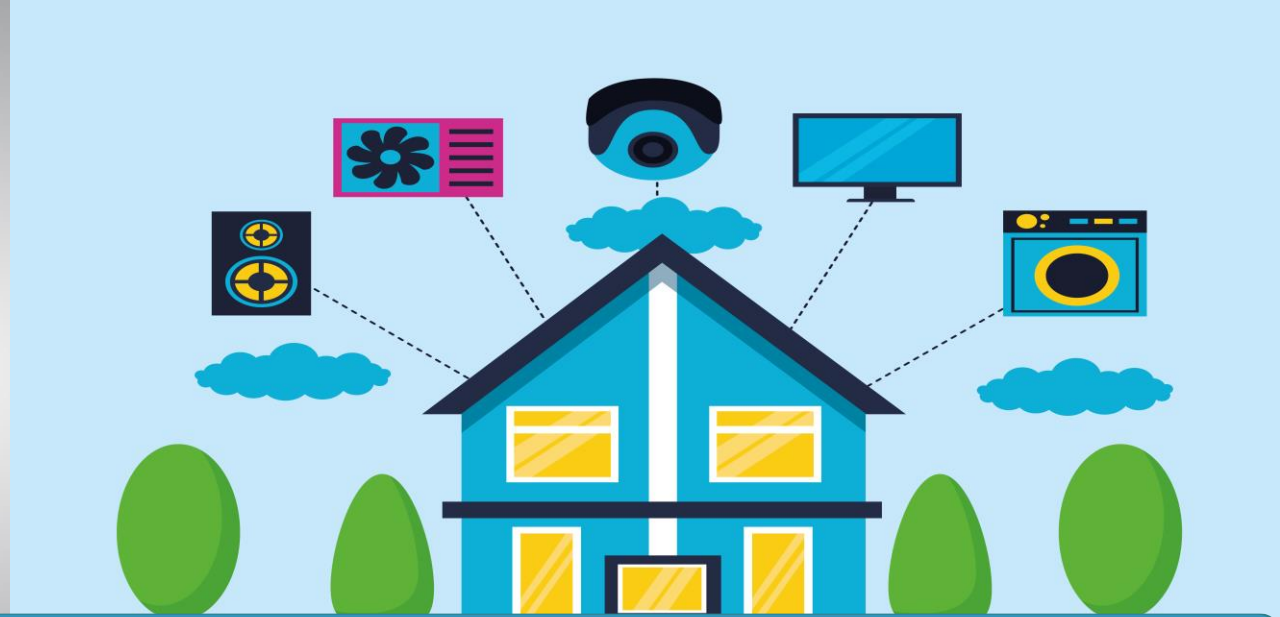
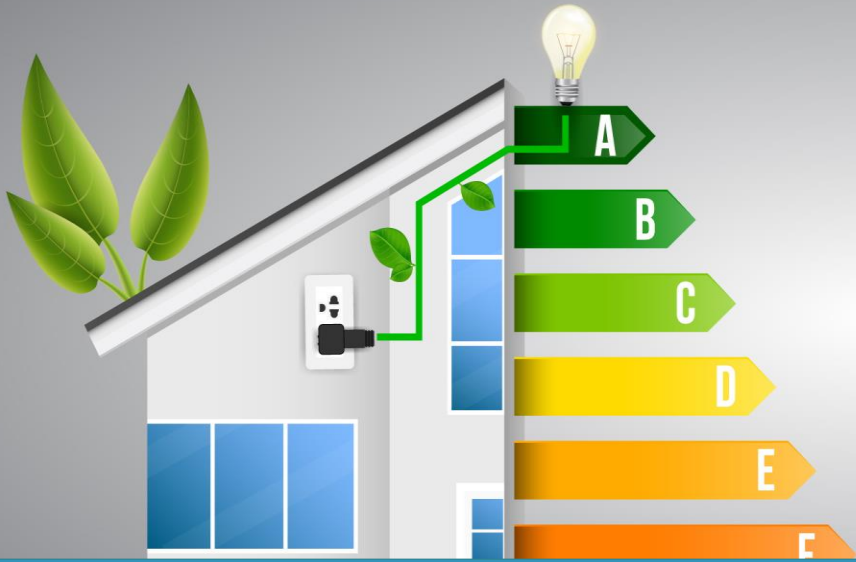
3. IFC O/A Investments, Mobilization, and Funding

- More than US\$1.5 Bn in blue investments in the private sector (O/A + mob): Asia (US\$720 mn); LAC (US\$591 mn); Europe and Central Asia (US\$220 mn)
- Blue Investment Fund underway (target: up to US\$500 mn) accompanied by an IFC-managed Technical Assistance Facility (TAF)
- Blue incorporated into IFC's Green Bond Framework paving the way for IFC's own, blue-labelled issuances in the future
- IFC issued its first green bond (equivalent to \$187 million) designed to promote ocean-friendly projects and critical clean water resource protection in developing countries

4. Advocacy and Knowledge Management

- External conferences and workshops: e.g. Sustainable Debt EMEA 2024, WOS24 SBEIF, Africa Blue Finance webinars, COP28 Blue Finance Panel, GB-TAP, NOVA Ocean Policies Master class, ECA GBAC, COP27, WOS 23, Japan Day, Rabobank Blue Finance Roundtable, KPMG OA, SOA
- Internal conferences and workshops: e.g. FIG KF, Knowvember, MUFG Knowledge Session, Blue Finance trainings (TTB, TISCO, AXIS, SeABank, Federal Bank)





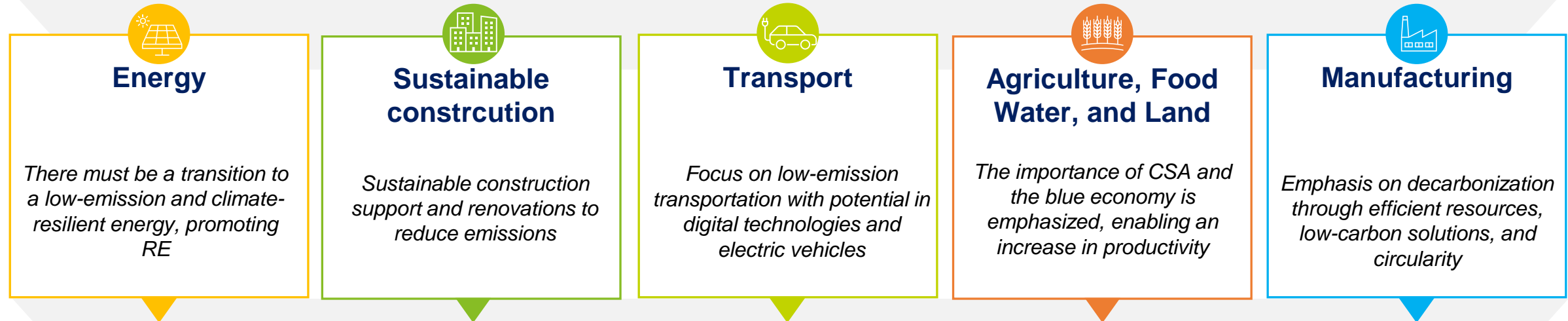
Energy Efficiency



Boosting EE is a clear opportunity that impacts 5 key sectors and an important area for FIs

These generate 90% of greenhouse gas emissions

We align our proposal with the World Bank's Climate Change Action Plan 2021 - 2025



Obtaining value from sustainability is one main challenge for organizational decision-making

REGULATORY IMPLICATIONS VARY DEPENDING ON THE TYPE OF ACTIVITIES

- Energy Efficiency
- Renewable Energy
- Emissions Offset
- Technology and Innovation

RETAIL, SMEs, LARGE CORPORATIONS & INSTITUTIONS HAVE TO REDUCE EMISSIONS

- Differentiate between supply and demand in customer segments
- Design clear value proposals with a broad scope

URGENT ACTION IS NEEDED

- Lead with a strong vision and plan
- Deliver clear messages on sustainable commitments
- Quality information to highlight relevance to our drive for change

Financial Institutions have a great potential to accelerate the transition

Source: Adaptation from the World Bank. Climate Change Action Plan 2021-25. [English Document](#)
 Note: 90% represents the 5 key sectors (energy; agriculture, food, water, and land; cities; transport; and manufacturing)

Financing EE is a 'quick win' for the financial sector while contributing to reach Net Zero

Favourable cost/ benefit impact

1 Priority to address in the Net Zero roadmap

Energy efficiency is key as the reduction of energy intensity means a reduction in emissions

Energy Efficiency

For companies it is essential to start with energy audits

Renewable Energies

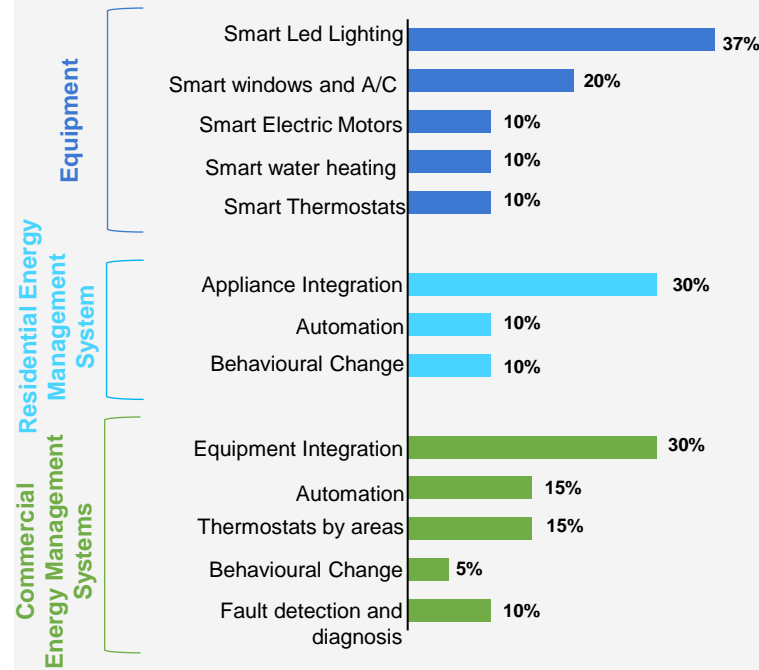
Critical to achieve decarbonization after reducing and optimizing consumption

Emissions Offset

Offsetting emissions that cannot be reduced or generated by renewable sources

2 Fosters innovation and technology

Emissions reduction through EE can be enhanced using technology with efficiency potential



3 Enables rapid growth of the % green portfolio

Different Cross-Sectoral solutions that require the use of technology



Energy Sector

EE: Sustainable appliances, heating, smart grids, storage, home improvements, ...
RE: production, transmission, ...



Construction Sector

Sustainable Construction: Energy and water consumption efficiency, ...



Transport Sector

Clean transport: electric, hybrid, ...



Agriculture Sector

Efficient Machinery, drip irrigation, drone seeding: agriculture, sustainable livestock, smart practices
Water management: infrastructure, treatment, drainage systems, ...



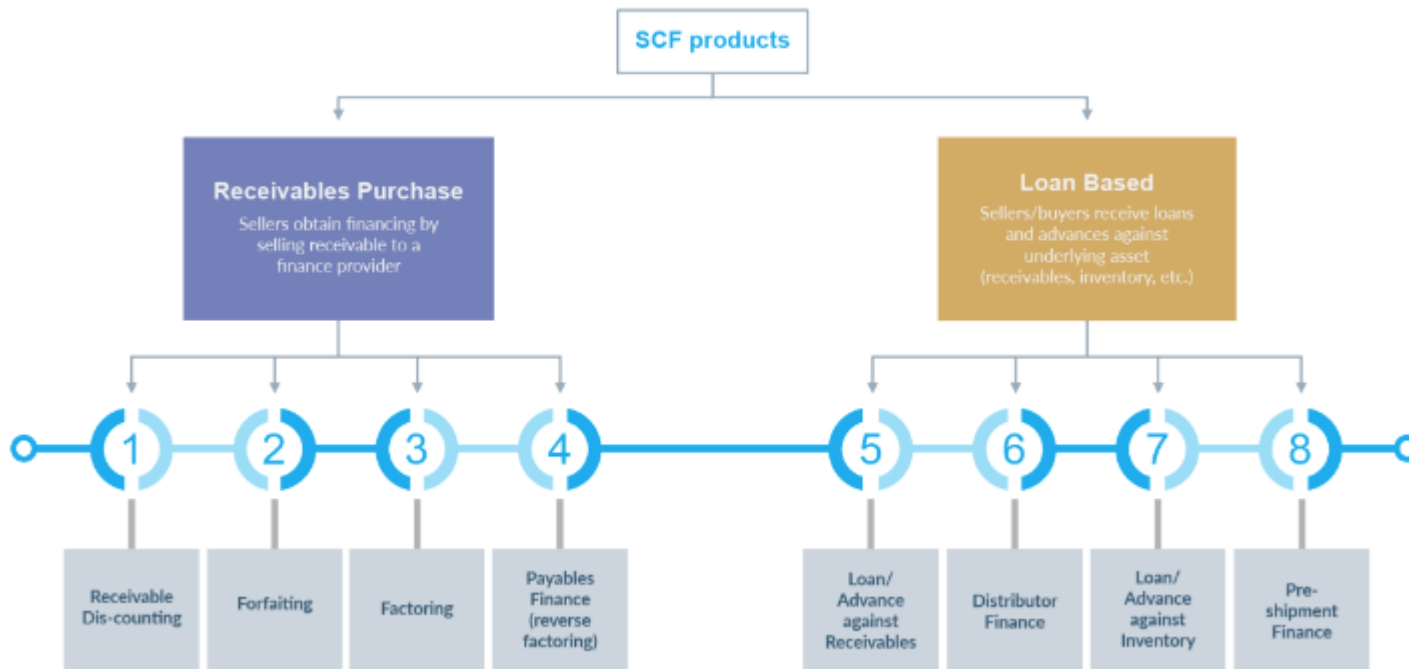
Other Sectors

Technology: Systems automation, ...
Manufacture: Efficient equipment, ...
...

Opportunities in sustainable supply chain finance

Favourable cost/ benefit impact

There are ample opportunities for banks to launch sustainable SCF products, leveraging the corporate relationships that they have, to fund suppliers and distributors in the supply chain and introduce sustainability practices.



Source: Global Supply Chain Finance Forum.

Key Pillars for Advisory Engagement

- 1 Opportunity Sizing, Strategy and Business Model design
- 2 Sustainable SCF Products
- 3 Anchor engagement & supplier onboarding
- 4 Credit Risk Frameworks
- 5 Monitoring & Sustainability Performance

In this journey, IFC-Trade Finance programs with climate component in LAC have been crucial...

Risk Counterparty

Banks

Transactional

Global Trade Finance Program (GTFP)

Provides unfunded guarantees to take risk on emerging markets issuing banks and shares risks with international or regional banks to promote availability of trade finance, particularly in IDA+FCS markets. **GEFF** label for maturities exceeding 3y.

Portfolio

Global Trade Liquidity Program (GTLP)

Provides funded or unfunded risk sharing facilities to support trade finance in emerging markets by partnering with international banks.

Risk Counterparty

Corporates

Using FIs as Intermediaries

Portfolio

Global Supply Chain Finance Program (GSCF)

Provides short-term finance to suppliers through partner banks by discounting buyers' receivables or invoices before the due date. The program includes payables finance, reverse factoring, to receivables finance.

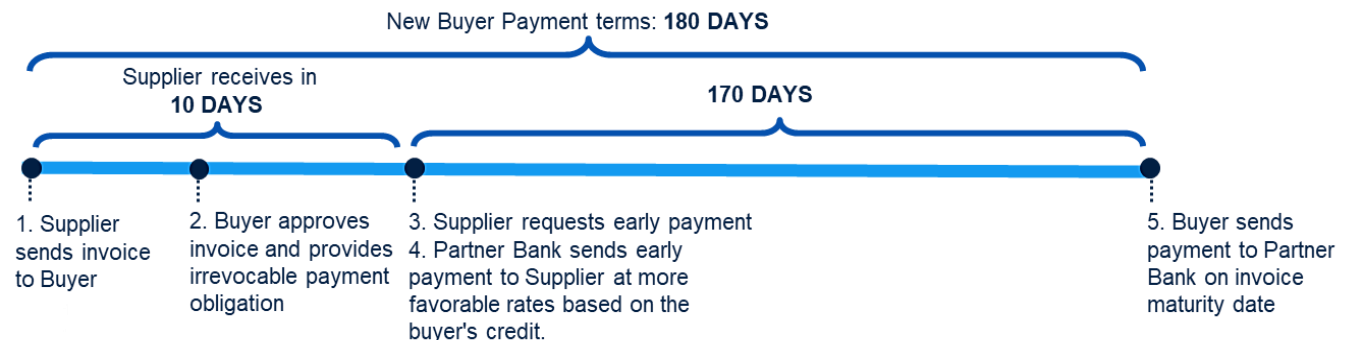
Structured

Global Warehouse Finance Program (GWFP)

Provides commodity financing solutions to banks and corporates by allowing agricultural players to use agricultural commodities stored in warehouses as collateral.

GSCF Facility with Citibank – Mexico buyers

- In 2023, IFC launched first risk-sharing facility with Citibank, N.A. in a portfolio of supply chain finance-related assets for up to US\$300 million with IFC investment of up to US\$150 million.
- The facility provides the needed supply chain finance to suppliers and buyers in emerging markets, thus helping to ease constraints and boost market resilience amid global economic uncertainty.
- The supply chain finance assets in the portfolio will be originated globally by Citi and/or its affiliates or subsidiaries.
- IFC is currently working on the second GSCF facility with Citi to include multiple buyers for subsequent phases of this project.





Climate Smart Agri

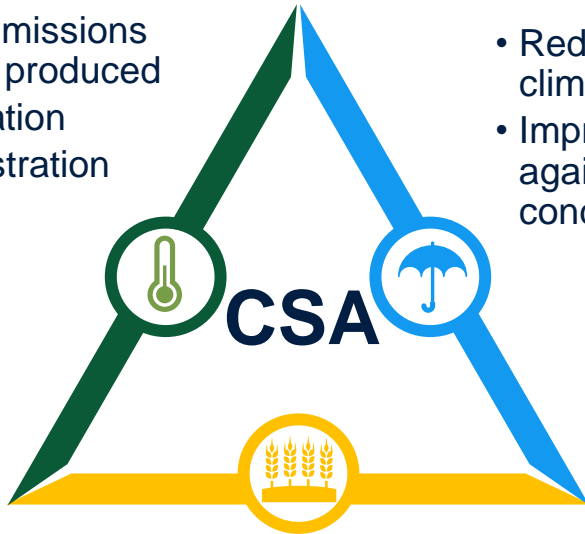


What is climate smart agriculture?

Climate Smart Agriculture

Mitigation

- Reduce GHG emissions per unit of food produced
- Avoid deforestation
- Carbon Sequestration



Adaptation & Resilience

- Reduce vulnerability to climate risks and shocks
- Improve resilience against adverse conditions

Productivity/Incomes

- Sustainably increase food production and security
- Boost incomes for food producers



Definition*:

Integrated approach to manage landscapes to sustainably increase **productivity** and incomes, **adapt** to climate change, and reduce **GHG emissions** and/or sequester carbon.



Processes:

- Explores synergies in a single or combination of practices with **different purposes** (productivity, mitigation and adaptation).
- Linkages across multiple SDGs



Investments:

- Mix of both practices and technologies
- Applicable through the whole agri value chain
- Agri lending, supply chain finance, trade and warehouse finance

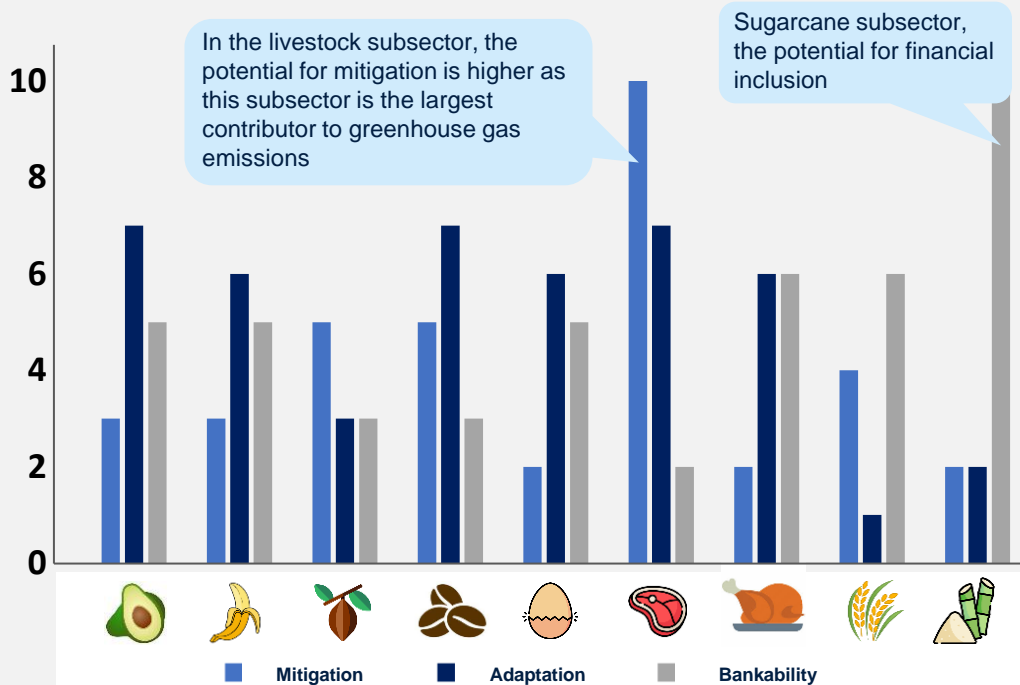


Key investment areas:

- Animal protein
- Land and crop
- Reducing food loss
- Renewable energy & water/energy efficiency

In Colombia, the estimated funding opportunity for Climate Smart Agriculture ranges from US\$3-6 billion

Qualitative criteria for the selection of the value chain



Mitigation represents the potential to reduce greenhouse gas emissions in the subsector. Adaptation represents the subsector's vulnerability and the potential to reduce vulnerability through investment. Bankability represents the current access to subsector financing

The greatest opportunities exist in..

Irrigation and water management system - coffee, cacao, banana, avocados (COP10-60 million); IRR: 15%



Agroforestry systems - coffee and cocoa (COP14-16 million per hectare); IRR: 6%.



Silvopastoral systems - livestock (COP2.7-11.8 million per hectare); IRR: 4-12%



Energy Efficiency - Livestock - solar-powered milking system (COP14 million for 2 animals); poultry production systems with solar lighting (COP1.2-1.5 billion per 80,000 birds)





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