

## INTERNATIONAL FINANCE CORPORATION

A MEMBER OF THE WORLD BANK GROUP



## **IBRD**

International
Bank for
Reconstruction
and
Development

Loans to middle-income and creditworthy low-income country governments



### IDA

International Development Association

Interest-free loans and grants to governments of poorest countries



## **IFC**

International Finance Corporation

Solutions in privatesector development



## MIGA

Multilateral Investment Guarantee Agency

Guarantees for foreign direct investment's non-commercial



## **ICSID**

International
Centre for
Settlement of
Investment
Disputes

Conciliation and arbitration of investment disputes

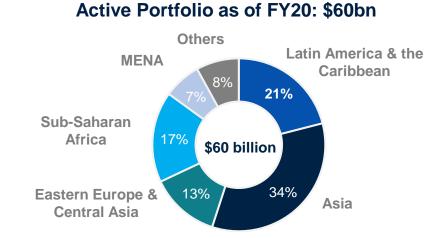




## IFC IS THE PRIVATE SECTOR ARM OF THE WORLD BANK GROUP

The largest global development institution focused exclusively on the private sector in developing countries

Active Portfolio as of FY20	\$60 bn	
FY20 Commitments - Syndicated - Own Account	<b>\$22.0 bn</b> \$10.8 bn \$11.2 bn	
Number of projects Investments in IDA/FCS Countries Investments in Climate Investment horizon	280 \$2.8 bn \$3.2 bn up to 10-12 years, both equity and debt	













## **Mobilizing the Private Sector and Creating Markets**

- Engage in difficult environments and mobilize private finance enabling a development impact beyond its direct resources.
- Sustainability: IFC is an investor focused on development impact and climate change. Promoter of environmental, social, and corporate governance standards.
- Create, deepen, and expand markets where they are weak or do not currently exist
- Maximize the financing available in areas with the most needs



## IFC UPSTREAM'S EARLY-STAGE PROJECT DEVELOPMENT

IFC can support project development activities for projects advancing circular economy and transitioning to decarbonization

#### Predevelopment Development Financing

IFC supports early-stage pipeline generation by leading or supporting funding for studies, market scoping, diagnostics, market/company surveys, etc.

IFC supports development of projects following confirmation of their prefeasibility by contributing resources and/or funding for the execution of development activities. IFC's value-add is in ensuring that projects are bankable IFC provides debt and/or equity financing and helps mobilize third-party capital required to fund and execute the project

Market Scoping/Assessment

Legal and Regulatory Review

**Prefeasibility Study** 

#### **Project Preparation**

- Market / Technical assessment
- Project structuring and planning
- Economic assessment (and alternatives)
- Legal and regulatory assessment and engagement
- Environmental and social-impact assessment, etc.

Business Model/ Financial Structuring

Proof of Concept/Piloting

Financing & Mobilization of Capital

IFC provides technical assistance and capacity building throughout the project-development cycle

## CLIMATE CHANGE AND THE WORLD BANK GROUP

Climate Change - a fundamental threat to the objectives of WBG of alleviating poverty & boosting shared prosperity

- The WBG aims to invest and mobilize \$200 billion in climate-related financing over 2021-2025. Per the newly released Climate Change Action
   Plan, the WBG is committed to aligning its financing flows with the objectives of the Paris Agreement
- The private sector is the key engine of sustainable development and will be the key driver for low carbon transition
- Since FY05, IFC has provided \$24+ billion in long-term financing for climate-related projects and nearly \$19 billion in core mobilization.

	2020	2030	
Own-Account Commitments	\$11.1B	\$25.0B	
Climate Change Action Plan (April 2021)	<ul> <li>85% of IFC new operations will be Paris aligned by July 1, 2023</li> <li>At least 35% of WBG's financing to have climate co-benefits over the next 5 years. In manufacturing, IFC will support proven abatement measures and innovative new technologies.</li> </ul>		

## IFC'S DECARBONIZATION OFFERING

IFC can help carbon-intensive manufacturing companies to develop long-term decarbonization roadmaps compliant with sustainable finance principles and achieve their GHG reduction ambitions

#### What support can IFC provide?

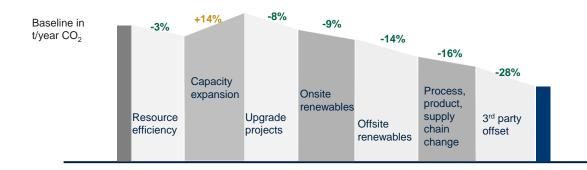
- Facilitate Carbon footprint assessment (Scopes 1, 2 and where feasible 3)
- Facilitate GHG reduction target setting: SBTi (or equivalent)
- Identify options for decarbonization (via energy and resource efficiency, renewable energy, carbon credits)

- Develop decarbonization roadmap
- · Facilitate setting internal carbon pricing
- Design financing plan ensuring eligibility to sustainable finance
- Provide sustainable finance products: green loans, sustainability linked loans
- Work with local Governments to remove barriers and adopt supportive policies

#### IFC is ideally positioned to support your company in decarbonization via:

- A strong in-house industry expertise in resource efficiency and renewables
- A vast network of external partners and niche experts
- Independence from equipment manufacturers and technology providers
- A proven track record of advisory clients in all regions
- Ability to provide green, sustainability-linked and transition finance

#### **Example: 5-year GHG emissions cumulative reduction pathway**



#### Case study: Decarbonization roadmap in the Chemicals industry

Sector: Chemicals – Plastics Asia

Project size: US\$100+ million or investment

potential identified

#### **Background & Objective**

- The client is a manufacturer of plastic resins and various chemical products in Asia
- The client sought IFC expertise in developing its energy related GHG emissions reduction pathways

#### **Approach** (under a Joint Development Agreement)

- On Existing plant
  - Resource efficiency assessment,
  - Carbon footprint assessment and GHG emissions reduction pathways,
- Decarbonization of 1.6-1.8 bln. greenfield investment: assess the carbon and water footprint in parallel, as well as identify offsetting opportunities for the greenfield plant.

#### Value-add

- IFC's engagement resulted in US\$100+ million or investment potential identified, including:
  - Efficiency/ Modernization/ upgrade projects
  - Resource efficiency measures
  - On-site PV
  - Off-site PV and wind
  - Process, product and distribution changes
- With a CO<sub>2</sub> reduction potential of up to 189,000 t/year of CO<sub>2</sub> equivalent



# SOME IFC WASTE HEAT PROJECT EXAMPLES: SANKO (CIMKO) AND SISECAM

## **Sisecam**

As a part of efficiency investments program, Sisecam installed ORC (Organic Rankine Cycle) waste heat recovery systems with IFC financing:

- Bulgaria, Flat Glass, 3.3 MW capacity ORC (includes Flue Gas Treatment), CAPEX: \$17.5 Million, GHG avoided 21.5kton/year
- Mersin, Flat Glass, 4.1 MW capacity ORC, CAPEX: \$11.5 Million, GHG avoided 16kton/year



## Sanko (Cimko)

IFC financing of

\$40 million own account

+\$25 million mobilization

for efficiency projects including a WHR unit

Cimko installed a 7MW ORC (Organic Rankine Cycle) Plant, with CAPEX around 1500 US\$/kW.

IFC has been trying to raise overall awareness of ORC technology in Turkiye since 2015. Main decision criteria for selecting ORC is:

- Up to 10% more electricity generation
- cost per kW is lower
- air cooling system with no water consumption
- · less personnel need



# IFC REPORT - WASTE HEAT RECOVERY IN TURKISH CEMENT INDUSTRY (2018)

Review of Existing Installations and Remaining Potential

## Findings Summary in a Nutshell

Existing WHR plants achieved large savings, yet still have a potential for capacity utilization increase

Annual savings of the electricity bill

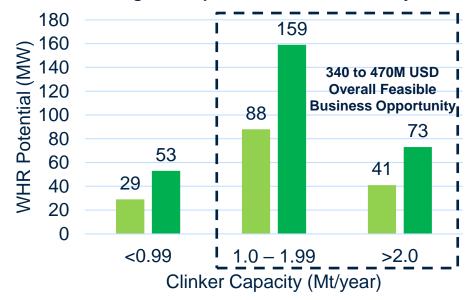
# up to 31%

- Actual project IRRs range from 6 to 27 % for surveyed plants having WHR
- For the surveyed plants that don't have WHR and are all low to medium capacity, ORC technology could accommodate lower inlet temperatures with IRRs up to 25%
- WHR Feasibility usually improves as the capacity increases, when the un-surveyed plants are considered

Estimated cost of WHR electricity

# below \$45 per MWh

#### Remaining overall potential for WHR in Turkey



- WHR potential @ 25 kWh/t clinker (MW)
- WHR potential @ 45 kWh/t clinker (MW)





**ANNEX** 

## IFC PRODUCTS AND SERVICES

Integrated Solutions, Increased Impact

#### A WIDE RANGE OF PRODUCTS AND SERVICES

#### **Upstream/IFC 3.0**

IFC is committing time and resources to create, and implement investment projects through, deepen, and expand markets and imagine, design:

- Global-Delivery Platforms, including design and development of scalable products and/or solutions applicable to multiple projects in a sector
- Sector-Wide Initiatives such as countryspecific interventions to unlock markets in a sector
- Early-Stage Project Development, covering project-specific engagements with potential sponsors and co-investors

250 people employed globally in Upstream

#### Investment

#### Loans

- Project and corporate financing
- On-lending through intermediary institutions

#### **Equity**

- Direct equity investments
- Private equity funds

#### **Trade and Commodity Finance**

 Guarantee of trade-related payment obligations of approved financial institutions

#### **Derivative and Structured Finance**

 Derivative products to hedge interest rate, currency, or commodity-price exposures of IFC clients

#### **Blended Finance**

- Using donor funds to crowd in private financing
- \$21.9 billion committed in FY20
- \$58.7 billion committed portfolio

#### **Advisory**

# Innovative solutions combining IFC's expertise and tools to:

- Strengthen clients' performance and impact
- Reduce operational risks
- Enhance sustainability and competitiveness
- Improve environmental, social, and corporate governance standards
- \$274.4 million program in FY20

#### **Mobilization**

#### **Syndications**

- Capital mobilization to serve developmental needs
- Over 80 co-financiers: banks, funds, DFIs

#### **Equity mobilization**

\$28 billion syndicated in last five years



# **IFC'S DECARBONIZATION OFFERING**

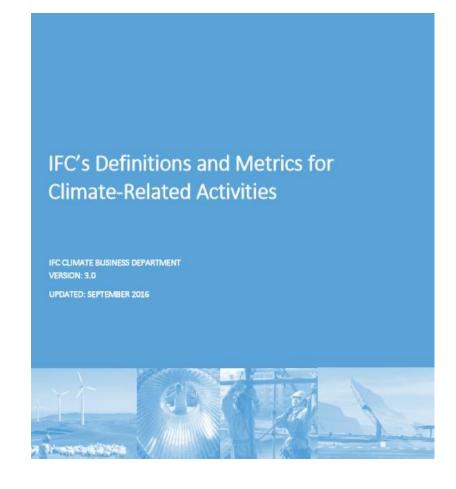
IFC offers technical assistance and investments services according to the client's level of maturity and readiness for investment

1. Decarbonization strategy		2. Financing	
Initial Diagnostics/Light	In-depth Decarbonization Engagement	Scaling up investment	Investment
2-4 months	4-8 months	4-6 months	4-6 months
<ul> <li>Help the client understand its carbon footprint and what it takes to develop and implement a decarbonization strategy and identify next steps.</li> <li>OR help the client align an already existing investment program with sustainable finance principles.</li> </ul>	<ul> <li>Footprint assessment and target setting</li> <li>Help clients evaluate their total carbon footprint and facilitate establishing baseline emissions, scope 1, 2 and, if feasible scope 3.</li> <li>Help clients set targets, promote Science Based Targets Initiative (SBTi) for meeting net zero goal.</li> <li>Identify options for decarbonization</li> <li>Help evaluate onsite and offsite decarbonization pathways (emissions reduction, avoidance, offsetting), including prefeasibility studies via an Upstream Engagement for Early-Stage Project Development.</li> <li>Help prioritize decarbonization options, capex requirement and financing options.</li> <li>Design and implementation of decarbonization strategy</li> <li>Facilitate establishing a realistic medium and long-term decarbonization strategy aligned with clients' targets, and broader corporate business strategy, and a solid financeable implementation plan including structuring bespoke offerings, compliant with sustainable finance principles.</li> </ul>	<ul> <li>IFC Upstream early-stage project development support, including business model piloting: IFC can coinvest in fleet-wide or single asset pre-investment studies and project development activities where needed and applicable to bring the decarbonization options identified to bankable investment stage</li> <li>IFC Green Loan/Bond: help to define the use of proceeds, specific eligible projects.</li> <li>IFC Sustainability-Linked Loans: help set targets/KPIs and link them to repayment structure.</li> </ul>	<ul> <li>Provide Financing &amp; Mobilize of Capital</li> <li>IFC green, sustainability-linked and transition finance</li> </ul>

## WHAT IS AN IFC GREEN LOAN?

IFC Green Loans are a new product feature where IFC's Loan exclusively finances "Eligible Green Projects" structured in line with the Green Loans Principles (GLP).

- **Green Loan Principles**: modelled on Green Bond Principles with four core components:
  - 1. Use of Proceeds destined exclusively for Eligible Green Projects
  - 2. Process for Project Evaluation and Selection
  - 3. Management of Proceeds to ensure they are allocated to Eligible Green Projects
  - 4. Reporting on use of proceeds and expected impact of Eligible Green Projects



# **SNAPSHOT - SUSTAINABILITY-LINKED LOANS (SLL)**

IFC Green Loans are a new product feature where IFC's Loan exclusively finances "Eligible Green Projects" structured in line with the Green Loans Principles (GLP).

#### **KEY FEATURES**

- Follows the Sustainability Loan Principles
- General purpose loan linked to defined sustainability targets during tenor of IFC loan
- NOT based on use of proceeds
- IFC Performance Standards apply at a corporate level
- Borrower reports annually on progress using agreed KPIs or external ratings approved by IFC.
- Structure may include incentives or penalties

#### SUSTAINABILITY-LINKED LOANS

## **BEST FOR**

- Companies with ambitious SDG targets looking for more flexibility in use of proceeds.
- Companies with ambitious SDG targets eg. gender inclusion, pollution, health - and seeking recognition

#### **EXAMPLE OF MAS PROJECT**

#### **Puratos**

- EUR100m to finance: (i) procurement of cacao beans from farmers under Puratos' Cacao-Trace program; (ii) establishment of post-harvest centers and grinding lines, (iii) investments to expand Cacao-Trace program.
  - Puratos aims to triple its volume of sustainable cocoa purchased under its Cacao-Trace program by 2025
  - Payment of bonus to cocoa farmers for every kilo of chocolate sold under Cacao-Trace program.