 Obesity in the Elderly:
Understanding the Complexities and Implications

- Introduction to Green Bonds
- IFC’s Green Bonds Experience
- Q&A
What are Green Bonds?

- Green Bonds are a subcategory of Socially Responsible (SRI) Bonds
  - Proceeds from SRI bonds are tied to "socially responsible" investments such as social, development, environment and governance needs
  - Proceeds raised from Green Bonds target climate friendly projects and environmental sustainability purposes
The first Green Bond was issued 10 years ago in 2007.
Market has grown 22 times in size of annual issuance in just 5 years.

Green Bond Market Overview

- European Investment Bank issued the first labelled green bond in 2007 of €600 million.
- Sovereign, Supranationals such as WB, IFC, EIB, EBRD, KFW dominated the early years of green bonds issuances.
- In 2013, IFC issued the first US$1.0 billion green bond, largest issued then by any entity and the first liquid benchmark green issue. In 2013, Bank of America and French Utility EDF became the first corporate issuers of green bonds.
- In 2014, the Green Bond Principles were issued as voluntary guidelines for issuance of green bonds. Yes Bank India became first EM green bond issuer. EM banks issued US$1.9 billion of green bonds in 2014.
- Green bonds began getting traction in EM's with a number of issuers in EM.
What can Green Bonds finance?

There are several sets of criteria defining eligible Green Projects in the market that can be used as a guide.

The Green Bond Principles explicitly recognize several broad categories of potential eligible Green Projects including:

- Renewable energy
- Energy efficiency (including efficient buildings)
- Sustainable waste management
- Sustainable land use (including sustainable forestry and agriculture)
- Biodiversity conservation
- Clean transportation
- Sustainable water management (including clean and/or drinking water)
- Climate change adaptation
The Green Bond Principles (GBP): are voluntary process guidelines that call for transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond in four components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

As of June 2016, the GBP Executive Committee has a total of 24 members reflecting a representative group of: 8 Investors, 8 Issuers including IFC and 8 Underwriters

3rd Party Opinion providers: Agencies that verify the eligible projects criteria and assist in setting up a project selection and reporting process or audit the program
Steps to set up Green Bond program

1. Establish a criteria for use of proceeds
2. Consult a third party for an opinion/verification of criteria
3. Outline an internal process for project selection
4. Set up a system to segregate and manage the proceeds separate from the liquidity pool
5. Create controls for transparency and assurance
6. Report the impact of projects funded to investors annually
IFC’S GREEN BOND EXPERIENCE
• **Context:** IFC has played a pioneering role in creating investment opportunities, which support climate change-related projects

• **Objective:** IFC’s Green Bond program supports private sector projects that tackle climate change in emerging markets

• **Issuance:** IFC’s Green Bond program was launched in 2010 and has raised about $5.8 billion to date, including:
  
  • the market’s first benchmark-sized green bonds issued in 2013 and a recent 10-year benchmark
  
  • the first US focused retail green bond program
  
  • issues in EM currencies such as CNH, ZAR, INR
IFC’s Management of Green Bond Proceeds

IFC’s Green Bond Experience
Green Bond Eligible Projects:

- In the last two years, commitments to 73 new projects for more than $2 billion; and
- disbursements to projects of $1.7 billion

Green Bond Eligible Portfolio Committed in FY16 and FY15: Impact Indicators

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of projects</th>
<th>Climate Loan Committed</th>
<th>Annual energy produced</th>
<th>Annual energy savings</th>
<th>Renewable energy capacity constructed/ rehabilitated</th>
<th>Annual GHG emissions reduced/ Avoided</th>
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<tbody>
<tr>
<td></td>
<td>$ million</td>
<td>MWh</td>
<td>KWh</td>
<td>MW</td>
<td>Tons of CO2 equivalent</td>
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<tr>
<td>Solar Energy</td>
<td>21</td>
<td>394</td>
<td>1,925,596</td>
<td>N/A</td>
<td>855</td>
<td>1,180,683</td>
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<td>Wind Energy</td>
<td>8</td>
<td>264</td>
<td>1,911,076</td>
<td>N/A</td>
<td>823</td>
<td>1,112,877</td>
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<td>Hydro Energy</td>
<td>3</td>
<td>82</td>
<td>665,333</td>
<td>N/A</td>
<td>156</td>
<td>345,129</td>
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<td>Green Buildings</td>
<td>16</td>
<td>500</td>
<td>4,809</td>
<td>72,467,798</td>
<td>4</td>
<td>45,843</td>
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<td>Green Banking</td>
<td>15</td>
<td>592</td>
<td>N/A</td>
<td></td>
<td></td>
<td>829,384</td>
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<td>Agribusiness</td>
<td>4</td>
<td>63</td>
<td>N/A</td>
<td></td>
<td></td>
<td>81,305</td>
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<tr>
<td>Transport</td>
<td>3</td>
<td>91</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Industrial Energy</td>
<td>3</td>
<td>118</td>
<td>N/A</td>
<td>450,238,615</td>
<td>N/A</td>
<td>155,317</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>73</td>
<td>2,103</td>
<td>4,506,814</td>
<td>522,706,413</td>
<td>1,838</td>
<td>3,750,538</td>
</tr>
</tbody>
</table>
Scaling Solar Capacity in India

- **Azure Power**, the leading provider of solar photovoltaic energy technology in India, is developing a 130 MW solar power plant in the state of Karnataka to address power shortage.

- IFC has provided $31 million loan on its own account and syndicated additional financing of $80 million.

- As a result, the Karnataka Azure solar complex will contribute 226 GWh of electricity yearly, reaching more than 100,000 people and will help to avoid GHG emissions, **reducing approximately 166,000 tons of carbon dioxide per year**.
IFC Climate Business and Treasury Contacts

IFC · 2121 Pennsylvania Avenue NW · Washington DC 20433 USA · +1 202 473 8392
ifc.org/investors · ifc.org/climatebusiness · email: investors@ifc.org · Twitter: @ifc_investors
Bloomberg: IFC<GO>

**Climate Finance**

Berit Lindholdt-Lauridsen  
*Senior Operations Officer*  
+1 202 458 2226  
BLauridsen@ifc.org

**Treasury**

Esohe Denise Odaro  
*Head, Bond Investor Relations*  
+1 202 473 0958  
edodaro@ifc.org

Zauresh Kezheneva  
*Funding Analyst*  
+1 202 473 4659  
zkezheneva@ifc.org
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