

IFC: PROMOTING INCLUSIVE GREEN GROWTH IN THE MIDDLE EAST & NORTH AFRICA (MENA)

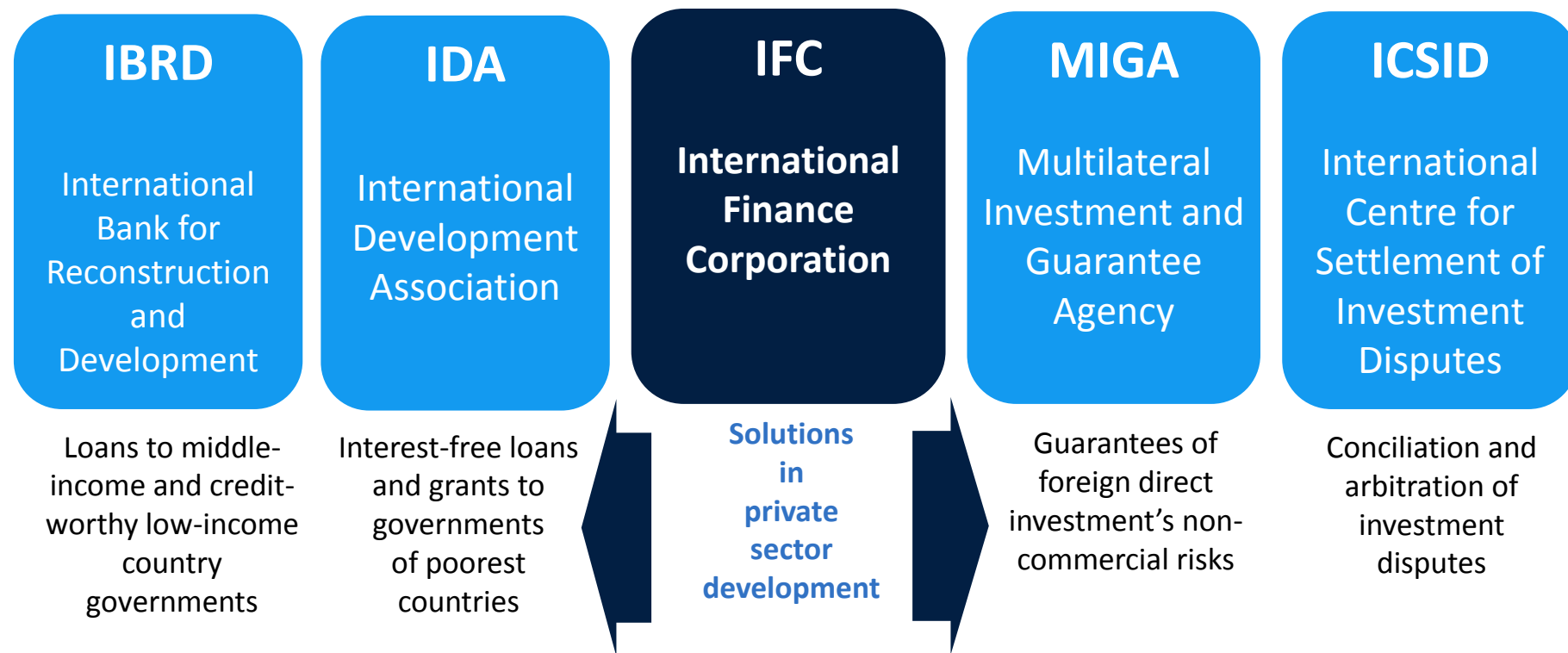


IFC

**International
Finance Corporation**
WORLD BANK GROUP

Thomas Jacobs,
MENA Climate Anchor &
Resident Representative,
Lebanon & Syria

IFC: Largest development bank focused solely on the private sector



- **IFC is the main driver of private sector development in the World Bank Group**
- **Profitable since 1956**
- **More than half of IFC's ~4,000 staff work in field offices**
- **More than 100 offices in 98 countries**

Integrated solutions, Increased impact

3 Focus Industries:

- Manufacturing, Agribusiness, Services
- Infrastructure and natural resources
- Financial institutions

Over \$50 billion committed portfolio

3 Product Areas:

INVESTMENT

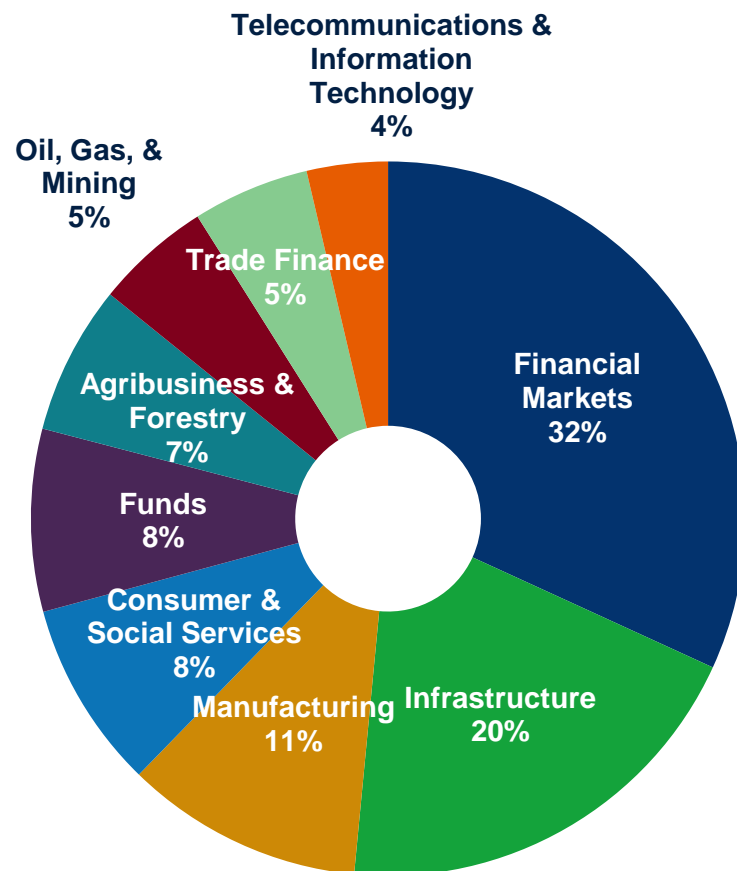
(Loans, Equity, Trade Finance, Syndications, Derivative and Structured Finance, Blended Finance)

ADVICE

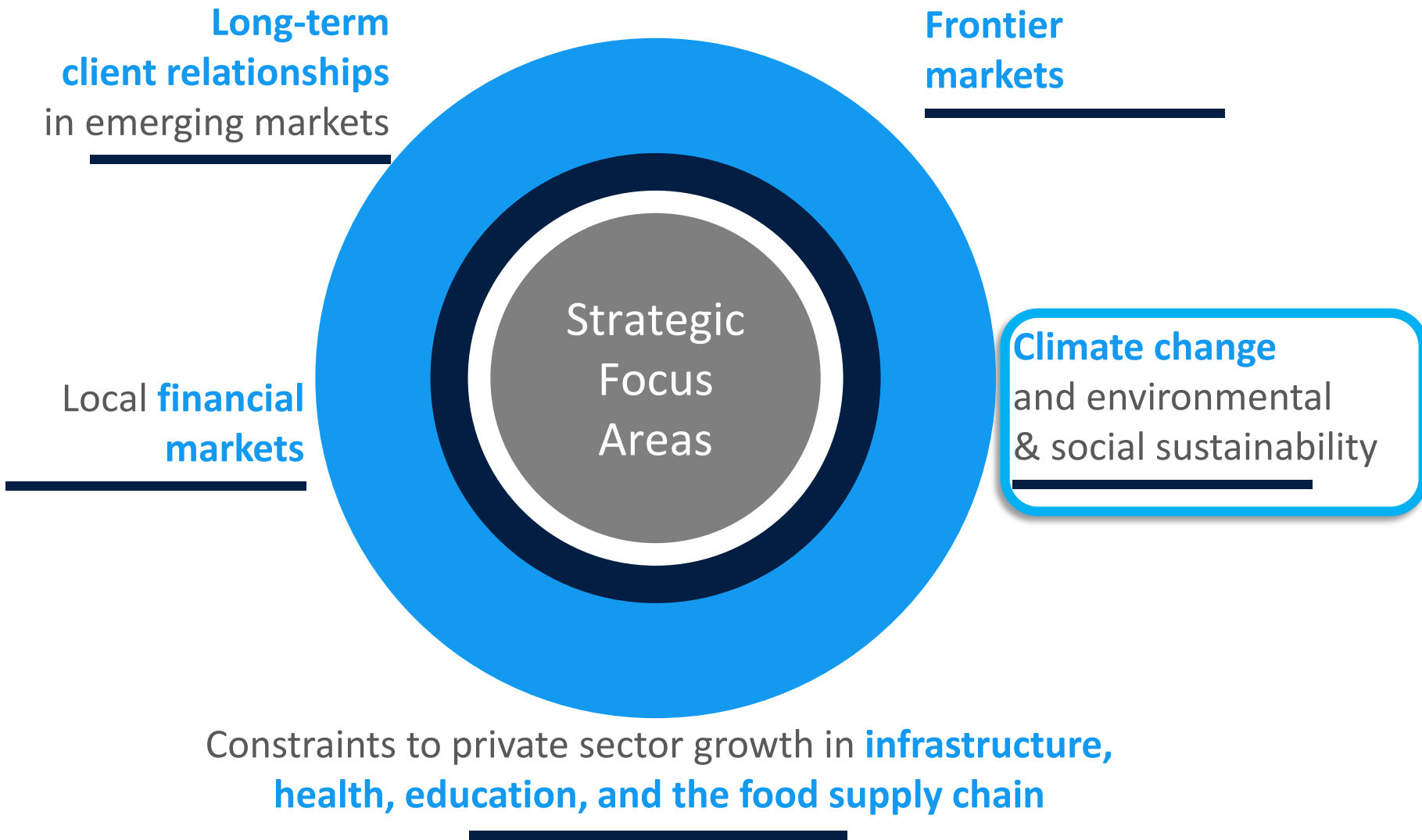
(Integrated with IFC Investment)

IFC ASSET MANAGEMENT COMPANY

(Mobilizing and Managing Capital for Investment)

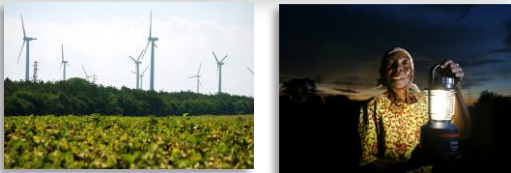


Climate change is a strategic priority for IFC because it threatens development gains



IFC is engaged in 3 key areas of climate business

Clean Energy & Energy Access



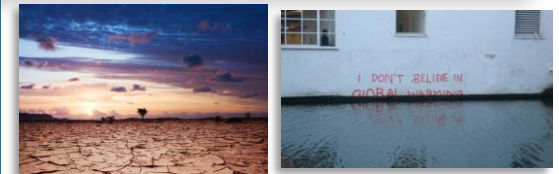
- Enabling environment
- PPP advice
- RE through FIs
- RE Component Manufacturing
- On-grid and off-grid generation
- Clean energy access

Resource Efficiency



- Macro environment and sector studies
- Utilities & demand-side management
- EE equipment
- Industrial processes
- Green Buildings
- EE through FIs and new business models

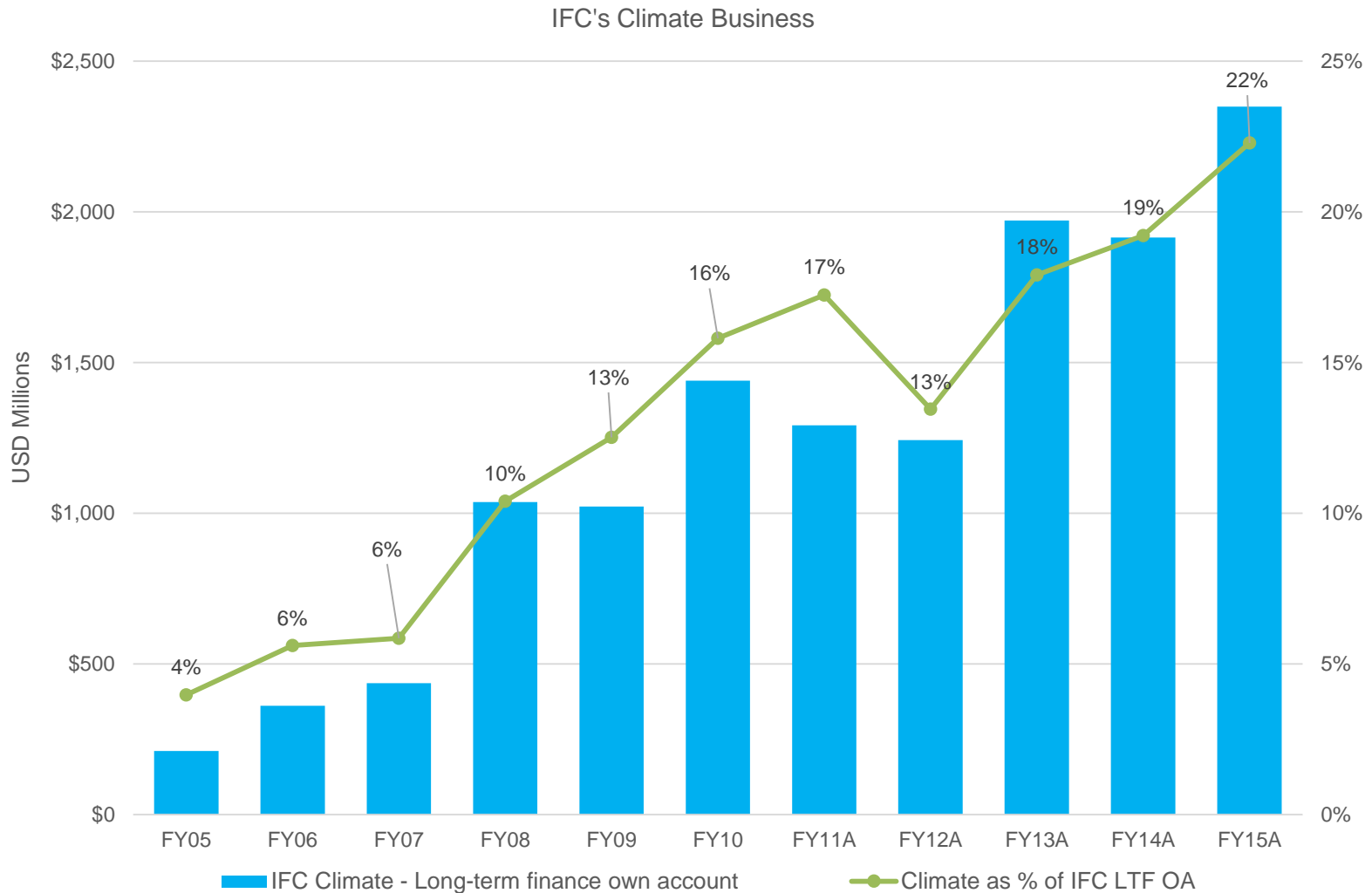
Climate Adaptation



- Risk assessment practices and sector studies
- Operationalizing risk assessment
- Pilot Program for Climate Resilience
- Adaptation investments

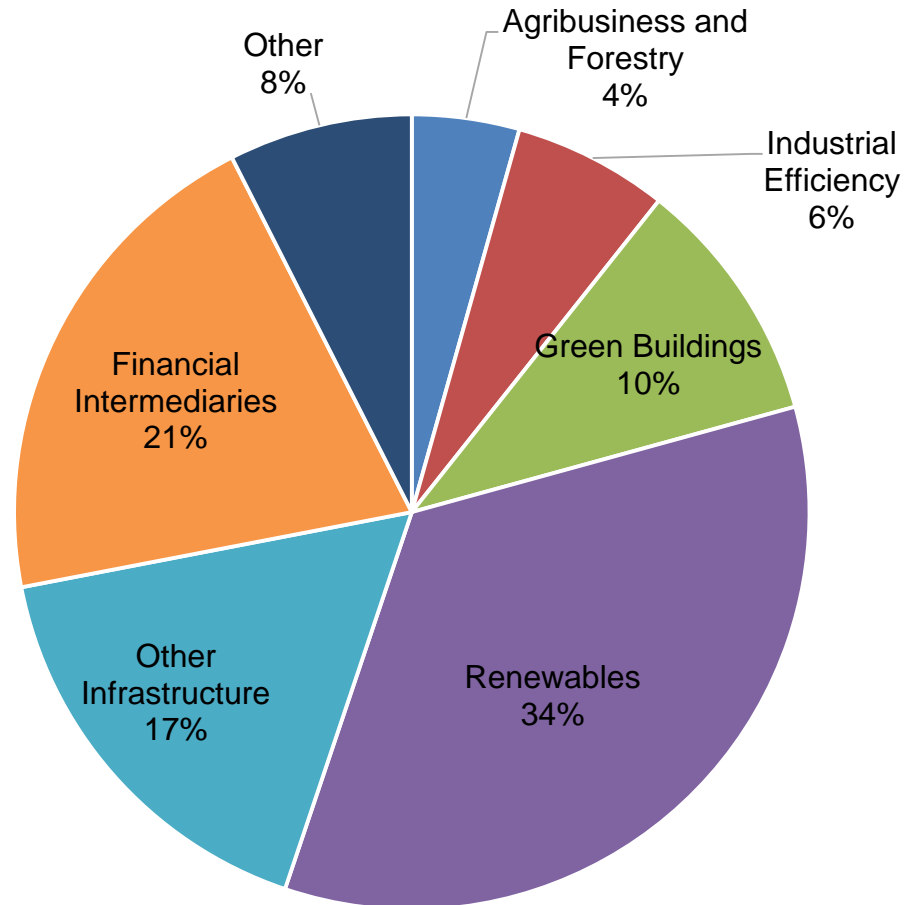
Innovation & Mobilizing Climate Finance

Our climate business continues to grow -- 22% of IFC's new business in FY15 with \$2.3 billion in commitments



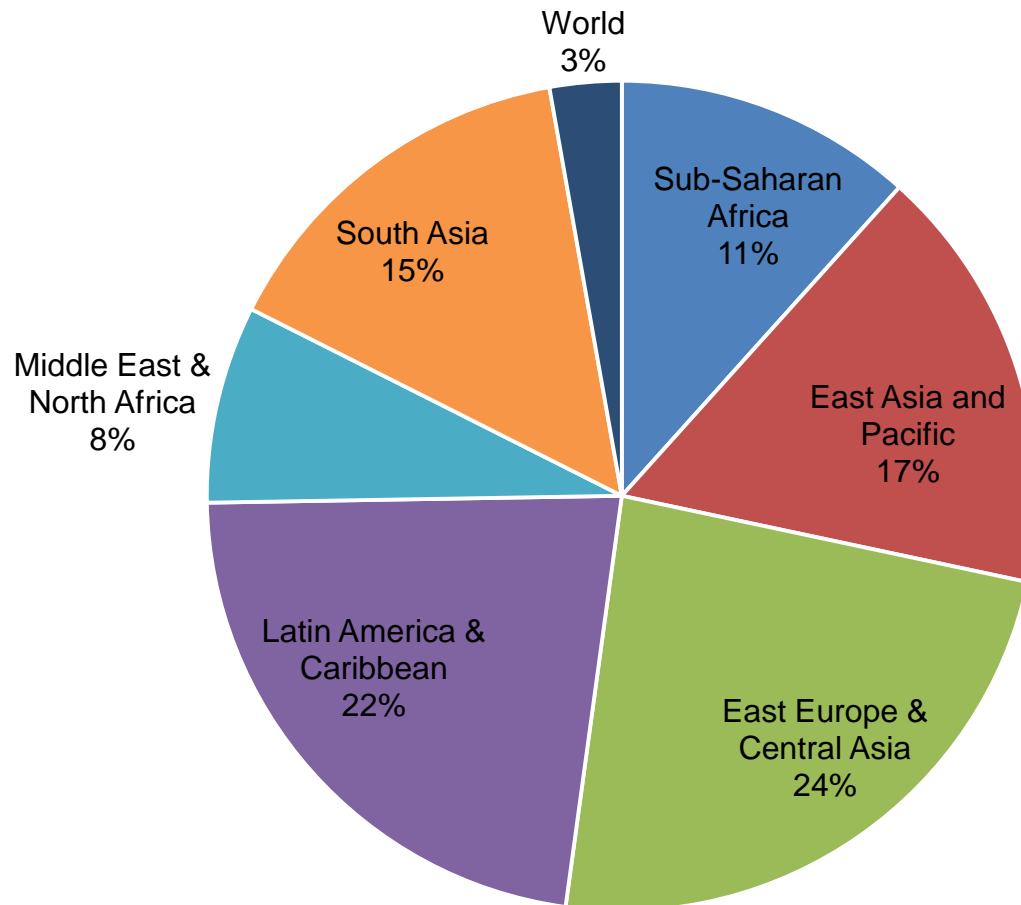
Renewables represent the largest portion of our business

IFC Climate Business FY11-15 (Total: \$8.7 billion)



Climate business spans the globe

IFC Climate Business FY11-15 (Total: \$8.7 billion)



IFC uses advisory alongside investments to catalyze climate investments to a greater scale

Upstream: Building the enabling environment

- Regulatory reform
- Industry standards
- Business models to support early market entrants
- Technical support
- Access to finance

Midstream: Support private sector capacity to deliver

- Capacity building
- Early-stage venture capital
- Demonstration
- Public-Private Partnerships

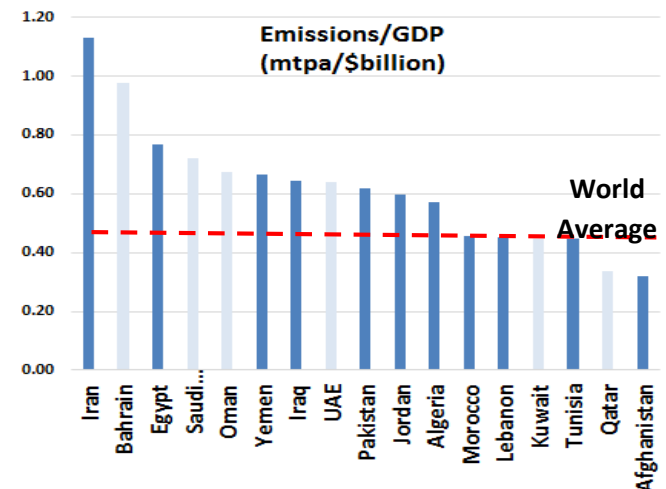
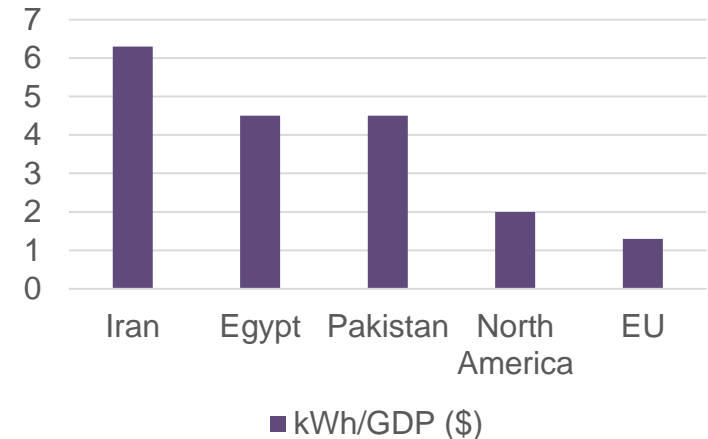
Downstream: Mobilize investments to scale

- Commercial equity/debt financing
- Guarantees/ risk mitigation
- Blended concessional finance
- Environmental standards
- Transaction support

What is the context in MENA?

- ✓ Energy security is an ongoing issue – despite being a region with abundant fossil fuel resources
- ✓ Second most energy intensive region per economic output
- ✓ Only 1.4% of the world’s renewable freshwater and declining rapidly – many countries in crisis
- ✓ Significant industrial basis – which is the third biggest consumer of energy after power and transport
- ✓ Maintaining competitiveness, jobs and stability will be key to economic growth post-conflict
- ✓ GDP gains upward of 1% overall can be achieved with increased efficiency
- ✓ Despite water scarcity, strong agri-business, which uses 80% of the region’s water resources
- ✓ Energy and emissions intensity 30-100%+ higher than global averages (Iran is more than double)

Energy intensity:
kWh consumed per \$ GDP



IFC's MENA Inclusive Green Growth program:

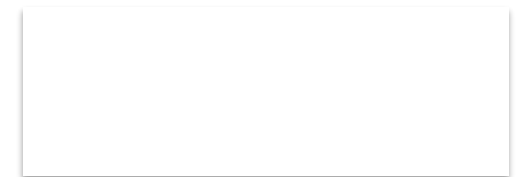
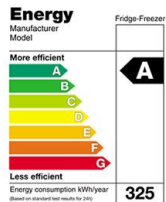
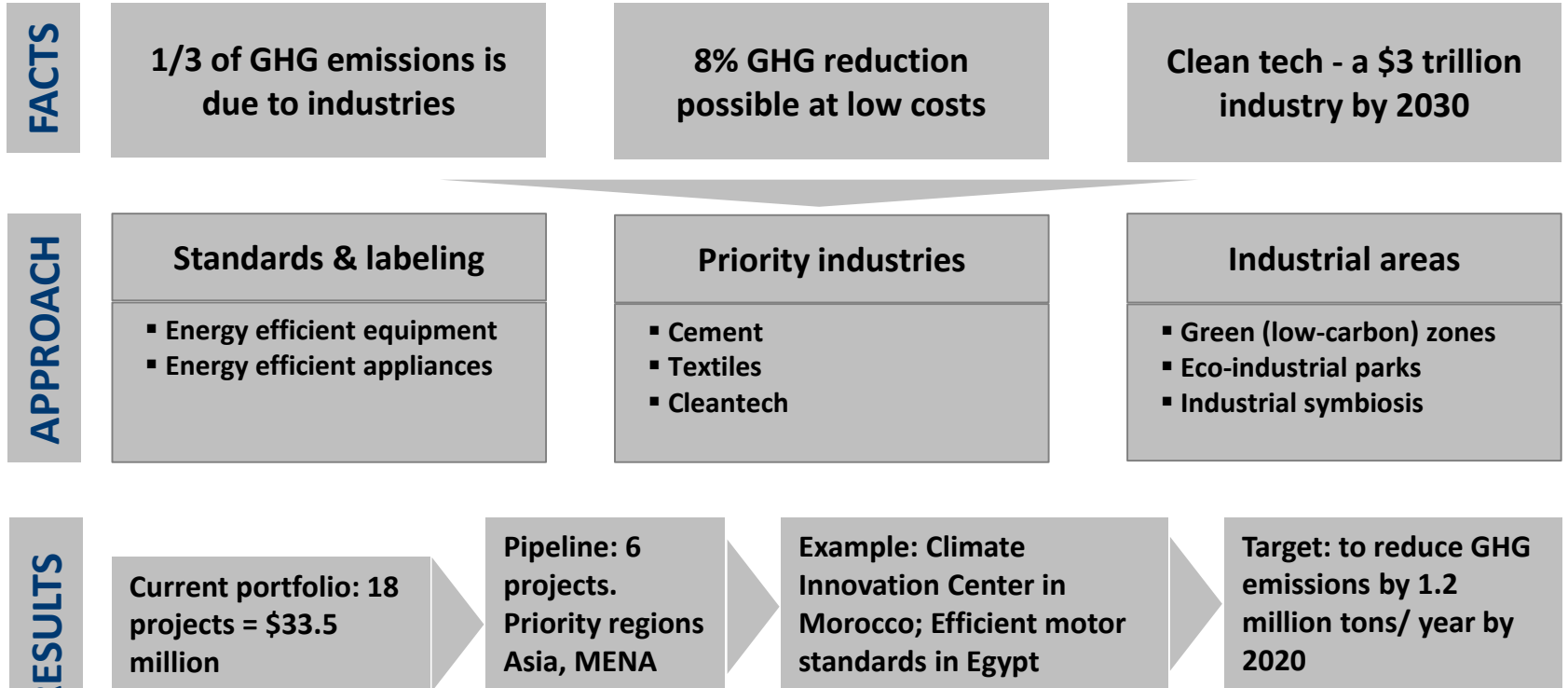
- Leverages IFC's global experience in sustainable development
- Four-year program running through 2020
- Target of US\$26 million to help transition MENA to a greener economy, with US\$ 14 million raised to date
- Anchored by US\$ 7 million contribution of Government of Italy represented by the Ministry of Environment, Land and Sea
- Other donors include: Denmark, Hungary, Japan, UK, Canada and Korea

IFC's Inclusive Green Growth Program in MENA

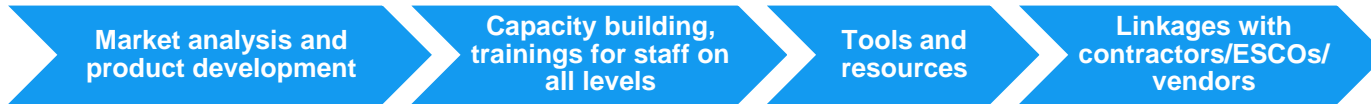
- **Improve Regulatory and Institutional Frameworks** to facilitate greater private sector involvement in green economy
- **Increase Long-Term Investment in Infrastructure** that underpins more sustainable and cleaner economic growth
- **Expand Role of Financial Institutions** to leverage reach of financial institutions to fund climate smart projects
- **Promote Energy Efficiency and Renewables** to conserve resources and transition to cleaner, more sustainable sources of energy

Working across WBG to promote climate competitiveness in MENA

WBG response to climate change and sustainability challenges in industries

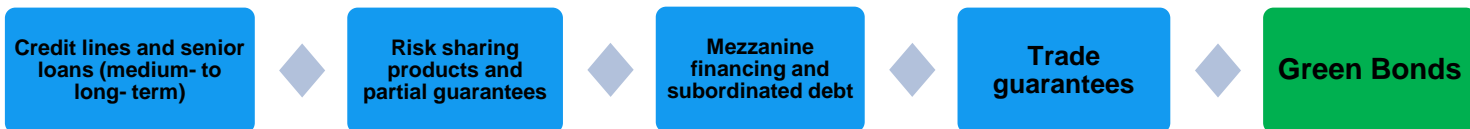


IFC's approach to climate finance via Financial Institutions



Advisory Services

designed to help building a profitable climate business



Energy & Resource efficiency programs in MENA

Regional Resource Efficiency Program:

- Regional program, with main countries of activity focusing on Egypt, Pakistan, Morocco and Jordan
- Key services include improving energy, water and materials efficiency, as well as captive energy solutions (Key clients: Nuqul, Packages, Bunnys)
- Market based sector focus: cement, textiles, boiler efficiency, food processing, pulp/paper

Regional (Clean) Energy Program:

- Regional program with focus on Egypt and Pakistan, expanding into Maghreb
- Support energy project developers with respect to market entry, fatal flaw analysis, project development, etc
- Market based solutions include facilitating public-private dialogue in renewable energy markets in order to increase investment interest and confidence by private sector developers and financiers

Lighting Pakistan/Afghanistan (LPA):

- Pakistan based program with activities in Afghanistan given demand to bridge into both markets
- Client services include consumer awareness, scaling up access to finance options, B2B matchmaking and distribution channels, and facilitating market entry by international manufacturers
- Market based solutions include increasing awareness in local markets of the value of quality certified off grid solar lighting products, and increasing awareness of financing opportunity through MFI's

IFC offers clients variety of services, but we focus on our core competencies and where we have global experience

Type of Client Services

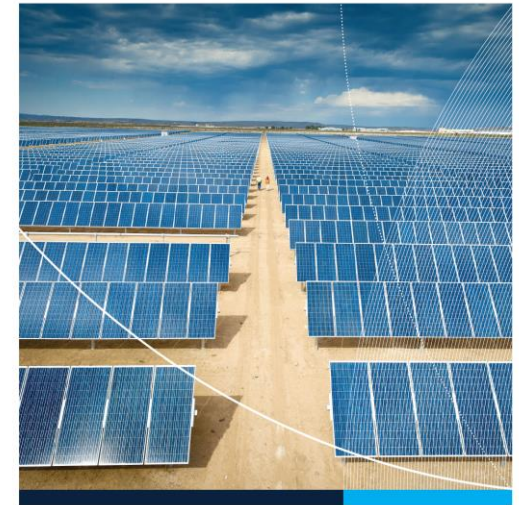
- ✓ Market entry support for energy solutions
- ✓ Opportunity assessment and techno-commercial feasibility
- ✓ Piloting of alternative commercial models for renewable solutions
- ✓ Interpretation of regulations to pursue opportunities
- ✓ Investment pipeline building & business development
- ✓ Project development & implementation support

Clients include: project developers, equipment manufacturers, ESPs, banks, utilities, etc.

At the market level, IFC helps to catalyze opportunities and attract new investors to where there are market gaps

Types of Market Level Efforts

- ✓ Attract investors to a market or sector into new markets and there are gaps in investment or suitable providers
- ✓ Public-private dialogue and information dissemination in order to facilitate investment opportunities
- ✓ Market research on specific investment opportunities and deep dives on certain technologies or sectors
- ✓ Identification of the supply chain gaps in markets
- ✓ Market aggregation role for specific technologies/markets (e.g. multiple smaller opportunities into one larger investment opportunity)



**A Solar Developer's
Guide to Pakistan**

IN PARTNERSHIP WITH:

Australian
Aid



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A few thoughts to leave you with...

- ❖ IFC is one of the largest, global investors in emerging markets
- ❖ IFC has a clear focus on helping clients mitigate the effects of climate change & promoting sustainable business practices
- ❖ IFC has unique ability to combine investment products with advisory services to identify investments, connect stakeholders & move markets
- ❖ IFC's Inclusive Green Growth Program leverages donor support to address market failures related to climate change in MENA
- ❖ IFC welcomes cooperation from international investors and advisors to work together to address climate change



Thank You!

Web: www.ifc.org/climatebusiness