



IFC-Earth Fund Platform



IFC

**International
Finance Corporation**
WORLD BANK GROUP

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Agenda

- IFC-GEF Partnership: A Brief History
- GEF Earth Fund and IFC-Earth Fund Platform
- IFC-GEF: Programmatic investments for private sector operations
- Blended Finance at IFC
- Outcomes/Results of the IFC-Earth Fund Platform
- Lessons and takeaways

IFC-GEF Partnership: A Brief History

The IFC-GEF Partnership is a natural outcome of the GEF's strategy to engage with the private sector and IFC's objective to promote private sector financing for mitigation and adaptation to climate change.

Project/Program Examples

Poland Efficient Lighting Program (PELP)

IFC's first GEF engagement
\$5M grant for market acceleration efforts for efficient lighting in Poland
Instruments: Grants

Hungary EE Co-Financing Program

IFC innovates new model which is later scaled by all MDBs (SEF)
Instruments: Grants, Guarantees

Environmental Business Finance Program (EBFP)

Expanded base on experience of IFC/GEF SME Program
Supports SMEs involved in CC and BD through FIs
Instruments: Grants, Debt, Guarantees

IFC/GEF SME Program

First GEF-funded, non-grant SME financing program targeting the private sector
Instruments: Grants, Debt

Photovoltaic Market Transformation Initiative (PVMTI)

India/Kenya/Morocco
Established to promote the commercialization of PV technology
Instruments: Grants, Debt, Guarantees, Equity

IFC-Earth Fund Platform

First operational platform of the GEF Earth Fund
Supports innovative market transformation initiatives (i.e. Scale-up/Pilot) in CC and BD
Instruments: Grants, Debt, Guarantees, Equity

1993

1995

1996

1997

1999

2003

2004

2006

2008

2012

IFC Support to GEF on Private Sector Policies:

IFC collaborates with the GEF on its initial policy framework for private sector engagement (1996)

IFC advises GEF SEC on engaging the private sector in GEF Activities (1999)

IFC advises on Enhancing GEF's Engagement with the Private Sector (2003)

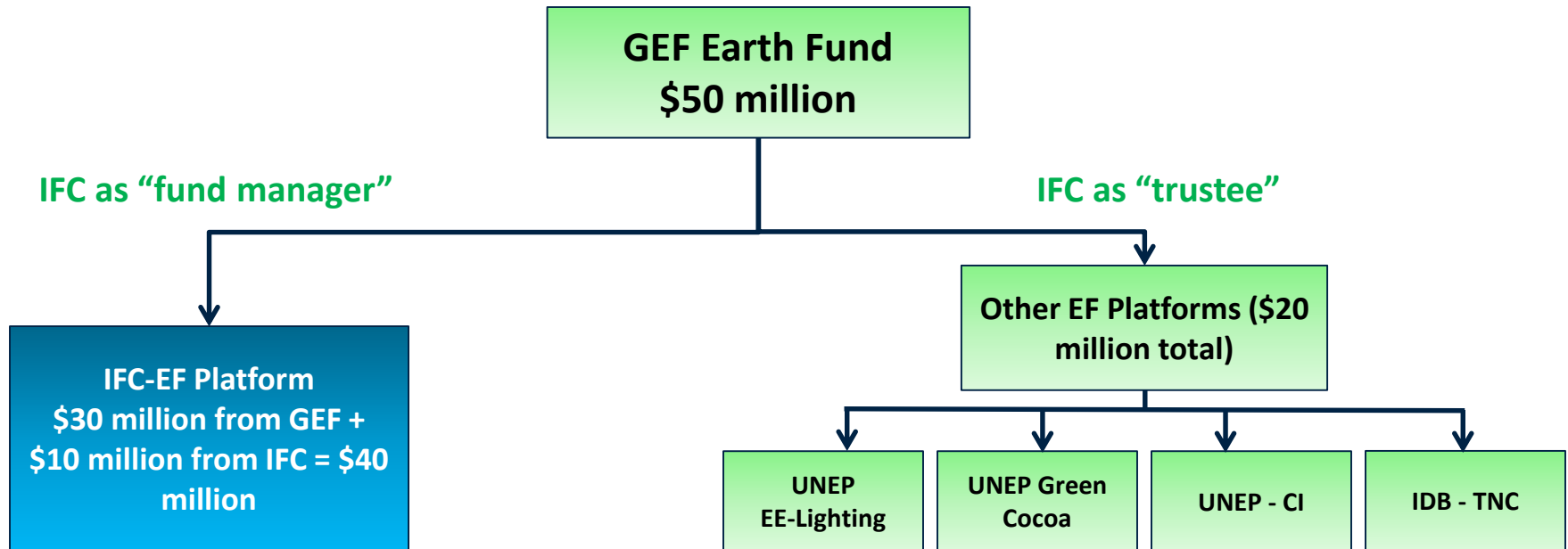
IFC provides input to GEF's Principles for Engaging the Private Sector (2004)

IFC provides input to the GEF IV Private Sector engagement Strategy (2006)

IFC provides input to the GEF's Operational policies on the use of non-grant instruments (2008)

IFC advises GEF SEC on GEF V private sector engagement strategy (2011-)

GEF Earth Fund and the IFC-Earth Fund Platform



- Approved in 2008 with two separate roles for IFC
- Delegated authority for IFC-Earth Fund Platform and Trustee for other EF platforms
- IFC co-financing at IFC-Earth Fund Platform level **and** at project level

Earth Fund: example of programmatic non-grant investments for private sector

IFC Earth Fund Platform

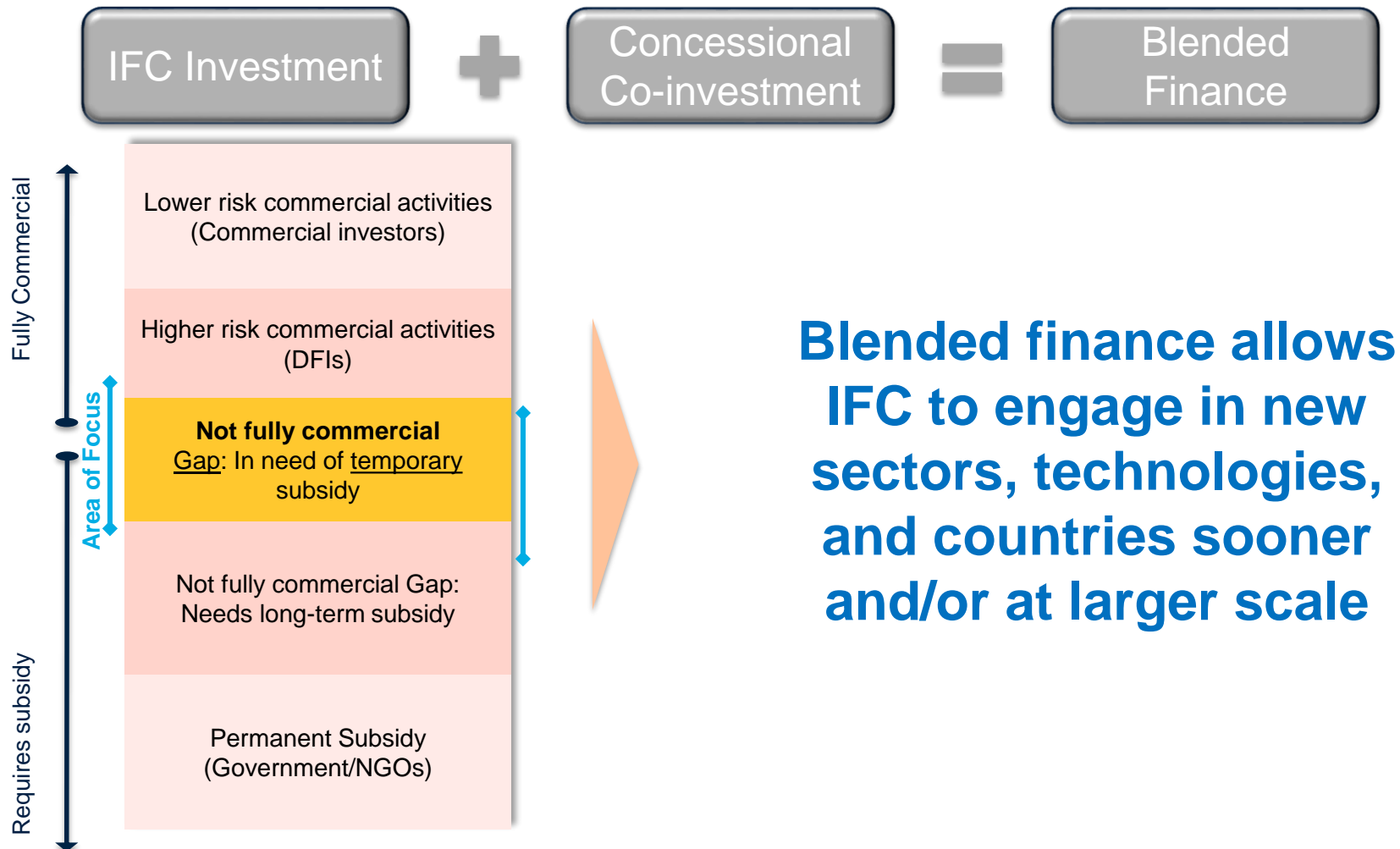
- Established in 2008 to leverage private sector funds for investments in GEF-priority areas
- Ended June 2014
- US\$40 million (includes \$10 M from IFC)
- Supports Market Transformation initiatives (Scale-up/Testing)
- Eligible Projects: RE, EE, Biodiversity
- Amount Approved: \$38 million
- As “Fund Manager”, IFC had delegated authority on making investments under this platform

Objectives

- At least \$30m in project funding within three years, or minimum of 30% of funds deployed;
- Growth of the IFC Earth Fund Platform beyond initial capitalization of \$40m;
- Demonstrate replication effect of projects;
- Address environmental problems associated with GEF Strategic Programs and Operational Programs that IFC EF supports

*leverage of GEF Funds (from IFC and 3rd parties).

Why/When does IFC use Concessional Funds (such as GEF) Funds: Blended Finance Approach at IFC



Delegated authority: Blended Finance Approach at IFC

IFC's Principles for Deploying Blended

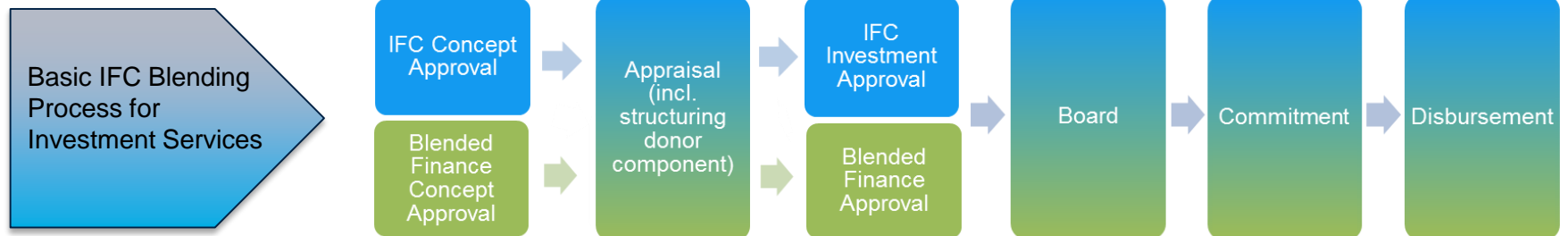
1 **Moves Beyond IFC Additionality:** Only supports transactions where a subsidy is needed

2 **Avoids Market Distortion/Seeks Minimum Concessionality:** Provide minimal subsidy to make the project happen, with minimal market distortion

3 **Leads to Sustainability:** should not be applied where long term subsidies are required; limited in time; couple with advisory services (as needed) to broaden impact and achieve market transformation

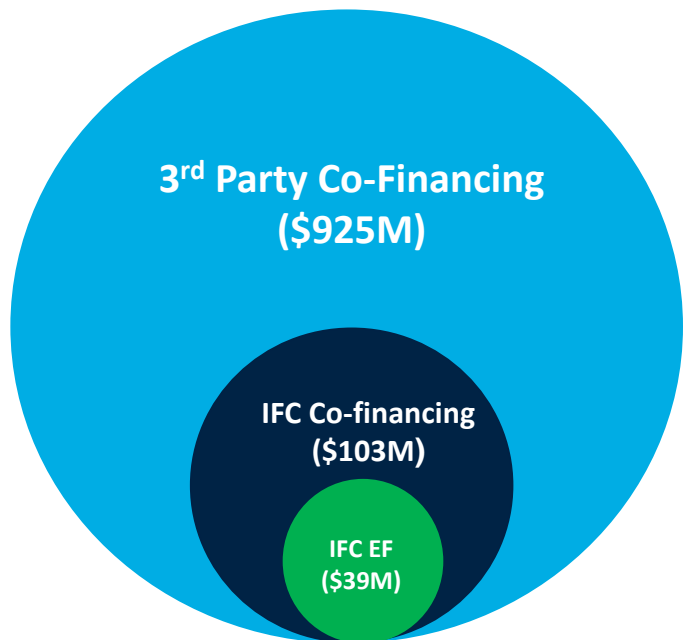
4 **Good Governance:** Conflicts of interest addressed by Blended Finance Committee, a sub-committee of IFC's Senior Management, and a dedicated separate investment team

- IFC EF Platform represents a blended finance approach: 'blending' concessional funds alongside IFC's own investments
- Governance of Concessional Finance at IFC:
 - **Separate approval body:** BFC committee approves the use, structure and terms of concessional donor funds used as part of IFC's Blended Finance Investments
 - **Separate Investment Teams:** Blended Finance IOs, operating at arm's length from IFC investment teams, structure and process concessional donor funds



IFC Earth Fund Portfolio (at end of investment period)

IFC EF Platform Financing Sources



Highlights

- IFC EF Platform leverage: **1:26**
- GEF funds leverage: **1:34**
- Total value of projects: **>\$1 billion**
- **14 projects** in **16 countries**

| Project Type | IFC Earth Fund Funding | Total Co-financing (IFC and 3 rd party) | Total Project Budget |
|---------------------|-----------------------------|--|------------------------|
| Investment Services | \$28.6 million (5 projects) | \$989.6 million | \$1,018.2 million |
| Advisory Services | \$9.5 million (9 projects) | \$39.1 million | \$48.6 million |
| Total | \$38 million | \$1,028 million | \$1,067 million |

IFC-GEF Earth Fund Platform: Project examples (1)

Mobilize PRIVATE SECTOR Financing in GEF focal areas

TECHCOMBANK 

TechcomBank
Vietnam

IFC-EF - \$1,000,000
IFC - \$24,000,000

Senior Debt
2010
SEF


*International
Housing Solutions*

IHS
South Africa

IFC-EF - \$10,000,000
IFC - \$21,250,000

Equity
2014
Green Housing

ADVISORY

Lighting Global

IFC-EF - \$695,000
Others - \$4,940,840

Grant
2013
Access to Energy

De-risking High-impact, first-mover climate projects

IFC-GEF Earth Fund Platform: Project examples (2)

Mobilize PRIVATE SECTOR Financing in GEF focal areas



BPI SEF II and III

Philippines

IFC-EF - \$2,600,000

IFC - \$70,750,000

Guarantee

2012

SEF



ACWA Power OZZ

Morocco

IFC-EF - \$10,000,000

IFC - \$10,000,000

Equity

2014

Solar Power

ADVISORY

Green Mobile Telecom

IFC-EF - \$350,000

Others - \$3,418,000

Grant

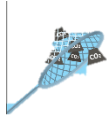
2012

Access to Energy

De-risking High-impact, first-mover climate projects

IFC Earth Fund Platform - Outcomes

Climate†



3,135,924

Metric tons GHGs reduced/year
(97% of target)



15,033,789

Cubic meters/year of water use reduction
(160% of target)



1,549,096

MWh of RE Produced/Energy use
avoided per year

Development



>1,000

Companies, including small and
medium-sized enterprises, receiving
capacity building and training



>26,000,000

People receiving access to improved
services

† With only half the projects reporting

- ✓ Objectives met:
- ✓ Minimum of 30% of funds deployed within three (3) years of operations
- ✓ Growth of the IFC Earth Fund beyond initial capitalization of \$40 Million
- ✓ Replication effect of projects supported under the IFC EF
- ✓ Adequately addressed GEF Strategic Programs

Key lessons

- Co-financing from private sector requires **business at the pace of private sector**
- **Delegated authority was crucial** to bring in IFC co-financing and other private sector co-financing
- **Risk taking and globally flexible pool of funds and instruments in the IFC-Earth Platform (all GEF countries, within GEF strategic programs)** made it attractive to investment teams
- **Advisory services enabled upstream private sector activity** that paves the way for private sector investments, particularly in lower income countries
- IFC's **expertise in identifying bankable projects** and use of **Blended Finance** principles enabled GEF funds to make private sector investments



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Thank You!

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