IFC Financing for Sustainability
Presentation to Bridging the Gap: Sustainable Environment Conference
Philadelphia, USA    September 2004

International Finance Corporation is the largest multilateral investor in the private sector in the developing world, approving about $4 billion of financing per year in a wide range of sectors and countries. Sustainability sits at the core of IFC’s mission, which is “to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people’s lives.”

Every project financed by IFC must meet IFC’s environmental and social guidelines. These standards are important not only for their direct impact on the companies in which IFC invests, but also for their indirect effect on the international financial community through mechanisms such as The Equator Principles. Since being established last year by a core group of commercial banks, these principles have been voluntarily adopted by over 25 international banks representing about 80% of worldwide project finance lending in 2003.

And IFC doesn’t stop there. Indeed, IFC actively encouraging its investee companies to go ‘beyond compliance’ in order to add value to the communities where they operate. IFC has played a key role in demonstrating the ‘business case’ for sustainability in the emerging markets, identifying specific areas where better performance on environmental, social and corporate governance creates financial value for private enterprises.

Finally – and this will be the main focus of the presentation – IFC goes one step further to assist, and sometimes even push, the market into supporting innovative ventures and initiatives that enhance sustainability. The goal in these cases is to accelerate market adoption of new business practices, models, technologies and services that clearly benefit those living in developing countries, especially the poor.

IFC uses a variety of mechanisms, ranging from grants for technical assistance to flexible investment instruments, to support these cutting edge activities in corporate citizenship, financial markets, and environmental investing. Partners range from a solar power venture in Bangladesh to Nigerian banks to energy efficiency companies in Hungary to Brazilian manufacturers. The presentation will discuss how IFC engages with these types of partners, highlighting both successes and failures and offering a framework for pursuing such market-based interventions.

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