



Finland-IFC Blended Finance for Climate Program

October 2017-June 2021
Compendium Report

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Foreword



As we mark over three and a half years of the Finland-IFC Blended Finance for Climate Program (BFCP) we are pleased to look back on some of the groundbreaking projects and their impact. Finland is IFC's first bilateral European blended finance partner. The EURO 114 million (US\$134 million¹) contribution marks Finland's commitment to scaling climate solutions to chart a path for a low-carbon future.

The ambitious targets of the global community to meet the commitments under the Paris Agreement as well as the Sustainable Development Goals require us to develop new approaches and instruments to address emerging development challenges. The architecture for development is evolving from exclusive reliance on public resources, including Official Development Assistance (ODA), to using these limited resources to leverage much larger private capital flows for investment in developing markets. This paradigm shift presented and continues to present an exciting opportunity for Finland and IFC to collaborate in generating climate mitigation and adaptation benefits.

These kinds of trusted partnerships can play a significant role in making long-lasting change in the places that need it most. Since the establishment of the Program, we have seen strong demand for innovative climate projects where the addition of blended concessional finance enables these impactful projects to move forward. A notable project is the Massader Solar Program, which invests in efficient solar arrays on school rooftops in the West Bank, ensuring that Palestinian students are subject to fewer energy shortages. Massader has been recognized for its innovative structuring of this first-of-its kind project and high impact results in support of IFC's 3.0 Strategy, and most recently, for a 2021 UN Global Climate Change award at COP26.

Linking the right blended finance instrument to the specific constraint or market failure can push these projects across the finish line and deliver real development impact. In circumstances where the project sponsor is faced with high upfront costs as a first entrant in a challenging market, a cost-offsetting instrument (such as a senior loan with price concessionality) may be the most appropriate instrument to make the project viable. For example, the Finland-IFC BFCP supported Armenia's first solar photovoltaic (PV) project to ensure an affordable tariff in a tendered project at a time when long-term financing was scarce. The project ensures a reliable electricity supply by increasing Armenia's peak-load capacity (at affordable tariffs), in addition to lowering greenhouse gas emissions.



There have been significant changes in the global economy since the outset of the Program in 2017, the most substantial being the far-reaching effects of the COVID-19 pandemic. While the full impact of the pandemic remains to be seen, what we do know is that we cannot slow progress in the fight against climate change. More than ever, we need flexible approaches and financing support for solutions that will create a more sustainable future, and in the short term, protect existing jobs and create new jobs and markets in local communities. We view partnerships like the one we have with Finland as most critical in these uncertain times.

Kruskaia Sierra-Escalante

Senior Manager

Blended Finance & Corporate Strategy, IFC

ABBREVIATIONS & ACRONYMS

AIMM	Anticipated Impact Measurement and Monitoring system
BFCP	Finland-IFC Blended Finance for Climate Program
BFC	Blended Finance Committee
BFD	Blended Finance Department
DFI	Development Finance Institution
FI	Financial Institution
FY	Fiscal Year
GHG	Greenhouse Gases
GoF	Government of Finland
IDA PSW	International Development Association Private Sector Window
IFC	International Finance Corporation
MW	megawatt
ODA	Official Development Assistance
PPCR	Pilot Program for Climate Resilience
PV	Photovoltaic
RE	Renewable Energy
SDGs	Sustainable Development Goals
tCO₂e p.a	tonnes (t) of carbon dioxide (CO ₂) equivalent (e) per (p) annum (a)
WBG	World Bank Group

Program Overview

The Blended Finance for Climate Program (BFCP or the “Program”), established in 2017, is a partnership between the Government of Finland (GoF) and the International Finance Corporation (IFC) to catalyze innovative investments and unlock private financing into climate-smart projects in developing countries. The Program provides concessional financing (financing at below-market rates, with longer grace periods, subordination features and/or other softer terms) for private-sector led projects across the globe, with a growing focus on the least developed and most vulnerable countries.

INVESTMENT COMPONENT

The investment component of the BFCP includes a contribution from the GoF of EURO 114 million, structured as concessional co-investments alongside IFC’s own commercial funds in climate-finance projects. The concessional funds will bear additional risk or accept lower returns relative to IFC’s commercial financing and other commercial investors in the projects’ financial structure. By doing so, Finland’s contribution will catalyze high-risk projects and help support impact that would not otherwise happen. In addition to concessional pricing, other risk-mitigation features such as subordination, longer tenor, payment deferrals, unsecured tranches, etc. can support innovative structures where investors and lenders are often not yet prepared to take such risks or invest at commercial terms.

A key element of the Program is enhancing and increasing the cooperation and relationship between the IFC and Finnish stakeholders to advance the critical agenda of climate change. As the first European country to enter a blended concessional finance partnership with IFC, Finland is at the frontier of blended climate finance, thus offering a wide range of potential collaboration opportunities to different Finnish stakeholders. The program has made considerable efforts to strengthen the collaboration opportunities between IFC and Finnish companies and other stakeholders through various channels, including high-level/ministerial engagements, offering visibility opportunities for Finland to promote its climate and development policy agenda in global arenas, and organizing tailored workshops to engage Finnish companies.

Key Features



Size of the fund: €114 million



Duration: 25 years, including a 5-year active investment period



Priority sectors: Renewable energy; energy efficiency in buildings; agriculture, forestry and land-use; water, wastewater, and sanitation; meteorology; food security; sustainable forestry



Geographies: Global, targeting the funds to projects in least developed countries, other low-income countries, and lower middle-income countries and territories



Instruments: Equity, senior debt, mezzanine debt, and guarantees



PROJECT DEVELOPMENT COMPONENT

Further evidence of the pioneering nature of the Program is the “upstream project-support” component that was launched in October 2018 under the BFCP. This work encompasses activities that occur *before* the traditional investment cycle and are necessary precursors to an investment. The work can entail identifying and creating projects that IFC will offer to potential investors. Unlike broader engagement in country development work, this early-stage project-support work has a clear line of sight to a potential private sector investment within reasonable amount of time and has a clear focus on identifying and addressing barriers to investment. These interventions are aimed at creating the conditions for a private sector investment that otherwise would not have occurred if left to market forces alone.

The Project Development Component of the BFCP was created to support early-stage development of high-potential projects that in turn could potentially be supported by the main Blended Finance for Climate Program. These early-stage project development activities can include e.g., market mapping; pre-feasibility and feasibility studies; identifying and developing new financial mechanisms or structures; piloting new technologies; and project demonstration activities, etc. The Project Development Component has an allocation of €1.54 million for activities that support the development of first-of-their-kind projects.

Projects Supported by the BFCP Project Development Component

FLOATING SOLAR IN BANGLADESH

Bangladesh is heavily dependent on thermal power with natural gas, heavy fuel oil, diesel, and coal accounting for over 90 percent of the current generation mix. The Project Development Component will support the building of a 258 kilowatt-peak (kWp) Floating Solar PV Demo Project in Bangladesh to assess the technical feasibility of deploying floating solar on a large scale to increase energy reliability, access to affordable energy, and contribute to transitioning Bangladesh toward the use of water surface instead of land for low-carbon and resource-efficient energy resources. The Project aims to help Bangladesh reduce its carbon footprint and facilitate access to finance via mainstream investments for Floating Solar PV projects, diversify its energy mix toward sustainable and clean energy, and support the country's goal for 10 percent energy generation from renewable sources in 2021.

The Project is expected to generate approximately 384 MWh of energy per annum, sufficient to provide electricity to over 1000 people. The total estimated cost is US\$400,000 of which 50 percent will be funded by the developer and the remaining 50 percent from the Project Development Component of the Finland-IFC Climate Change Program.

ADVANCE PRACTICES FOR ENVIRONMENTAL EXCELLENCE IN CITIES (APEX)

The Advance Practices for Environmental Excellence in Cities² (APEX) is a new IFC product that supports cities in emerging economies to accelerate the implementation of ambitious and transformative investment projects and policy actions that significantly contribute to transitioning to low-carbon and resource-efficient growth pathways. The product is anchored around the APEX Tool software, which provides a cost-efficient and user-friendly interface to help cities understand their environmental footprint in terms of carbon emissions and resource usage across the key sectors of water, buildings and energy, transport, and waste management; as well as to help them plan investment and policy interventions.

APEX is a pre-feasibility climate investment tool that helps cities to identify and evaluate green investments, policies, and planning opportunities. It will support IFC's investment stream as a business development product ("door-opener") by working with cities to create a reservoir of green pipeline projects. APEX will also help to define what is "green" in a city through city-as-a-whole approach. The APEX tool will also create investment opportunities that can be supported by the BFCP to create incentives for market adoption of green cities practices. The Project Development component will support the development of the APEX tool in the amount of \$500,000 to upgrade the prototype APEX Tool into a full online platform, develop a scalable approach, and incorporate the use of APEX tool in the investment stream to build green investment pipelines in cities.

ELIGIBILITY³

The BFCP has coverage allowing it to respond to evolving private sector needs and changes in market conditions, leveraging IFC's global reach and ability to deploy Program funds effectively.

Sub-Saharan Africa

Angola
Benin
Burkina Faso
Burundi
Cameroon
Cabo Verde
Central African Republic
Chad
Comoros
Congo, Dem. Rep.
Congo, Rep.
Côte d'Ivoire
Djibouti
Eritrea
Eswatini (formerly Swaziland)
Ethiopia
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mozambique
Niger
Nigeria
Rwanda
Sao Tome and Principe
Senegal

Sierra Leone
Somalia
South Sudan
Sudan
Tanzania
Togo
Uganda
Zambia
Zimbabwe

East Asia and Pacific

Cambodia
Democratic People's Rep. of Korea
Indonesia
Kiribati
Lao PDR
Micronesia
Mongolia
Myanmar
Papua New Guinea
Philippines
Solomon Islands
Timor-Leste
Tuvalu
Tokelau
Vanuatu
Viet Nam

Europe and Central Asia

Armenia
Georgia
Kosovo
Kyrgyzstan
Moldova

Tajikistan
Ukraine
Uzbekistan

Latin America & Caribbean

Bolivia
El Salvador
Guatemala
Haiti
Honduras
Nicaragua

Middle East & North

Africa
Egypt
Jordan
Morocco
Syrian Arab Republic
Tunisia
West Bank and Gaza Strip
Yemen

South & Southeast Asia

Afghanistan
Bhutan
Bangladesh
India
Nepal
Pakistan
Sri Lanka



ELIGIBLE SECTORS

The BFCP is designed to support a wide range of projects and be adaptive to challenging environments and markets. Program funds are dedicated to projects in climate mitigation as well as adaptation and resilience, with an emphasis on investments in high priority sectors for Finland.

Climate Change Mitigation: Renewable energy; Energy efficiency in buildings; Agriculture, Forestry and land-use; Water and wastewater

Climate Change Adaptation: Meteorology; Water and sanitation; Food security; Sustainable forestry

Activities defined by IFC as "Energy efficiency in industry", "Non-energy GHG reduction", and "Special climate" (i.e., climate projects that contribute to mitigation, but for which GHG reduction calculation are not available) are approved by the GoF on a case-by-case basis based on their climate and development benefits and impact.



The International Finance Corporation

IFC is a member of the World Bank Group (WBG) and the largest development institution focused solely on the private sector in emerging markets. As part of the WBG, IFC has two overarching goals — ending extreme poverty by 2030 and boosting shared prosperity — that are aligned with the Sustainable Development Goals (SDGs). IFC is a global leader in crowding-in private finance to deliver sustainable impact in the developing world.

IFC 3.0: EXPANDING OUR FOOTPRINT WHERE IT IS NEEDED MOST

IFC's strategic framework — IFC 3.0 — intensifies its concentration on development impact, focusing on creating markets and mobilizing private capital. This means increased support to the most fragile and least developed countries where, if unlocked, private capital flows can address major development gaps and open opportunities for all. The United Nations estimates that developing countries face a \$2.5 trillion annual investment gap in key sustainable development sectors. Job creation and economic growth, gender equality, environmental and social sustainability, and climate change adaptation and mitigation, are some of the areas that IFC supports through its financing. For example, IFC estimates that transitioning to a low-carbon energy sector could benefit the nearly one in five people worldwide without access to modern energy services.

CLIMATE FINANCE AT IFC

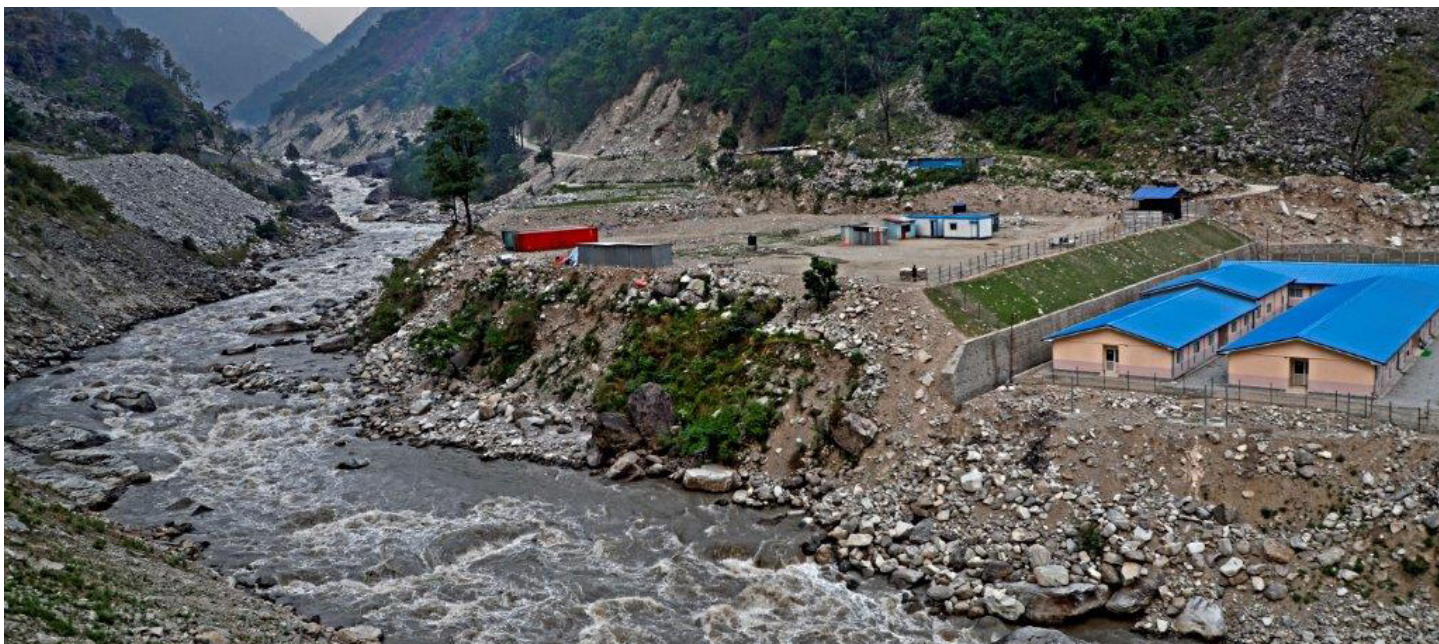
As one of the world's largest financiers of climate-smart projects in emerging markets, IFC will continue to use its own capital, expertise, and local country knowledge to attract commercial capital and maximize impact. Analysis across 21 largest emerging markets shows that focusing on key green investments in identified sectors between 2020 and 2030 can generate approximately \$10.2 trillion in investment opportunities. From now through fiscal year 2025, IFC seeks to increase climate finance to 35 percent on average from its own account, up from 30 percent in fiscal year 2020, working to create markets and unlock private sector climate investment. Moving forward, IFC will continue to focus on its five key sectors—building momentum in clean energy; green buildings; climate-smart agribusiness; smart cities; and green finance. Drawing on the various natural resources that may exist in any given location, renewable energy offers clean, cheap, and reliable access to electricity, and puts countries on a less carbon-intensive path to growth. IFC analysis shows that the Paris Agreement opened \$23 trillion in climate-smart investment opportunities through 2030. Indeed, the case for investing in climate has never been stronger. As the private sector faces higher risks associated with new, unproven technologies or first-of-their kind projects, IFC plays a key role advancing climate solutions through the use of blended concessional finance.

Blended Concessional Finance

Blended Finance is a key tool that strengthens IFC's 3.0 strategy and supports the acceleration of climate-smart projects. At IFC, **Blended Finance refers to a financing package comprising concessional funding provided by development partners and commercial funding provided by IFC and co-investors.** There are several examples of how thoughtfully applied blended concessional finance can ignite private sector investment that would not otherwise exist, creating new markets in developing countries. These critical investments in renewables support developing countries in diversifying their energy matrix and reducing reliance on imported fossil fuels. BFCP also helps to ensure that additional pipeline opportunities that on a commercial basis cannot cross the threshold of bankability are now being pursued. Indicative examples of such opportunities include waste-to-energy projects in South East Asia, access to renewable energy for off-grid and rural populations in Africa.

CONTRIBUTING PARTNERS AND IMPACT

Blended concessional finance for private sector projects is one of the most significant tools that Development Finance Institutions (DFIs) can use, in cooperation with development partners, to increase financing for important private sector activities, help address the SDGs, and mobilize private capital. Concessional funds can catalyze private financing that would not otherwise be available to projects with high development impact, enabling projects to take place over time, demonstrating their viability and paving the way for financing on fully commercial terms. With increased interest in the use of blended concessional finance in transformative projects, IFC pays particular attention to its ability to measure project outcomes and impact. IFC's Anticipated Impact Measurement and Monitoring (AIMM) system⁴ is designed to review and rate potential projects based on their expected development outcomes. This approach allows IFC to optimize project design and helps IFC maintain a connection between immediate project goals to the World Bank Groups' goals.



IFC's Blended Finance Approval Process and Project Cycle

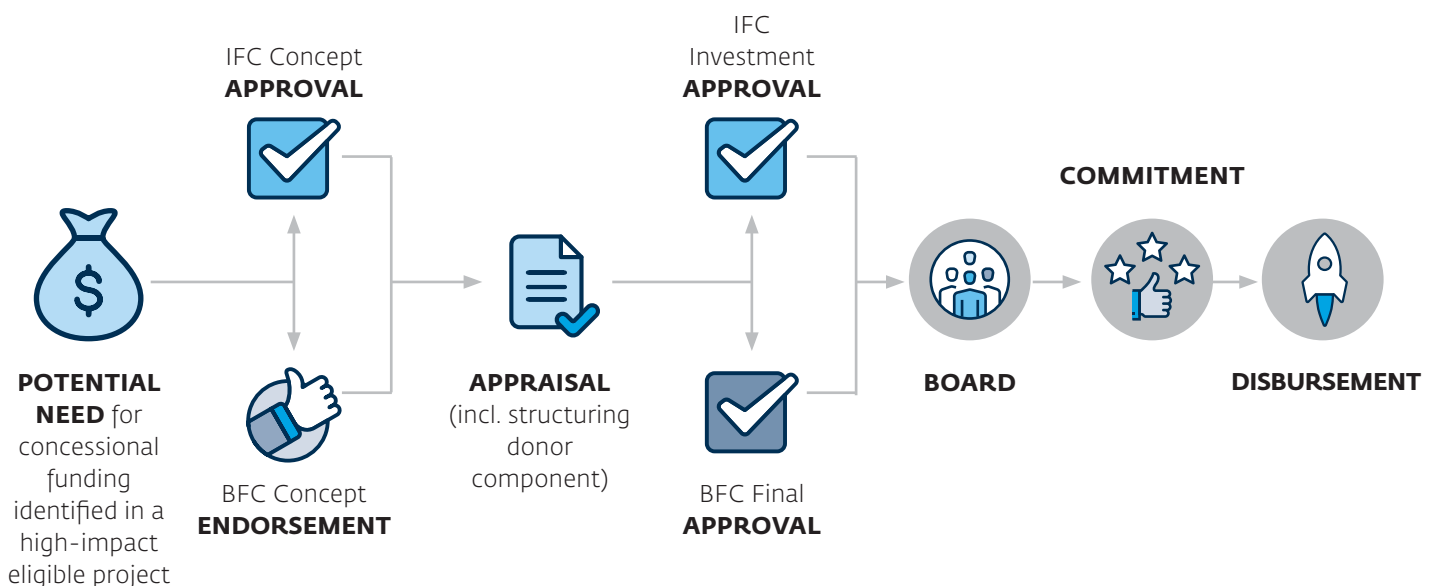
IFC has a well-established, strategic, and rigorous approach to blending concessional funds alongside its own capital, including the principles and governance by which it applies such funds. All blended concessional finance funds at IFC are managed by the Blended Finance Department (BFD). The process followed by the BFD is closely linked to and mirrors the IFC's own project approval process to create efficiency, while balancing the need for strong governance and transparency.

WHERE WE START

Often the investment process begins with establishing the conditions in a country that lead to private investments. Early stage upstream work is critical, as one of the main reasons for a lack of private investment in many developing

countries is a shortage of commercially viable investment opportunities. To attract capital, IFC works to remove barriers to investment and enhance the operating environment for private business. Typical barriers in frontier and emerging markets include lack of financing as well as operational and other challenges prevalent in these markets preventing a company or entrepreneur to establish a new venture or expand an existing enterprise. IFC helps develop private sector in these challenging environments in a variety of ways, including investing in companies through loans, equity investments, debt securities and guarantees; mobilizing capital from other lenders and investors through loan participations, parallel loans and other means; and advising businesses and governments to encourage private investment and improve the investment climate. Under the IFC 3.0 strategy, IFC is also increasingly working "Upstream"(advisory services and

Figure 1: Process for Blended Finance Transactions



project preparation work including pre-investment and pre-pipeline activities) and getting involved earlier in the project-development cycle to seed investment opportunities, in some cases working to create markets where none existed. This approach also addresses one of the biggest obstacles to nurturing the private sector in developing countries: the lack of projects with enough financial backing and business promise to be considered “bankable” by international investors. In this operational context, IFC’s actions are tightly focused on intervening to create the conditions for promising projects. To achieve this IFC applies financial resources, technical expertise, global experience, and innovative thinking to help private sector to overcome a wide set of challenges, including mobilizing more private capital for development purposes. Crowding-in private finance to deliver sustainable impact in the developing world is thus at the core of IFC’s actions. Blended concessional finance for private sector projects is one of the most significant tools that IFC uses to address market failures and to help mobilize private investment in pioneering projects and challenging environments.

IFC business development staff in regional and global industry departments initiate the investment process by screening opportunities, conducting preliminary discussions with potential clients, and compiling relevant market research, in addition to performing initial integrity due diligence checks. When a project is determined to potentially need concessional funding support, investment officers from the BFD work with IFC investment teams to verify eligibility, develop optimal project structure, and follow through the entire project cycle until the end of the project repayment phase and completion. Projects seeking concessional support from one of IFC’s blended finance programs — such as the Finland Program — are reviewed by the Blended Finance Director and/or the Blended Finance Committee (BFC) at two separate stages: the concept and final approval stage. They approve the

use, structure, and terms of all donor-funded concessional investments and ensure projects are in line with DFI Enhanced Blended Finance Principles (see box 1 on page 15).

With a strategic and disciplined approach to blended concessional finance, IFC is ensuring that it is not distorting markets through the use of concessional resources.

INVESTMENT PROCESS

The length of time for a project to move through this process may vary significantly, depending on the sector, the geographic location, and whether the project involves financial institutions (FIs) or real sector clients. For example, infrastructure projects typically have a longer gestation period and extended business cycle. In general, the project cycle time is rarely less than six months (even for FI projects), but some projects may take in excess of two to five years, depending on the complexity of the deal and requirements of the parties involved. In challenging political environments, including most countries in Sub-Saharan Africa, projects receiving concessional financing may require additional time to appraise and structure. In this regard, upstream project preparation work is critical to ensure that a pipeline of bankable projects is developed. In many countries, perceptions of risk and instability are prevalent and can stagnate project progress. Many, if not all the projects—and infrastructure projects in particular—involve various regulatory approvals, agreements, and arrangements, with multiple local and federal authorities (such as Power Purchase Agreement, Land Lease agreement, etc.). The need to negotiate these often complex documents may lead to increased project timelines, uncertainties and project exposure to political cycles and changes. Regulatory reforms, work towards enabling environment, and capacity building programs are complementary to the use of blended concessional finance in the creation of investment opportunities and development of vibrant markets.

Governance and Transparency

IFC's Blended Finance practice uses concessional resources strategically and transparently to deliver on impact. This means taking a disciplined and targeted approach to blended finance, following five key blended finance principles: rationale for blended concessional finance; crowding-in and minimum concessionality; commercial sustainability; reinforcing markets; and promoting high standards (see box 1). IFC has developed strong governance processes to ensure that blended concessional finance principles are consistently applied, including an independent decision-making body for allocating development partners' scarce concessional resources. These processes ensure that concessional resources are used only when they are truly needed to ensure that a high-impact investment can move forward.

CONCESSIONALITY LEVELS

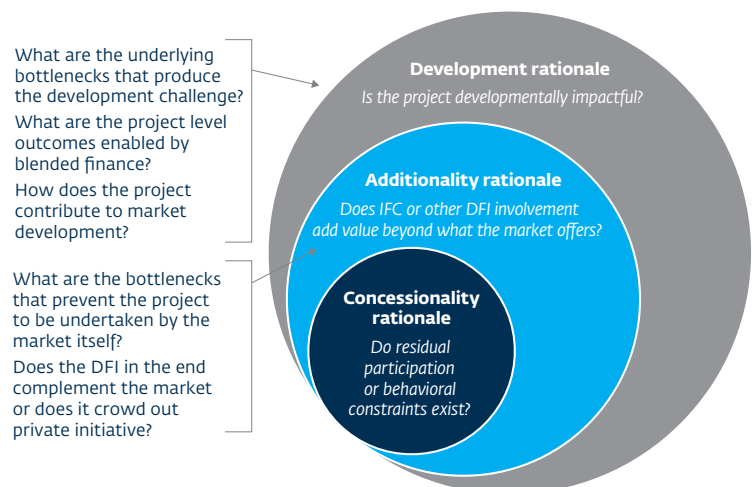
Members of the BFC carefully ensure that all projects respond to all DFI Enhanced Blended Concessional Finance Principles for Private Sector Projects. Particular attention is paid to calibrate the level of concessionality that a project supported by concessional finance (such as from the BFCP) is receiving. The use of blended concessional finance starts with a case-by-case analysis to determine the appropriateness of blending concessional public with private finance, specifically, to avoid undue subsidies to the private sector and undue risk for the concessional tranche.

In 2019, IFC announced it would hold itself to the highest standards of transparency. For each transaction using blended concessional finance, IFC discloses the type of concessional funds used, the rationale for their use, the expected development impact of the project, the role of IFC in supporting the project, the rationale and reason why concessional funds are needed to make a project viable, and estimated level of concessionality provided as a percentage of the total cost of the project, among other details.⁵ For each project supported by the BFCP and committed since 2019 this information is included in the Summaries of Investment Information (SII)⁶ prepared by IFC to disclose a summary of the main elements of the investments.

IFC, in cooperation with other DFIs, also reports on aggregate volumes of blended concessional finance used in different regions, sectors, and instruments.⁷

Figure 2: Articulating the Rationale for Blended Concessional Finance

Source: IFC.



DFI Working Group and Blended Finance Principles

As international attention to the role of blended concessional finance has grown in recent years, so too has the need for common understanding across DFIs in applying this tool for enhanced development impact. IFC plays a leadership role among DFIs and chairs a working group of over 20 DFIs on the use of blended concessional finance for private sector projects. In 2017, the DFI Working Group on Blended Concessional Finance developed a set of guidelines that aim to maximize impact and minimize potential

market distortions through the use of concessional resources. The consequent updates of principles and guidance for providing blended concessional finance for private sector projects include guidelines for how to push for commercially viable solutions using minimum concessionalism. In addition, they advocate for increased scrutiny of projects proportionate with the underlying risk that concessional resources could lead to market distortion.

Box 1: DFI Enhanced Blended Concessional Finance Principles for Private Sector Projects



Rationale for Blended Concessional Finance

Contribution that is beyond what is available, otherwise absent from the market, and should not crowd out the private sector.



Crowding-in and Minimum Concessionalism

Contribute to catalyzing market development and mobilization of private sector resources, with concessionalism not greater than necessary.



Commercial Sustainability

Impact achieved by each operation should aim to be sustainable and contribute towards commercial viability.



Reinforcing Markets

Addresses market failures effectively and efficiently minimizes the risk of market distortion or crowding out private finance.



Promoting High Standards

Promote adherence to high standards, including in areas of corporate governance, environmental impact, integrity, transparency, and disclosure.



The Impact of COVID-19 — and Supporting a Resilient Recovery

While governments around the world are leading the response to COVID-19, there are also major roles for the private sector, which can speed economic recovery and protect jobs in uncertain times. In normal times, blended concessional finance helps IFC support higher-risk projects, increase development impact, and create markets. As the world faces the human and economic impact caused by the pandemic, IFC's blended concessional finance facilities continue to address increased risks, provide the needed relief, and prevent reversal of development outcomes. In the COVID-19 context, blended concessional finance deployed by DFIs like IFC will play an

even greater role, as it can help bridge critical financing gaps by placing important projects within the risk tolerance of private sector investors and DFIs, despite great market and financial uncertainty⁸. The support that blended concessional finance programs have been able to provide for COVID-19 response has also been dependent on the risk tolerance of the concessional capital provider. Programs with returnable capital expectations may be less suited to support initial recovery efforts, but their patient capital and concessional features will be key in supporting a green, inclusive and resilient recovery.

Portfolio and Implementation Status

BFCP PORTFOLIO AS OF JUNE 30, 2021



Project: UPPER TRISHULI 1 HYDROPOWER PROJECT, NEPAL, \$13.1 million equity

Nepal's Trishuli River will be harnessed to create a 216-megawatt run-of-river hydropower project that will increase the country's domestic energy production and help meet its growing demand for electricity. Once operational, UT-1 will generate sufficient electricity to supply to millions of Nepalese people.



Project: SCALING SOLAR Senegal, Kahone €3.5 million senior debt

The Kahone project is a 44 MWp solar plant awarded under the World Bank Group Scaling Solar Senegal Program, which supports grid-tied solar photovoltaic (PV) power in emerging markets.



Project: SCALING SOLAR, Senegal, Kael €2.9 million senior debt

The Kael project is a 35 MWp solar plant awarded under the World Bank Group Scaling Solar Senegal Program, which supports grid-tied solar PV power in emerging markets.



Project: MASRIK SOLAR, Armenia, \$8.9 million Senior Debt

Development, construction, and operation of Armenia's first grid-scale solar PV project, which includes a 55-MW power plant and a 9-kilometer transmission overhead line located in a rural community by Lake Sevan. The project is Armenia's first large utility-scale and competitively tendered solar independent power producer.



Project: MASSADER SOLAR, West Bank, \$3.2 million senior debt

Up to 500 West Bank schools are being outfitted with solar arrays over a period of three years. The project will be capable of generating 25 megawatts of electricity, enough to power the equivalent of about 16,000 homes.



***CANCELLED* Project: GAIA RENEWABLE ENERGY PLATFORM, across AFRICA, \$3 million equity**

Partnership with Gaia Energy to catalyze the development of wind power and other renewable energy projects in Africa with a pipeline of more than twenty potential projects in nine countries in North, West and East Africa. *Note: Project has been cancelled.*

PROGRAM TOTAL
EXPECTED GHG ABATEMENT:

579,000 tCO₂e p.a.



CURRENT PORTFOLIO AND PIPELINE OF FINLAND-IFC BLENDED FINANCE FOR CLIMATE PROGRAM

The total cash contribution from Finland (net of set-asides) available for programming was \$122 million⁹.

As of June 30, 2021, the Program portfolio and pipeline highlights include 13 projects (6 committed, 1 BFC approved, 6 BFC endorsed) at different pipeline stages totaling \$96 million. The highlights include:

- With six projects committed and an additional project being approved by the Blended Finance Committee, approximately 52% of programmed funds are currently allocated to the downstream pipeline.
- With concepts endorsed for an additional six projects, around 48% of programmed funds are currently in the midstream pipeline.

- Cumulative disbursement to projects since inception of the Program was \$10.1 million (8% of total Program funds) by June 30, 2021.
- As of June 30, 2021, several additional high-impact projects were in IFC's upstream project pipeline and projects worth \$26 million were being processed for concept endorsement. Some projects in the pre-concept pipeline may be subject to funding availability at the time they will enter the midstream pipeline.

It is important to note that not all pipeline opportunities will materialize into projects that comprise the BFCP portfolio.

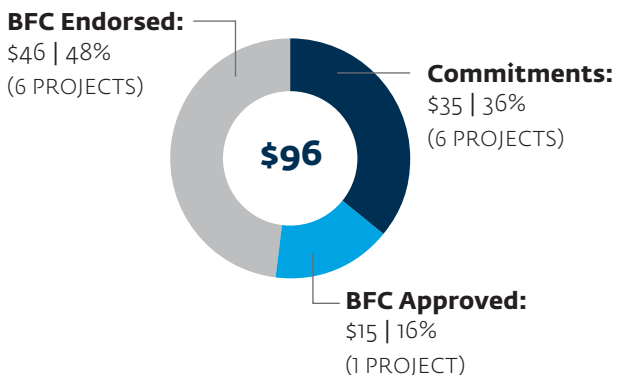
The data summarized in this section includes pipeline as of June 30, 2021.

For more details of the financial and operational performance of the Program, please refer to Annex C. Q2 2021 Quarterly and Operational Report.

Programmed Funds for IFC-BFCP as of June 30, 2021

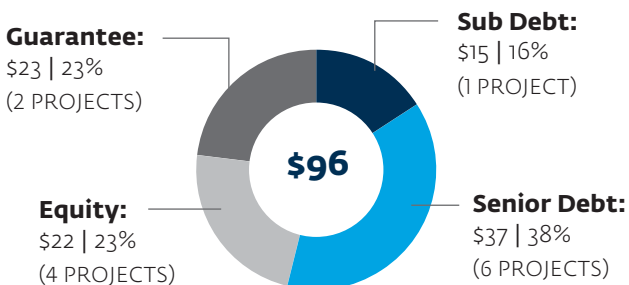
US\$, millions

i. Programmed funds at different stages.



In order to enable the Program to take riskier positions and support more challenging and higher risk projects with potentially higher development impacts, at least 50% of the Program funds will be structured in equity, subordinated/mezzanine debt, and subordinated/first loss guarantees. The current portfolio and pipeline of the Program represents a diversified investment composition in terms of instruments, as the portfolio and current pipeline include early-stage risk capital and equity investment (23% of programmed funds), subordinated debt (16% of programmed funds), and senior debt (38% of programmed funds). The diversification of used instruments will allow a balanced portfolio in terms of risk

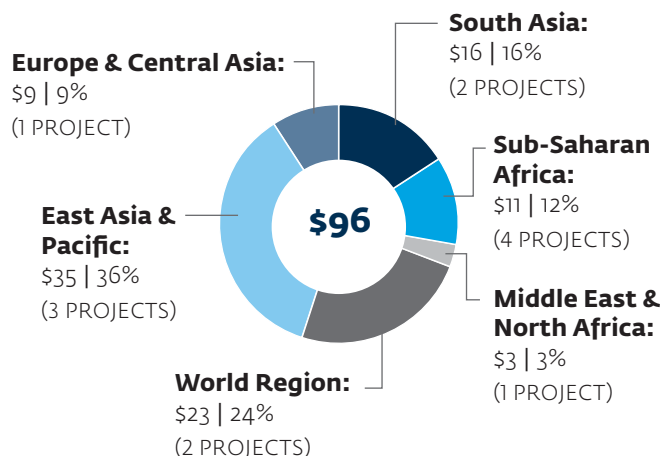
ii. Programmed funds by blended finance instrument.



and reward with equity, guarantees and subordinated debt generally carrying higher risk than senior debt. Alternatively, the non-senior debt instruments usually fare better in terms of pricing and potential return expectations.

The geographical diversification of the current portfolio and pipeline is also diverse with projects in East Asia and Pacific (36% of programmed funds), South Asia (16%), Europe and Central Asia (9%), Sub-Saharan Africa (12%), and Middle East and North Africa (3%). The diversification in terms of country income grouping of committed projects in the portfolio is focusing on low income countries with three projects¹⁰ (58% of programmed funds) in Least Developed Countries and three projects (42% of programmed funds) in Lower Middle Income Countries¹¹.

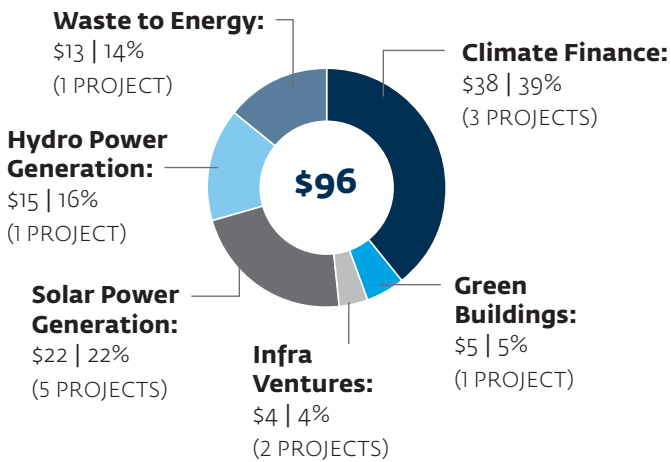
iii. Geographic breakdown of programmed funds.



In terms of sectoral diversification and technologies supported by the Program, the portfolio and pipeline projects will deliver impact across five sectors: solar power generation, climate finance, hydropower generation, waste to energy, and green buildings.

Apart from the climate resilience angle of the UT-1 project, so far it has proven to be challenging to find the cash flow and bankability in adaptation projects that would both attract the private sector and fulfil the returnable capital expectation of Finland, however IFC will continue to endeavor that at least 10% of the Program funds will support new areas with potential for large positive climate and developmental impacts, such as private sector climate adaptation projects.

iv. Programmed Funds by Sector



All committed projects in the Program portfolio are aligned with the agreed exposure limit per project (capped to \$15 million). The investment amounts of majority of the committed projects (83%) in the current portfolio fall within the ideal size (\$2-10 million) as set by exposure limits of the Program. The current portfolio does not include investments through financial intermediaries¹².

Unless otherwise agreed with Finland, with one year remaining of the active investment period of the Program (until October 2022), the Program priority will be strategically deploying the remaining Program funds in a manner that supports eligible projects that advance during this period while achieving a balanced portfolio in terms of risks, diversity in the instruments used, geographical coverage, and technology. Aligned with the "returnable capital" model of the Program, all reflows from investments (interest, fees, dividends, and repayment of principal) will be returned to Finland¹³.

RETURNABLE CAPITAL UNDER THE PROGRAM

Blended concessional financing looks to accelerate projects with high development impact potential. In a "returnable capital" model, the investments are structured with the objective of having concessional capital contribution collected through reflows and returned to the contributor. In this model, reflows (interest, fees, dividends and repayment of principal) are collected and reflowed back to the GoF on a periodic basis with the objective of having a returnable capital facility.

While developing a portfolio, an ongoing assessment of the possible trade-offs between development impact and the required return on investments is required. For instance, under a returnable capital model, the instruments as well as the level of concessionality and risk appetite available for use in private sector projects is limited (see discussion on page 24).

Stories of Impact



GENERATING POWER AND HOPE IN THE WEST BANK: MASSADER SOLAR

The West Bank has virtually no domestic power industry and imports up to 90% of its electricity — a reality that runs counter to the long-term goal of West Bank and Gaza: self-reliance. Many students in the West Bank struggle to focus through scorching summer days while overworked air conditioners strain the power grid, causing several blackouts a day.

IFC's first power sector investment in the West Bank, the Massader Solar project, is outfitting up to 500 schools across the West Bank with solar arrays over the next three years. The \$32 million school-solar rooftop PV project, spearheaded by local power company Massader and financed in part by IFC, will be capable of generating 25 megawatts of electricity,

enough to power the equivalent of about 16,000 homes. The increased cleaner energy supply is expected to result in a reduction of an estimated 30,000 tons of CO₂ emissions annually. Building on recent experience with PRICO Solar in Gaza, the project is part of a larger investment by IFC and the World Bank Group to bolster power supplies in the West Bank and Gaza and, in the process, jump-start economic development and the use of local renewable sources. The West Bank schools will benefit from free and clean electricity, and the benefits extend beyond the students: the PV rooftops are producing energy well in excess of the schools' needs and is supplied to the West Bank distribution grid. The integration of small PV generators in the network tend to compensate for grid overloads, improve the voltage profile across the feeders, and reduce system losses overall — a huge benefit to Palestinians across the West Bank.

Rationale for Blended Finance

The financing package for the solar arrays includes an IFC loan of up to \$8.1 million in addition to a senior concessional loan from the Finland-IFC Blended Finance for Climate program for \$3.2 million, as well as a loan from the Netherlands-IFC MENA Private Sector Development program.

Ensuring the efficiency of blended finance at the project level means ensuring the minimum amount of concessional funds and the minimal level of concessionality (or subsidy) in the pricing of those funds, while structuring the right instrument for the right risk and impact objective to catalyze additional commercial capital. For the Massader project, the blended concessional loan from the BFCP supports the affordability of solar by maintaining the project tariff at a sustainable level, supporting increased competitiveness, and helping demonstrate the viability of rooftop solar projects in the West Bank and Gaza. IFC's participation in the project provides financing to support the reconstruction efforts in West Bank given the current political situation which has made commercial, long-term debt financing unavailable. Concessional funding helped the Project achieve a project finance structure to demonstrate the commercial viability of renewable energy investment in West Bank¹⁴.

A CLEAN ENERGY FUTURE IN NEPAL THROUGH SUSTAINABLE HYDROPOWER: UPPER-TRISHULI 1

With over 6,000 rivers and streams, Nepal has enormous potential for hydropower. Harnessing the power of the Trishuli River, the Upper-Trishuli 1 (UT-1) project supports the development of a key greenfield 216 megawatt run-of-the-river hydropower project north of Kathmandu. Nepal has enormous potential and therefore sees regional energy exports as an engine for economic growth with a target of 15 GW installed capacity by 2030. The project is one of the largest foreign direct investments in Nepal to date. Once complete, UT-1 will generate electricity sufficient to supply millions of Nepalese people and be a standard-setting example for Nepalese – and regional – hydropower projects to follow.

Massader project winner of a UN Global Climate Change Award

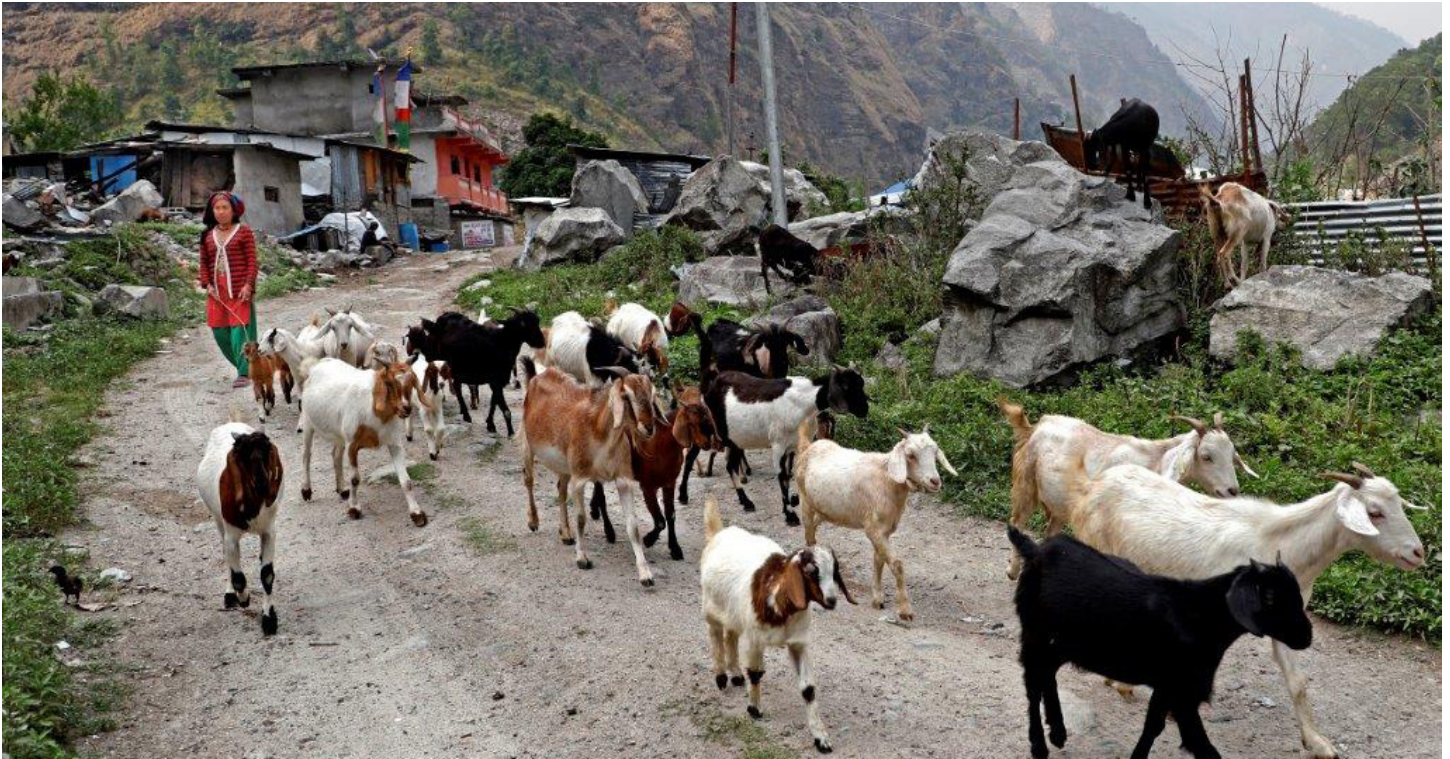
IFC's Massader project was selected as a winner of the 2021 UN Global Climate Action Awards. This



prestigious award recognizes the world's most innovative, scalable, and replicable examples of action to tackle climate change. This year also marks the 10th anniversary of the award program and its efforts to demonstrate that climate action is underway around the world. With generous support from the Government of Finland, IFC's Massader project was selected as a winner under the "Financing for Climate-Friendly Investment" category together with PRICO solar in Gaza, with both projects winning for telling a shared story of building self-reliance and solar in the West Bank and Gaza, with a focus on the innovative financial structuring of each project in challenging and fragile region. Without the support of blended finance from Finland, the Massader project would not have been able to proceed and deliver climate benefits and impact for the local population.

IFC press release: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26660>

UN winners announcement: <https://unfccc.int/climate-action/un-global-climate-action-awards/financing-for-climate-friendly-investment/self-reliance-solar>



The difficult path to UT-1 reflects the challenges of building a hydropower project in a mountainous country prone to natural disasters and frequent regime change. In April 2015, a 7.8 magnitude earthquake devastated Nepal, killing over 9,000 people, and destroying nearly 800,000 homes. The earthquake triggered rockslides that leveled the project site and surrounding communities, killing several UT-1 workers, displacing local communities, and destroying a section of the access road. Aftershocks sent showers of rocks onto rescuers, burying roads and infrastructure under the rubble. This necessitated a critical shift in the priorities of the Nepalese government to begin a rescue and reconstruction effort.

Rationale for Blended Finance

IFC is leading a \$453 million debt financing package for UT-1 that includes nine international lenders including DFIs. Through its blended finance practice, IFC is co-investing concessional funding provided by Finland, the multi-donor Pilot Program for Climate Resilience (PPCR) of the Strategic Climate Fund under the Climate Investment Funds, and the International Development Association's Private

Sector Window (IDA PSW) alongside its own funds to help de-risk the project, increase climate resilience, and encourage greater private sector investment in Nepal. Until recently, the energy sector had not been able to attract the significant (foreign) investment needed to fund transformational projects that could remedy the country's dire electricity situation. The project will receive funding from IDA PSW (\$65 million), the BFCP (\$13.1 million equity), PPCR (\$15.6 million senior debt and \$1.5 million equity) and a \$14.6 million equity contribution from IFC. This increased inflow of resources to the country stimulates inclusive growth and development, in addition to increasing competitiveness in downstream industries. UT-1's contractual structure can serve as a model for future foreign direct investment in the country's hydropower sector. The project also expects to set social and environmental benchmarks for hydropower development in the country.

Unquestionably, these large-scale hydropower projects require stamina and perseverance to complete. Once completed, the company will sell power generated by UT-1 to Nepal's national public utility company, benefiting Nepalese with cleaner, more reliable electricity for decades to come.



Looking Forward: Innovating at the Forefront of Climate Solutions

The flexibility of the Finland-IFC Blended Finance for Climate Program is bridging critical financing gaps by enabling important projects that satisfy the risk tolerance of private sector investors and DFIs, despite great market and financial uncertainty in some of the most difficult environments. IFC is working with countries to implement a green recovery that can stimulate economies and create jobs, helping them rebuild better, while accelerating a cost-efficient green transition.

Climate solutions continue to evolve as IFC explores frontier areas for investment. A needed shift from “reducing emissions” to “zero emissions” also means that more and more complex projects will require support. Looking ahead to needed climate solutions and the associated future de-risking demands, it is evident that blended finance solutions beyond current efforts and programs are critical. The following are new areas that may hold the promise of potential transformational impact in emerging markets:

- Energy Storage
- Green Hydrogen

- Waste Management
- Offshore Wind
- Public Transport
- Solar Distributed Generation and Mini Grids

These new and emerging areas will require a more thoughtful approach both in evaluating benefits (i.e., energy storage in itself does not generate GHG emission reductions but is critical in grid decarbonization), and more innovative use of blended concessional finance as an instrument to catalyze development of these areas. These areas are a few examples of climate solutions that will benefit from continued partnership with Finland, including potentially replenishing the current program or launching new programs enabling IFC and Finland to innovate at the forefront of climate mitigation and adaptation — and create development impact in countries that need it most.

Lessons learned

PACE OF COMMITMENT

Direct investments in climate and infrastructure often require significantly more lead time to originate and bring to financial close. This observed lead-time for climate and infrastructure projects is consistent with upstream requirements necessary for financing real sector, greenfield projects, such as negotiation of power purchase agreements, land right acquisition, environmental and social due diligence and complex investor agreements, among others. Time needed to develop projects and close financing is lengthy. Even projects considered to be “fast movers” take around three years, and that number could go up depending on the level of complexity and country conditions.

These lead times have further increased during Covid-19. In the context of Program implementation and utilization of funds, the full picture of the COVID-19 pandemic remains to be seen. There are some early indications that projects may face delays and move slower in the pipeline due to (i) direct impact on different project development aspects and (ii) general economic slowdown across Program countries and regions. Some projects may also face increased risks of being dropped from the pipeline as, for instance, project sponsors may be revising their priorities due to COVID-19.

PROGRAM DESIGN TRADE-OFFS

The returnable capital model has limitations. In this model, reflows (interest, fees, dividends and repayment of principal) are regularly returned to the provider of concessional funds with the objective of having a returnable capital facility. This limits the instruments as well as the level of concessionality and risk appetite available for use in private sector projects. In sum, while developing a portfolio, an ongoing assessment of the possible trade-offs between development impact and the required return on investments is required. There is a limited amount of concessionality that can be delivered to the project through available financial instruments and under the returnable capital framework. Affordable debt is one ingredient at IFC’s disposal, however, pricing concessionality is not the only instrument needed to make a project successful. IFC is thoughtful in how blended concessional finance solutions are structured to support high-impact projects that are attuned to the reality of the conditions on the ground. In prospective projects and conditions where there is a historical reliance on grants, the type of concessionality delivered by the Program funds — namely, limited subsidy aligned with the returnable capital model — might be incompatible or take additional time to find the right projects.

Conclusion

The Finland-IFC Blended Finance for Climate Program has filled an important gap both in the market and in IFC's funding sources through its flexibility in products and specific focus on higher risk products such as equity and guarantees. The ability of the Program to provide equity and risk capital has enabled high-impact projects where they would not have advanced without the support of the Program. In addition, the geographical and sectoral flexibility as well as the ability to provide Euro-denominated loans without the need for hedging have been the strengths of the Program to de-risk first-mover projects and avoid complex structuring through hedging from US dollars to Euro. The focus on low-income countries has in some cases limited the use and impact of the Program funds, as many of the frontier climate technologies (such as battery storage, Solar DG, etc.) are often first piloted in middle income countries before they can be successfully deployed in more challenging markets, where new technology and business model challenges are compounded with additional project-related and country risks. The Program's focus aligns with IFC priorities, supporting a vibrant private sector in the most challenging areas.

The World Bank Group, along with many other Development Finance Institutions, is working with numerous country governments on improving the attractiveness of their investment climates, involving reform processes with governments. IFC's shift to working upstream, promoting innovative solutions to today's toughest challenges in infrastructure, and using blended concessional finance to get viable projects off the ground — with the support of trusted partners like Finland — will ultimately contribute to investment climate improvements. In addition to more traditional climate-related investments in renewables and energy efficiency, the Program also targets new areas with potential for large positive climate and developmental impacts.



With less than a decade remaining to make material progress on climate change, the window of opportunity is rapidly closing. Program projects are expected to support the reduction of over half a million GHG emissions by increasing the share of electricity supply from renewable sources. Through the support of these high impact projects, the resultant greater development impacts include: improving energy security and lowering generation costs for underserved populations; reducing reliance on imported fuels/less safe options for power generation; and further strengthening the competitiveness of clean energy sectors in lower and middle income countries. Since the beginning of the COVID-19 crisis, preservation of development impact gains has been a key objective of blended finance activities. At this time of growing need, expanding the reach of blended concessional finance solutions into new sectors, poorer countries, and projects of greater complexities can further unlock opportunities and accelerate climate-smart transition. Customizable, creative and pioneering programs that can reach some of these challenging settings are vital now more than ever — and the Finland Program is emblematic of this kind of approach. In partnership with Finland, IFC remains committed to pioneering sustainable climate finance solutions that work towards the promise of a low-carbon future.

Annexes

ANNEX A: PORTFOLIO OF PROJECTS

The following annex details the investment projects committed under the BFCP as of June 30, 2021. All dollar amounts are US dollars unless otherwise indicated.

GAIA WINDPOWER PLATFORM					
Country	Various countries in North, West, East Africa	Total Project Cost	\$28 million	Program leverage to all parties	1:8
Product	Equity	IFC Funds	\$3 million	Program leverage to IFC	1:1
Commitment Date	July 2018	Program Funds	\$3 million		
Description	Partnership with Gaia Energy to catalyze the development of wind power and other renewable energy projects in Africa with a pipeline of more than twenty potential projects in nine countries in North, West and East Africa, representing a pipeline of more than 3 gigawatts.				

MASRIK SOLAR					
Country	Armenia	Total Project Cost	\$50 million	Program leverage to all parties	1:4.6
Product	Senior debt	IFC Funds	\$8.9 million	Program leverage to IFC	1:1
Commitment Date	June 2020	Program Funds	\$8.9 million		
Description	Development, construction, and operation of Armenia's first grid-scale solar photovoltaic (PV) project, which includes a 55-MW power plant and a 9-kilometer transmission overhead line located in a rural community located by Lake Sevan.				

MASSADER SOLAR					
Country	West Bank	Total Project Cost	\$32 million	Program leverage to all parties	1:9
Product	Senior debt	IFC Funds	\$8.7 million	Program leverage to IFC	1:2.7
Commitment Date	February 2020	Program Funds	\$3.2 million		
Description	Development, finance, construction, operation, and maintenance of up to 25 MWp of rooftop solar PV capacity at up to 500 public schools across the West Bank. The Project is the first on-grid renewable project with long term PPAs to be entered into with local distribution companies in the West Bank. The Project presents a groundbreaking opportunity to harness domestic energy resources while reducing greenhouse gas emissions, improving reliability and availability of affordable electricity in the West Bank, and supporting a fragile economy in FCS setting.				

KAHONE SOLAIRE					
Country	Senegal	Total Project Cost	€26.1 million	Program leverage to all parties	1:6.5
Product	Senior debt	IFC Funds	€3.5 million	Program leverage to IFC	1:1
Commitment Date	July 2019	Program Funds	€3.5 million		
Local employment created	Kahone: 152 people hired during construction phase				
Description	44 MWp solar plant awarded under the World Bank Group's Scaling Solar Senegal Program.				

KAEL SOLAIRE					
Country	Senegal	Total Project Cost	€21.6 million	Program leverage to all parties	1:6.5
Product	Senior debt	IFC Funds	€2.9 million	Program leverage to IFC	1:1
Commitment Date	July 2019	Program Funds	€2.9 million		
Employment created	Kael: 145 people hired during construction phase				
Description	35 MWp solar plant awarded under the World Bank Group's Scaling Solar Senegal Program.				

UPPER TRISHULI 1 HYDROPOWER PROJECT					
Country	Nepal	Total Project Cost	\$650 million	Program leverage to all parties	50x
Product	Equity	IFC Funds	\$14.6 million	Program leverage to IFC	1:1
Commitment Date	December 2020	Program Funds	\$13.1 million		
Description	<p>The Project involves the development, construction, operation and maintenance of a greenfield 216 MW run-of-river hydropower plant on the Trishuli River in Nepal, 70 km north of Kathmandu, by Nepal Water and Energy Development Company (NWEDC), a special purpose vehicle incorporated under the laws of Nepal. The Project will be built pursuant to a concession agreement with GoN and will sell power to NEA under a Power Purchase Agreement (PPA). The Project is a leading example of operationalizing the World Bank Group's Cascade principles, through long-term and close collaboration between World Bank, IFC and MIGA.</p>				

ANNEX B: PROMOTION, COMMUNICATION AND COLLABORATION ACTIVITIES

A key element of the *Finland-IFC Blended Finance for Climate Program* is to offer opportunities for Finland to demonstrate its leadership role in the global arena in supporting innovative blended finance projects and approach to address climate challenges, as well as to strengthen collaboration opportunities between IFC and Finnish stakeholders.

The following list of events and actions is not exhaustive and offers an overview of select activities at the inception phase of the Program.

Highlights of communication and promotion actions

- Signing event and launch of the Program during the WBG-IMF Annual Meetings in Washington DC with Minister Kai Mykkänen and IFC Vice President Nena Stoiljkovic; media launch through IFC social media channels; video clip recording of a discussion of the key features of the Program with Minister Mykkänen and VP Stoiljkovic (October 2017)
- Interviews by VP Stoiljkovic in various Finnish newspapers and outlets (YLE; Hufvudsstadsbladet; Vasabladet; Kainuun Sanomat; Lännen Media) about the Program (December 2017)
- Production of a promotional video interview featuring Minister for Development Cooperation and Foreign Trade, Ville Skinnari, about energy finance, partnerships, and a new hydropower project in Nepal supported by the BFCP (October 2019).

Highlights of speaking roles and invitations to events

- Invitation to Development Finance Forum (in 2017)
- Finland invited to speak at the IFC Development Partners' Breakfast event: 'Creating Markets in IDA/FCS' (Washington DC, October 2017)

- Finland invited to IFC's Client Reception attended by Ministers, CEO-level IFC clients and State Secretaries (Washington DC, October 2017)
- Finpro invited to attend the IFC Climate Business Forum 2017 (New Delhi, November 2017)
- Finland invited to speak at an IFC Flagship Event during the WBG-IMF Annual Meetings: 'Creating Markets for Climate Business: Mobilizing Private Sector Solutions' (Washington DC, April 2018)
- Finland invited to speak at a Blended Finance Taskforce event and Program Launch: 'Mobilising Private Capital for the SDGs at Scale: From Through to Action' (Washington DC, April 2018)
- Finland invited to speak at a panel on blended finance at the Innovate4Climate event (Frankfurt, May 2018)
- Finland invited to speak at an IFC hosted round table discussion on 'Blended Finance for Energy Storage' alongside the One Planet Summit and Bloomberg Global Business Forum (New York City, September 2018)
- Finland's Minister Virolainen invited to speak at the Tri Hita Karana Forum during the World Bank Group Annual Meeting (Bali, Indonesia, October 2018)

Highlights of outreach to Finnish companies

- Stakeholder Seminar with VP Nena Stoiljkovic in Helsinki to create new relationships between IFC and Finnish companies (Helsinki, December 2017)
- Roadshow and business promotion seminar in Vaasa (Vaasa, December 2017)
- IFC participation on a business development seminar organized by Business Finland: 'Finland-IFC Blended Finance for Climate Program – Questions & Answers' (Helsinki, March 2018) (via teleconference)
- IFC participation on a business development seminar organized by Business Finland: 'Funding opportunities in the emerging markets' (Helsinki, May 2018) (via teleconference)

- Finnish companies (12) invited to attend the IFC Climate Business Forum 2018 along with discount codes (Vienna, October 2018)

Highlights of participation of relevant IFC representatives in blended finance, climate business or climate finance related conferences or roundtables organized by Finland

- Participation of IFC VP Nena Stoiljkovic in a panel discussion: 'Changing Landscape of Climate Finance' (Helsinki, December 2017)
- IFC participation to an informal roundtable/BBL on "Global Development Financing; Trends and US. Policy" on the occasion of Finland's UN Mission Staff visit to Washington (Embassy of Finland in Washington, D.C, February 2018)
- IFC participation to a panel discussion on investing in the fragile and conflict affected situations (Helsinki, October 2018)
- IFC participation to an expert roundtable on "Investing on the Missing Middle – Lessons Learned and Way Forward" (Helsinki, October 2018)

On-going dialogue with Finnfund to identify possible co-investing areas

- Frequent dialogue between IFC and Finnfund on an on-going basis on potential co-investment projects

ENDNOTES

- 1 Consisting of contributions in the amount of €68 million and €46 million and converted to US\$126.06 million held in US\$ denominated Trust Fund and €6.5 million held in Euro denominated Trust Fund. The total contribution in US\$ is approximately 134 million (USD/EUR exchange rate of 12/31/2020).
- 2 Since June 2020, EPIC Green Buildings Platform has been renamed as APEX (Advance Practices for Environmental Excellence in Cities).
- 3 Country eligibility as in June 2021. The OECD reviews its DAC list of ODA recipients and country grouping classifications every three years, and in the review of November/December 2017 Equatorial Guinea graduated from LDC to UMIC grouping; Guyana, Paraguay, and Samoa graduated from LMIC to UMIC grouping; and Jordan and Tunisia moved from UMIC grouping to LMIC grouping. At the inception of the Program the country eligibility also included Equatorial Guinea, Samoa, Guyana, and Paraguay but excluded Jordan and Tunisia.
- 4 More information at <https://www.ifc.org/AIMM>
- 5 A Summary of Investment Information (SII) is prepared by IFC to disclose a factual summary of the main elements of the potential investment, including for BFCP projects: <https://disclosures.ifc.org/#/landing>
- 6 See <https://disclosures.ifc.org/>
- 7 *Using Blended Concessional Finance to Invest in Challenging Markets*, pg. 8. IFC, 2020. https://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications_listing_page/using+blended+concessional+finance+to+invest+in+challenging+markets
- 8 *Blended Concessional Finance and COVID-19*, pg.1 IFC 2021. https://www.ifc.org/wps/wcm/connect/ffcd73-16d7-4281-91e5-721322a5d3db/EMCompass_Note_99-10-Feb.pdf?MOD=AJPERES&CVID=nxbODQg
- 9 The Signed Contributions totaled EUR 114 million (\$134 million equivalent). As of June 30, 2019, cash contributions of EUR 68 million (Tranche 1) was received, converted to \$81.52 million and allocated to US\$ Trust Fund TFC-20-A. The second contribution (Tranche 2) of EUR 46 million was received on July 1, 2019. A portion of this contribution equal to EUR 39.5 million was converted to \$44.54 million and allocated to US\$ Trust Fund TFC-20-A. The remaining portion of EUR 6.5 million stayed on the EUR Trust Fund TFC-20-B. On March 16, 2021, the available fund balance of EUR 90,120.19 was converted to \$107,279.62 and allocated to US\$ Trust Fund TFC-20-A.
- 10 UT-1 in Nepal, Kahone Solaire in Senegal, and Kael Solaire in Senegal.
- 11 Masrik in Armenia, Massader in West Bank & Gaza, and InfraVentures-Gaia. Out of the nine target countries of InfraVentures-Gaia, two were LDCs (Ethiopia, Tanzania), six were LMICs (Kenya, Ivory Coast, Ghana, Nigeria, Morocco, Tunisia) and one was UMIC (Algeria).
- 12 Maximum exposure to projects through financial intermediaries is set to 20% of the Program funds.
- 13 Fees and interest from projects until US\$2.8 million will be held at an Extraordinary Expense sub-account of the Program to pay for the Program's pro rata share of extraordinary expenses including any potential legal expenses incurred by IFC in connection with the protection, preservation, and/or enforcement of IFC's rights and remedies in connection with the implementation and supervision of activities under the Program. Any funds not used from the Extraordinary Expense sub-account will be returned to Finland at the time the Program Trust Funds are closed.
- 14 See IFC Summary of Investment Information for more <https://disclosures.ifc.org/project-detail/SII/40641/massader-school-rooftop-pv-program>



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