IFC Green Bond Framework

IFC
International Finance Corporation
WORLD BANK GROUP

About the Framework

This document focuses on International Finance Corporation (IFC) Green Bonds. IFC is the World Bank Group institution that is focused on the private sector. The World Bank Group includes five distinct institutions: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Investment Disputes (ICSID).

The purpose of this Green Bond Framework is to illustrate how IFC will use the proceeds of its Green Bonds to support green bond eligible projects[1] in emerging markets in line with the World Bank Group's mission to eliminate extreme poverty and boost shared prosperity on a livable planet.

The Framework outlines how IFC's Green Bond program aligns with the Green Bond Principles (2025 edition) published by the International Capital Market Association (ICMA) by defining the use of proceeds, and describing the processes for project evaluation and selection, the management of proceeds, and reporting.

Notable updates made to this version of the Framework from prior versions include:

1. updates to the guidance and criteria used for nature finance and blue finance project selection;
2. introduction of circular economy guidance for project selection; and
3. organization of the use of proceeds section according to the project categories in the Green Bond Principles with a mapping to environmental objectives and the Sustainable Development Goals (SDGs). This version updates and replaces the prior versions of the Framework in their entirety.

1 A green bond eligible project is an IFC project that may be funded in whole or in part from the proceeds of green bonds issued by IFC.

Contents

About IFC 1

Green Bonds: IFC's Role 2

Green Bond Framework 3

Section 1: Use of Proceeds 5

Section 2: Process for Project Evaluation and Selection 16

Section 3: Management of Proceeds 19

Section 4: Reporting 20

IFC Access to Information Policy 22

Contact Information 22

Disclaimer 22

ANNEX 1: Green Building Certifications 23

Cover image: © iStock

About IFC

The World Bank Group's vision is to create a world free of poverty on a livable planet, with job creation at the center of its work. The International Finance Corporation (IFC), the private sector arm of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Established in 1956, IFC is owned by 186 member countries and supports private sector investments in productive sectors with the greatest potential to create jobs and drive growth across emerging markets.

IFC's integrated approach – combining financing, advisory services, and early-stage project development – helps address complex development challenges by creating the conditions for sustainable private sector solutions that deliver both financial returns and measurable development impact.

IFC mobilizes private capital and expertise to advance development goals in emerging markets, including climate priorities. Delivering on climate goals is an institution-wide effort. This ambition is embedded in IFC's 2030 strategy, which integrates climate and broader sustainability considerations across four key pillars: enhanced origination and mobilization, a new approach to equity, strengthened support to Micro, Small, and Medium-sized Enterprises, and enhanced collaboration across the World Bank Group to deliver impact at scale.

IFC is committed to transparency and accountability, providing stakeholders with a clear view of the development outcomes it supports, including climate and nature-related results, through tools like the World Bank Group Scorecard. IFC's annual *climate-related disclosures* aim to provide stakeholders with information on the integration of climate considerations into IFC's governance, strategy, risk management, and performance measurement, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. IFC also participates in the Joint Report on Multilateral Development Bank's (MDBs) Climate Finance, which is an annual collaboration to publish MDBs' climate finance figures.

Green Bonds: IFC's Role

IFC is a global leader in green bonds, playing multiple roles in the market from issuer to investor and market builder.

As an issuer, IFC launched its Green Bond Program in 2010 with a $200 million private placement to help catalyze the green bond market and unlock investment for private sector climate-related projects. In 2013, IFC issued the market's first global U.S. dollar benchmark-sized green bond with two $1 billion issuances, setting a precedent as the largest green bond at the time of issuance and helping to solidify the market. Since its inception, IFC's Green Bond Program has set precedents in benchmark issuance, currency diversification, and impact reporting. The award-winning program follows best practices and the *Green Bond Principles* published by the International Capital Markets Association (ICMA), a voluntary set of guidelines for transparency and disclosure. IFC also seeks to catalyze the market for climate finance, having pioneered and grown to include a range of themes from blue finance to adaptation and resilience, to nature and biodiversity.

As an investor, IFC supports its clients' objectives to transition to low-carbon and climate-resilient business models, through its financing and by leveraging its convening power. IFC often serves as anchor investor in green bonds issued by first-time issuers, preparing them for future and repeat issuances. IFC plays an important role in mobilizing private capital and expertise to advance its clients' climate and sustainability objectives in emerging markets. For example, IFC partnered with Amundi to launch the Amundi Planet Emerging Green One (AP EGO) Fund – the first and largest green bond fund solely focused on investing in green bonds issued by emerging market financial institutions. IFC also partnered with HSBC to launch the Real Economy Green Investment Opportunity (REGIO) Fund – the first global green bond fund targeting "real economy" issuers in emerging markets.

As a market builder, IFC was a founding member of the Green Bond Principles Executive Committee in 2014. Through its continued role on the Executive Committee and leadership in various working groups, IFC helps develop and shape guidelines and procedures for the green and sustainable bond market. Through its thought leadership, IFC seeks to play an instrumental role in building and scaling the market for new areas of green finance. For example, IFC's pioneering Guidelines for Blue Finance, first published in 2022, paved the way for ICMA's *Bonds to Finance the Sustainable Blue Economy*. Similarly, IFC's *Biodiversity Finance Reference Guide*, released in 2023, helped shape ICMA's *Sustainable Bonds for Nature*. In 2025, IFC published *Harmonized Circular Economy Finance Guidelines* as well as an updated and expanded *Guidelines for Blue Finance*. To further support the development of the green bond market, IFC implements capacity building programs to build skills and awareness. For example, the Green Bond Technical Assistance Program (GB-TAP) has trained thousands of professionals from financial institutions across the globe on best practices for issuing green bonds.

Green Bond Framework

IFC's Green Bond Framework focuses on the environmental objectives of climate change mitigation, climate adaptation and resilience, biodiversity and natural resource conservation, ocean and water protection (blue finance), and circular economy, and integrates green enabling and just transition activities as ways to advance environmental objectives.

Climate Change Mitigation. Climate mitigation is essential to protect economies, livelihoods, and assets in emerging markets from climate shocks while enabling sustainable, low-carbon growth. It requires targeted investments that manage emissions responsibly.

Climate Adaptation and Resilience. Needs and opportunities for adaptation and resilience exist across all sectors and regions, given the systemic nature of climate risks, and the private sector has a critical role to play, as most climate impacts ultimately materialize through private assets, supply chains, and markets. IFC's approach to climate adaptation and resilience has two dimensions:

1. helping clients to strengthen their resilience to climate shocks and stressors, and
2. investing in adaptation and resilience-enabling technologies, products and services.

Nature, underpinned by biologically diverse ecosystems, plays a critical role in national economies and people's livelihoods and health. It is a key component of climate change mitigation, resilience, and adaptation. The private sector will play a central role in transitioning towards production and consumption models that allow nature to regenerate and continue to power our economies. IFC, as a member of the World Bank Group, signed a *Joint Statement on Nature, People and Planet*, committing Multilateral Development Banks to mainstream nature into their operations, and aligns with the *MDB Common Principles for Tracking Nature Finance*.

Blue Finance helps address pressing challenges by contributing to the improved livelihood and health of marine and freshwater ecosystems through financing water conservation and reducing harm to or creating co-benefits for oceans and freshwater. Waterways and oceans are critical for human existence and a cornerstone of the global economy. Innovative financing solutions are key to enhancing ocean and coastal preservation and increasing clean water resources, and blue finance has great potential to help realize these goals.

The transition to a **circular economy** is a systems-wide approach to align production and consumption activities to maintain products, components, and materials at their highest utility and value throughout their lifecycle, minimizing waste and resource consumption, and fostering the regeneration of natural systems.

Green enabling projects are essential for scaling the transition to a low-carbon economy and are indispensable in the value chain of green projects. They provide the necessary infrastructure, technology, or components to facilitate larger, low-carbon initiatives.

Just Transition emphasizes outcomes such as quality jobs, resilient livelihoods, and inclusive economic participation as integral components of climate mitigation and adaptation. *Just Transition activities* aim to maximize the positive social and economic opportunities of green investments, with an emphasis on the creation of decent and future-ready jobs, including those generated by small and medium-sized enterprises (SMEs).

The next sections of this document detail how IFC's Green Bond Program aligns with the four core components of the Green Bond Principles:

IFC engaged S&P Shades of Green as an external reviewer to provide an independent, ex-ante Second Party Opinion on this framework, in accordance with the key recommendation for external reviews in the Green Bond Principles. The Second Party Opinion will be made *publicly available*.

Section 1

Use of Proceeds

The proceeds from green bonds issued by IFC will be exclusively used to finance a portfolio of green bond eligible projects that substantially contribute to or enable climate change mitigation, climate adaptation and resilience, biodiversity and natural resource conservation, ocean and water protection (blue finance), and a circular economy, including green enabling projects and just transition activities.

IFC identifies green bond eligible projects by using the following criteria and guidance:[2] [3]

- **Climate Change Mitigation**: *Common Principles for Climate Mitigation Finance Tracking* (updated 2023) developed by the joint MDB Working Group on Climate Finance Tracking and a group of representatives from member banks of the International Development Finance Club (IDFC).
- **Climate Adaptation & Resilience**: The *Common Principles for Climate Change Adaptation Finance Tracking* (updated 2022) developed by the joint MDB Working Group on Climate Finance Tracking and members of the IDFC.
- **Biodiversity & Natural Resource Conservation**: The *MDB Common Nature Finance Taxonomy* (2025), as well as the *IFC Reference Guide for Biodiversity Finance* (2023) and the *ICMA Sustainable Bonds for Nature: A Practitioner's Guide* (2025) as supplemental guidance.
- **Blue Finance**: IFC's *Guidelines for Blue Finance Version 2.0* (2025), which provides an updated eligibility framework for blue finance activities.
- **Circular Economy**: The *IFC Harmonized Circular Economy Finance Guidelines* (2025). Projects must clearly outline how they will achieve circular economy goals and how these will be measured. The contribution to a circular economy must be substantial in the local market context.
- **Green Enabling**: IFC applies the *ICMA Green Enabling Projects Guidance* (2024). Projects must have clear environmental benefits and be necessary for an enabled green project's value chain with sufficient transparency on end-use.[4]

Social activities that are intentionally designed to support the environmental objectives of green bond eligible projects are identified as Just Transition activities. Just Transition activities must have significant development impact and be closely aligned with the project's core objective.

2 Future updates or revisions to these guidance documents may be adopted, as appropriate.

3 Given the lack of established thresholds in many of the emerging markets where IFC operates and the importance of local context, IFC does not apply uniform thresholds for eligibility. Project baselines are established on a case-by-case basis by specialists.

4 This includes projects where the end-use is known or where robust and quantified assumptions have been conducted by specialists as part of the project's climate assessment.

IFC finances activities directly, as well as indirectly through financial intermediaries. Indirect investments can help make green finance available for smaller clients that IFC cannot reach directly, such as green finance to support small and medium-sized enterprises. IFC also invests in third-party green bonds, however, not all investments in third-party green bonds will qualify as eligible green bond projects. Only green bond eligible projects, as defined in this Framework, are eligible to be funded by proceeds from IFC's green bonds.

Proceeds will not be used for projects that are dedicated to any of the following:

- Projects dedicated to new or existing extraction, production, or transport of fossil fuels, including improvements and upgrades.
- Projects where the core source of energy is based on fossil fuels.
- Projects dedicated to hydropower.
- Power generation projects with a carbon intensity above 100gCO_2e/kWh.
- Projects dedicated to financing passenger cars and light commercial vehicles with a tailpipe carbon intensity above 50gCO_2e/km.
- Projects dedicated to ruminant livestock.

Project Categories

Green bond eligible projects are summarized below according to the project categories outlined in the Green Bond Principles. There is a high-level of connectivity across environmental objectives – one project may contribute to multiple objectives. The most commonly relevant environmental objectives and themes are indicated for each project. A mapping to the Sustainable Development Goals (SDGs) is also provided at the project category level, listing the SDGs that are most commonly relevant.[5] For further details on project eligibility, refer to the relevant sections of the guidance documents indicated below each table.

Environmental Objectives and Themes

M Climate Migration

B Blue Finance

A Climate Adaption

CE Circular Economy

N Nature & Biodiversity Conversation

JT Just Transition

Renewable Energy

Potential SDGs:

• Renewable energy generation projects to supply electricity, heating, mechanical energy or cooling, including those that use nature-based solutions to address the direct drivers of biodiversity loss or that use sustainably sourced biowaste.	M, N, A
• Production, transport, storage, or use of low-carbon hydrogen.[6]	M
• Use of waste gas as a feedstock or fuel.	M
• Offshore wind energy facilities with biodiversity and natural resource conservation considerations.[7]	M, B
• Skills development (e.g., upskilling or reskilling) for workers to support renewable energy projects.	M, JT

For more information on eligibility:
Common Principles for Climate Mitigation Finance Tracking: Activities 2.1, 2.3, 4.10
IFC's Guidelines for Blue Finance Version 2.0: Habitat Restoration #10
MDB Common Nature Finance Taxonomy: Activity Group c

5 Actual SDG alignment will depend on the characteristics and context of a given project.
6 Only green hydrogen (i.e., produced from water and renewable electricity) and not blue hydrogen (based on natural gas) is eligible.
7 See IFC's Guidelines for Blue Finance Version 2.0: Habitat Restoration #10 for detailed criteria.

Energy Efficiency

Potential SDGs:

To be considered as a green bond eligible project, an energy efficiency project must achieve either:

1. *a relative reduction of at least 20 percent in comparison to an established baseline that delivers an output equivalent as the proposed project; or*
2. *an absolute reduction of at least 25,000 tCO2eq/year; or*
3. *relative or absolute reductions that position the project as best-in-class emissions intensity per unit of product or service as compared to its industry peers.*

Where a GHG assessment is not feasible, for example, where data is not available or no suitable methodology exists, the assessment may be substituted by using appropriate conservative proxies. The following table shows an indicative list of eligible energy efficiency activities.

• Efficient energy generation projects that convert brownfield to joint generation or delivery for use of electricity, heat, mechanical energy, cooling, or desalination.	M
• Projects with no material dependence on fossil fuels that improve energy efficiency in energy production.	M
• Energy storage and network stability projects.	M, A
• Transmission and distribution of very low-carbon electricity and of heating and cooling energy.	M
• Transmission and distribution of energy that improves efficiency or reduces CO2e emissions.	M
• Projects to reduce consumption or enhance uptake of renewable energy among customers, including those that enable underserved or low-income households and small businesses to adopt energy efficiency measures that reduce energy consumption and CO2e emissions.	M, JT
• Projects that replace equipment or processes based on fossil fuels with electrical equipment or processes components.	M
• Projects that improve energy efficiency in agriculture operations.	M
• Projects that improve energy efficiency, source renewable energy, and/ or reduce CO2e-emissions from data centers so that the average carbon intensity of energy consumption is below 100gr CO2e per kWh.	M
• Energy efficient telecommunications networks that meet international best practice.	M

• Projects that use nature-based solutions to improve energy efficiency through avoided energy use for cooling and traditional stormwater capture and treatment.	N
• Research on, or development of renewable energy, energy efficiency improvement, low-carbon technologies, or other technologies to achieve full decarbonization.	M
• Projects that support a reduction in energy or material use across a supply chain through energy efficiency or resource-use efficiency improvements in the existing supply chain, through a shift to a less carbon-intensive supply chain, or by implementing circular economy systems.	M, CE
• Systems or transparency tools for monitoring GHG emissions.	M

For more information on eligibility:
Common Principles for Climate Mitigation Finance Tracking: Activities 2.6-2.12, 4.4, 4.7, 5.1, 10.1-13.3, 12.1, 12.8.
Activities 2.8, 2.9, 2.10, 2.12, 4.7 could also be mapped to Renewable Energy depending on the scope of the project.
Some activities are cross-cutting and may be mapped to other project categories depending on the specific project.
MDB Common Nature Finance Taxonomy: Activity Group c

Pollution Prevention and Control

Potential SDGs:

• Recovery of waste heat.	M
• Collection, transport, storage, and transfer projects of source-segregated waste.[8]	M, N, CE
• Product reuse and reconditioning projects.	M, N, CE
• Material recovery from solid waste, including mechanical and other processes.	M, N, CE
• Recovery and valorisation of bio-waste, including anaerobic digestion, composting, and other types of recovery and valorisation.	M, N, CE
• Mechanical, chemical, or biological treatment of mixed residual waste.	M, N
• Landfill gas capture, abatement, or utilization projects.	M
• Energy efficiency improvements in waste management facilities.	M
• Ocean-friendly products, technology, and chemicals projects to manage, reduce, recycle, and treat plastic, pollution, or chemical waste to avoid water or ocean pollution.	M, N, B, CE

For more information on eligibility:
Common Principles for Climate Mitigation Finance Tracking: Activities 7.1-7.9, 7.11, 7.12, 7.13, 12.2
IFC's Guidelines for Blue Finance Version 2.0: Ocean-friendly products, marine biotechnology and chemicals #1-7

8 Only electric, green hydrogen, or biofuel-powered transport are eligible

Clean Transportation

Potential SDGs:

• Urban, rural, and low-carbon inter-urban transport projects, including public transport, non-motorised transport, electric personal mobility, railway, bus, and activities that support uptake and usage especially among underserved populations.[9]	M, JT
• Zero or low-carbon vehicles and associated infrastructure, including land-based, airborne, or waterborne vehicles.	M
• Low-carbon fuels for transport (sustainable biofuels or synthetic fuels with low lifecycle GHG emissions).	M
• Sustainable shipping and port logistics projects, including research, design, development, or implementation of water and waste management and reduction measures in shipping vessels, shipping yards, ports, and associated infrastructure.	M, N, CE, B

For more information on eligibility:
Common Principles for Climate Mitigation Finance Tracking: Activities 8.1-8.4, 8.6, 8.7
IFC's Guidelines for Blue Finance Version 2.0: Transport and Shipping #1-9

Green Buildings

Potential SDGs:

• New buildings that obtain an eligible green building certification demonstrating at least 20 percent operational energy savings relative to a defined baseline. All construction costs are eligible (excludes actual land and unrelated costs). This criterion can be met by: 1. achieving EDGE Basic or higher; or 2. obtaining another eligible green building certification that demonstrates at least 20 percent operational energy savings, such as those listed in Annex I.	M
• Existing buildings that obtain an eligible green building certification (for example, EDGE Basic or equivalent) demonstrating at least 20 percent operational energy savings relative to a defined baseline. All retrofit costs are eligible (excludes land, acquisition, and unrelated costs).	M
• Energy efficient appliances or equipment, or improving the energy efficiency or reducing Co2e emission in existing appliances or equipment.	M

For more information on eligibility:
Common Principles for Climate Mitigation Finance Tracking: Activities 9.1-9.5

9 For vehicles, vessels, buses, and public transport, only those that are electric, green hydrogen, or biofuel-powered are eligible. All eligible rail projects will be 100% electrified.

Sustainable Water and Wastewater Management

Potential SDGs:

• Water supply projects – including brownfield energy efficiency improvements; greenfield projects that meet high efficiency standards or use demand management; projects that promote improved operation and maintenance to reduce water loss and promote energy savings; and lower-carbon greenfield projects that replace tankers or local coping mechanisms with a piped utility.	M, N, A, B
• Wastewater management and treatment projects – including projects that cut greenhouse gas emissions and other pollutants by improving operations and energy efficiency or that reduce methane and nitrous oxide emissions; projects that improve latrines or wastewater, sludge, and sewage collection; and wastewater reuse projects including those that reduce strain on conventional aquifer resources.	M, N, A, B
• Water extraction projects that are conducted based on a comprehensive assessment of freshwater availability and ensure a balance between discharge and recharge. (B: A1)	M, N, A, B
• Water efficiency technologies and equipment, and water management that reduce water footprint.	M, N, A, B
• Drainage systems, flood management systems, and other adaptation and resilience infrastructure.	M, N, A, B
• Sustainable desalination plants that do not create carbon lock-in and are not high emitters, apply efficient and low-impact technologies to help protect groundwater depletion and wetlands, promote reduction of abstraction from non-sustainable water sources, and avoid hypersaline pollution of the environment.	M, A, B
• Water conveyance and distribution systems projects.	M, N, A, B

For more information on eligibility:
Common Principles for Climate Mitigation Finance Tracking: Activities 6.1-6.8
IFC's Guidelines for Blue Finance Version 2.0: Sustainable water and wastewater #1-8

Environmentally sustainable management of living natural resources and land use

Potential SDGs:

• Agricultural projects that increase the carbon stock in the soil or avoid soil carbon loss, and forestry/agroforestry projects that sequester carbon through sustainable forest management, avoided deforestation or avoided land degradation.[10]	M, N, A
• Projects that reduce GHG emissions or CO2e intensity in agriculture, forestry, marine/water ecosystems, or fisheries/aquaculture, including support to smallholder farmers, small fishers, and forest-dependent communities to adopt climate-resilient and low-emission practices.	M, A, N, JT
• Projects that reduce food losses or waste or that promote lower-carbon diets.	M, N, CE
• Projects that contribute to GHG emission reductions through biomaterial production.	M, N, CE
• Sustainable tourism projects including certified sustainable tourism and nature-based visitor centers.	N, B
• Fisheries, aquaculture, and seafood value chain projects, including sustainable cultivation, production, processing, storage, trade, retail, and waste management and reduction measures.	M, N, CE, B
• Traceability systems and technologies to ensure sustainability of operations, facilities, and supply chains in the fishing industry.	N, B

For more information on eligibility:
Common Principles for Climate Mitigation Finance Tracking: Activities 5.2-5.3, 5.6-5.10

10 Forestry and agroforestry projects must have a Forest Stewardship Council (FSC) Certification, Programme for the Endorsement of Forest Certification (PEFC), or similar certification to be eligible.

Climate Change Adaptation[11]

Potential SDGs:

• Resilient agri-food systems, including projects that aim to strengthen the climate resilience of primary agricultural production such as stress-resilient seeds or water-efficient irrigation and value chains.	A, N, CE, B
• Resilient cities and settlements, including projects aimed at strengthening the climate resilience of the built environment leveraging relevant building certifications such as the Building Resilience Index, LEED (v5) or BREEAM.	A
• Resilient health systems, including projects aimed at strengthening the climate-resilience of health care facilities or the climate resilience of people such as through sustainable cooling technologies to manage extreme heat conditions.	A
• Resilient industry and commerce, including projects aimed at reducing the vulnerability of businesses and their value chains to climate-related events such as floods or cyclones, as well as projects aimed at improving the water use efficiency of manufacturing processes in water-scarce or drought-prone contexts.	A, N
• Resilient infrastructure, including projects aimed at strengthening the climate resilience of critical infrastructure systems such as energy, water and transport.	A
• Resilient natural systems, including projects aimed at strengthening the climate resilience of natural assets such as reforestation, agroforestry prevention of soil erosion through biochar or biofertilizers.	A, N, CE

For more information on eligibility:
Common Principles for Climate Change Adaptation Finance Tracking: Types 1-3
IFC's Guidelines for Blue Finance Version 2.0: Sustainable water and wastewater #2

11 To provide more detail on projects in this category, this table uses the key themes of the Climate Bonds Initiative's Climate Resilience Taxonomy. However, detailed eligibility criteria are per the MDBs-IDFC Common Principles for Climate Change Adaptation Finance Tracking, as described above.

Terrestrial and Aquatic Biodiversity

Potential SDGs:

• Projects that restore and conserve biodiversity or ecosystem services, restore habitats, and protect coastal, marine, and watershed environments.	N, M, A,B
• Projects that reduce the direct drivers of biodiversity or ecosystem services loss (which are land and sea use change, over-exploitation of natural resources, pollution, alien invasive species, and climate change).	N, CE, B
• Projects that implement nature-based solutions, such as mangrove conservation to reduce flooding, planting native vegetation to reduce erosion, or green infrastructure that treats runoff from irrigation or stormwater.	N, A, B
• Design and implementation of technologies, tools, or other instruments that support nature and biodiversity activities, such as water conservation products, technology to recycle single-use plastics, or traceability mechanism to monitor biodiversity.	N, A, B, CE

For more information on eligibility:
MDB Common Nature Finance Taxonomy: Activity Group a, b, c, d
IFC's Guidelines for Blue Finance Version 2.0: Habitat restoration #1-9, Ocean-friendly products #1
Common Principles for Climate Change Adaptation Finance Tracking: Types 1-3

Circular economy adapted products, production technologies and processes

Potential SDGs:

• Circular design projects, including design of products/assets/services that incorporate circular economy strategies or principles, including the reduction of material inputs and use of regenerative inputs, and increased ease of reuse, repair, or recycling.	CE, N, B
• Circular production projects, including the development or implementation of production processes that reduce virgin raw material usage and increase production effectiveness.	CE, N, B
• Circular use projects, including lifetime extension of products and assets such as through repair, refurbishment, reuse, retrofitting, and remanufacturing.	CE, N, B

• Value recovery projects, including collection and sorting to support circularity of end-of-life products and materials, and material management, recycling, and recovery.	CE, N, B
• Circularity support projects, including products, services, business models, platforms, and tools that support circularity across different segments of the materials life cycle, including increased intensity of use.	CE, N

For more information on eligibility:
IFC Harmonized Circular Economy Finance Guidelines: Categories #1-4
MDB Common Nature Finance Taxonomy: Activity Group a, b, c, d
IFC's Guidelines for Blue Finance Version 2.0: Ocean-friendly products #2-7, Habitat restoration #2, 6

Green-enabling

Projects under this category must follow the Green Enabling Projects Guidance. Projects must be dedicated projects with clear environmental benefits and be necessary for an enabled green project's value chain with sufficient transparency on end-use.[12]

• Mining projects or production of metals or alloys that are prevalently used in or critical for renewable energy, technologies that increase energy efficiency, other low-carbon technologies, or materials and products with low embedded GHG emissions. Anticipated Enabled Categories include: Renewable Energy, Energy Efficiency	M
• Projects that are critical to the value chain – including those that support the production or maintenance of components, equipment, infrastructure or software – of other eligible green projects in this framework, not locking in high GHG emitting activities and with sufficient transparency on end-users or markets. Anticipated Enabled Categories include: Renewable Energy, Energy Efficiency	M

12 Depending on the objective and context, green enabling projects may support other green project categories or environmental objectives beyond those listed.

Section 2

Process for Project Evaluation and Selection

Due Diligence and Project Selection

All IFC investments are subject to a thorough appraisal and selection process. This process includes, among others:

1. **Confirmation of the good standing of the project vis-a-vis the IFC Sustainability Framework, screening out highest risk projects from an E&S perspective.**[13] Part of IFC's Sustainability Framework, the *Performance Standards* are directed towards clients, providing guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities. The Performance Standards include:
   - **PS1:** Assessment and management of environmental and social risks and impact.
   - **PS2:** Labor and working conditions.
   - **PS3:** Resource efficiency and pollution prevention.
   - **PS4:** Community health, safety, and security.
   - **PS5:** Land acquisition and involuntary resettlement.
   - **PS6:** Biodiversity conservation and sustainable management of living natural resources.
   - **PS7:** Indigenous peoples.
   - **PS8:** Cultural heritage.
2. **Exclusion of projects that involve activities on IFC's *Exclusion List*.**[14]
3. **Confirmation that the project meets IFC's requirements on Paris Alignment.** IFC has committed to aligning 100 percent of its financing operations with the Paris Agreement mitigation and adaptation objectives from July 1, 2025, following the joint MDB methodologies.
4. **Execution of corporate governance due diligence, which is conducted for all investment projects and is based on the IFC Corporate Governance Methodology.** The depth of due diligence is aligned with perceived corporate governance risks and can result in required actions or recommendations provided to the client.

13 All projects are required to comply with: (i) all applicable laws and regulations of the host country of the project concerning relevant environmental, social, labor and health and safety matters, (ii) IFC's Performance Standards except as otherwise expressly stated in the IFC Sustainability Policy and the Guidance Note on Financial Intermediaries), and (iii) if required, the Environmental and Social Action Plan setting out specific environmental and social measures to be undertaken by the borrower to enable the project to achieve compliance with the environmental and social requirements under IFC's Performance Standards (the Environmental and Social Action Plan Action Plan may be amended or supplemented with IFC's consent during supervision of the project).

14 This includes, but is not limited to, activities such as forced child labor, dealing in harmful substances, destruction of vital habitats, and businesses involved in tobacco, gambling, or arms manufacturing. Topics such as deforestation are addressed through IFC's Performance Standards.

5. **Confirmation that the project has successfully passed a rigorous due diligence process that includes disclosure and consultation requirements, and integrity due diligence.**

6. **Assessment of the project's impact based on IFC's impact management framework, namely *Anticipated Impact Measurement and Monitoring (AIMM)*.** Fully integrated into IFC's investment decision-making processes, AIMM establishes procedures to systematically consider development outcomes alongside other strategic priorities, such as financial risk and IFC additionality, during project selection, design, and implementation. AIMM supports strategic prioritization by quantifying impact at both the project level and the market level and providing scoring and rating for each investment. At the project level, AIMM considers the gap being addressed by each IFC project and the efficiency and effectiveness of the intervention in addressing the identified challenges. At the market level, AIMM assesses the project's potential to influence systemic changes through innovation and/or scale. To incentivize climate-related investments, a scoring adjustment was recently introduced to the AIMM framework that provides additional points to the scoring of selected investments based on both the investment's climate finance volume and expected climate-related outcomes.

Green Bond Eligible Project Selection

At the end of each fiscal year, green bond eligible projects are identified from the projects IFC committed over the previous 12 months.[15] Project identification is based on the project's assessment conducted by subject matter experts (e.g., climate, industry, and/or environment specialists). These assessments are developed through desk review, on-site due diligence, and expert judgment. Projects are then screened for potential controversial issues by a cross-department committee consisting of representatives from treasury, subject matter experts, environmental and social (E&S) specialists and projects deemed at risk for controversies are not selected. The final list of green bond eligible projects is then added to the outstanding green bond eligible project portfolio.

Green bond eligible projects may include IFC investments in third-party green bonds that are aligned to the Green Bond Principles, have a second party opinion, and have a commitment from the issuer to publicly report on the use of proceeds. The third-party green bond investment must meet the eligibility criteria as defined in IFC's Green Bond Framework to be eligible to be funded by the proceeds of IFC's green bonds.

15 Project selection conducted after the publication of this framework will be based on this framework unless otherwise specified.

Project Supervision

Through due diligence and monitoring of projects, IFC seeks to support its clients in terms of clients' adherence to the conditions outlined in the related investment agreements. Clients are required to submit regular reports detailing their financial, social, and environmental performance, as well as any factors that could materially impact the enterprise. Through ongoing dialogue during supervision, IFC is able to support clients in resolving issues and identifying new opportunities. Additionally, IFC tracks each project's contribution to development objectives against the key indicators established at the beginning of the investment cycle. Specific monitoring and supervision requirements for investment projects include status updates on the Environmental and Social Action Plan, where applicable, and periodic site supervision visits.

Each IFC project is supported by a lead E&S specialist, and when necessary, additional experts such as social, biodiversity, or labor specialists. These specialists are overseen by ESG Regional Managers who, in turn, report to Regional Directors.

Accountability Mechanisms

IFC conducts regular evaluations of projects, with annual assessments based on a stratified random sample of projects that have reached early operating maturity, to enhance operational performance.

In addition, the World Bank Group's Independent Evaluation Group (IEG) assesses the performance of about one in four projects, measuring outcomes against original objectives, sustainability of results, and institutional development impact. IEG conducts not only project-level evaluations, based on the review of self-evaluation reports prepared by staff, and supplemented by independent assessments, but also reviews of literature, analytical work, project documentation, portfolio reviews, country case studies, structured interviews and surveys of staff and stakeholders, and impact evaluations. In addition, IEG has evaluated the World Bank Group's experience in climate change on a sector-wide basis and IFC continues to implement IEG's recommendations to scale impact.

The Office of the Compliance Advisor/Ombudsman (CAO), which is the independent accountability mechanism for IFC, addresses complaints lodged by project affected people and communities which may require undertaking investigations of IFC's compliance with its E&S policies at the project-level. CAO's mandate is to facilitate the resolution of complaints from people who may be affected by projects or subprojects financed by IFC in a manner that is fair, objective, and constructive; enhance the environmental and social outcomes of projects or sub-projects; and foster public accountability and learning to enhance the environmental and social performance of IFC and reduce the risk of harm to people and the environment.

Section 3

Management of Proceeds

Upon issuance, the net proceeds of an IFC green bond are added to the general liquidity pool and tracked through a dedicated sub account. The sub-account balance is based on the difference between the outstanding amount of green bonds as compared to the outstanding amount of green bond eligible projects. This is determined by tracking all active green bond eligible projects and their disbursements in conjunction with green bond issuances and redemptions.

Funds for green bond eligible projects are disbursed in stages, according to each project's specific disbursement schedule. As proceeds are disbursed to these projects, the balance of the sub-account is updated accordingly. After disbursement, portions of some green bond eligible projects may be securitized to participating investors.

Management of the general liquidity is governed by a set of policies and practices, including the General Investment Authorization adopted by IFC's Board, the Investment Directives, and an internal ESG risk screening system.

Established in 2019, this rigorous ESG risk screening approach leverages both external data and in-house software to assess the ESG profiles of issuers and identify any potential controversies. It is designed so that involvement in activities listed on IFC's Exclusion List, negative headlines, or ESG rating downgrades prompt action from portfolio managers as deemed appropriate, such as engaging with the issuer or divesting from those assets where possible. Given the high quality of the liquidity portfolio, such occurrences are rare.

Section 4

Reporting

The annual impact reporting for IFC's green bond program is included in IFC's Green and Social Bond Impact Report and is grounded on the recommendations of the *Green Bond Principles' Handbook – Harmonized Framework for Impact Reporting* (2024). In addition to green bond issuance volumes, IFC's annual impact reporting includes the total number and volume of green bond eligible projects committed during the fiscal year. Commitment volumes are broken down by region and by environmental objective and/or project category.[16] The report also includes annual disbursement volumes.

The report provides a detailed list of all green bond eligible projects committed during the fiscal year. Subject to confidentiality approvals, the report includes a brief description of each project, the green bond eligible loan amount, the expected environmental impact(s), a mapping to the most relevant Sustainable Development Goals (SDGs), and links to relevant public documents about the project including environmental and social review summary documents. Any green enabling projects will be identified and context provided on the enabled green project. Green bond eligible projects which are investments in third-party green or sustainable bonds will also be indicated.

As recommended in the Harmonized Framework, IFC aims to select core impact indicators that best reflect the project's objective. There may be some projects for which a core indicator is not applicable, or the data not available. Where feasible, IFC uses indicators and methodologies aligned with the World Bank Group Scorecard to ensure consistency, comparability, and transparency. Detailed methodology notes for these indicators are publicly available on the *WBG Corporate Scorecard* website. Core indicators may include, but are not limited to:

- Reduction in GHG emissions (tCO2eq/year)
- Renewable energy capacity enabled (MW)
- Beneficiaries with enhanced resilience to climate risk (#)
- Terrestrial and aquatic areas under enhanced conservation/management (ha)

Impact indicators are reported on a project-level basis and are ex-ante estimates of future results. Results are not pro-rated for the portion of IFC's contribution and IFC does not claim full attribution of impact. The impact of direct investments is based on anticipated results for a representative year once a project is complete and operating at normal capacity. The impacts of indirect investments are conservatively estimated based on the likely allocation of use of proceeds. IFC's financial intermediary clients are able to assess the climate impacts of their investment portfolio in real-time with the support of a platform, *Climate Assessment for Financial Institutions (CAFI)*, which enables them to assess sub-loans and estimate impact as they execute climate-related lending from IFC.

16 One project may have activities that support multiple environmental objectives. Where these are distinct activities, reporting of the loan amount may be split accordingly across objectives/categories. Where there is full overlap project across objectives, the eligible loan amount may be allocated based on the project's primary intended environmental outcome.

Key considerations when interpreting results include:

Scope
Reporting is based on ex-ante estimates at the time of project appraisal, primarily for direct project effects.

Assumptions
Anticipated results are often based on a number of assumptions. Technical experts aim to make sound, reasonable, and conservative assumptions based on the information available, however actual results may diverge from initial projections.

Comparability
Caution should be taken in comparing projects, sectors, or whole portfolios, because baselines, base years, and calculation methods may vary significantly. In addition, cost structures between countries will also vary, so that developing cost efficiency calculations (results per unit of amount invested in eligible projects) could place smaller countries with limited economies of scale at a disadvantage and will not take into consideration country specific context.

Range of Impact
For its green bond impact reporting, IFC selects core impact indicators that best reflect a project's environmental objective. Projects will often have a range of additional benefits that go beyond those reported for green bond purposes.

IFC Access to Information Policy

The Access to Information Policy is one of the key pieces of IFC's Sustainability Framework and articulates our commitment to transparency. We seek to provide accurate and timely information regarding our investment and advisory activities to clients, partners, and stakeholders, and we strive to disclose the relevant information pertaining to project, environmental, and social implications, as well as expected development impact prior to consideration by our Board of Directors. This commitment also applies to the impact reporting process of projects funded by IFC's Green Bond Program.

For each proposed investment and advisory services project, IFC discloses relevant project information, environmental and social information, and expected development impact on its *Project Information and Data Portal*. Investments are disclosed prior to consideration by IFC's Board of Directors, and advisory projects are disclosed following project approval. Where available, IFC also discloses relevant Environmental and Social Impact Assessment documents prepared by or on behalf of the client.

Contact Information

investors@ifc.org

www.ifc.org/greenbonds

Disclaimer

The examples of eligible projects in Section 1 are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by IFC during the term of the Notes. This summary has been prepared by IFC (International Finance Corporation) for information purposes only, and IFC or the World Bank Group make no representation, warranty, or assurance of any kind, expressed or implied, as to the accuracy or completeness of any of the information contained herein. This summary includes references to and information relating to IFC securities. Any such information is provided only for general informational purposes and does not constitute an offer to sell or a solicitation of an offer to buy any IFC securities. The securities mentioned herein may not be eligible for sale in certain jurisdictions or to certain persons.

ANNEX 1

Green Building Certifications

Additional green building certificates with specific additional requirements recognized by IFC for the green building category include the following:

Certificate: LEED (Leadership in Energy and Environmental Design)

Requirements:
LEED certificate, together with LEED completed/approved credit checklist, and

- For LEED V3 BD+C 2009 New construction "New Buildings": under 'EAc1 Optimize energy performance', a minimum of 5 credit points out of total 19 points must be achieved.
- For LEED V3 BD+C 2009 New construction "Existing building renovations": under 'EAc1 Optimize energy performance', a minimum of 7 credit points out of total 19 points must be achieved.
- For LEED V4 BD+C: under 'EAc1 Optimize energy performance', a minimum of 8 credit points out of total 18 points must be achieved.
- For LEED V3 BD+C 2009 Core and Shell "New Buildings": under 'EAc1 Optimize energy performance', a minimum of 7 credit points out of total 21 points must be achieved.
- For LEED V3 BD+C 2009 Core and Shell "Existing Building renovations": under 'EAc1 Optimize energy performance', a minimum of 9 credit points out of total 21 points must be achieved.
- For LEED Homes V4 EA Credit: under 'Annual energy use', a minimum of 15 credit points out of total 29 points must be achieved.

Certificate: BREEAM (Building Research Establishment Environmental Assessment Method)

Requirements:
BREEAM certificate, together with BREEAM completed/approved credit checklist, and:

- To be equivalent to EDGE Basic, under 'Ene 01 Credit: Reduction of energy use and carbon emissions', a minimum of 6 credit points out of total 15 points must be achieved.
- To be equivalent to EDGE Advanced, under 'Ene 01 Credit: Reduction of energy use and carbon emissions', a minimum of 11 credit points out of total 15 points must be achieved.

Certificate: GREEN STAR

Requirements:
GREEN STAR certificate, together with GREEN STAR completed/approved credit checklist, provided 20 percent improvement in energy is substantiated, and:

- For GREEN STAR New Building & Major Refurbishments Retail, Office, Education & Public Building: under Ene-1 Greenhouse Gas Emissions Compliance route 1 – energy modelling, a minimum of 4 credit points out of a total 20 points must be achieved; and
- For Green & Major Refurbishments Multi Unit Residential: under Ene-1 Star New Building Greenhouse Gas Emissions Compliance route 1 – energy modelling, a minimum of 3 credit points out of a total 10 points must be achieved.

Certificate: Indian Green Building Council (IGBC)

Requirements:
IGBC Final (post-construction) certificate only, together with final credit submission made to IGBC:

- Under IGBC Green Homes v3.0, achieve one of the following:
- A minimum of 2 points under "EE Credit2" or
- A minimum of 7 points under "EE Credit1" and 1 point under "EE Credit2"
- Under IGBC Green Homes v2.0 (Older version), achieve:
- A minimum of 7 points under "EE Credit1" and 4 points under "EE Credit3"

Certificate: Green Rating for Integrated Habitat Assessments (GRIHA)

Requirements:
GRIHA Final (post-construction) certificate, together with GRIHA completed/ approved credit checklist, and:

- For GRIHA Affordable Housing (GRIHA AH) v.1, under criterion 1 'Low Impact Design', a minimum of 6 credit points out of total 6 points must be achieved. Achieve at least 4 credit points under Criterion 6 "Envelope Thermal Performance" out of total 8 credit points. Additionally achieve at least 2 credit points under criterion 8 "Efficient Lighting" out of total 2 credit points.
- For Simple Versatile Affordable GRIHA (SVAGRIHA) version 2.2, under criterion 2 "Passive architectural design and systems" minimum of 4 credit points out of total 4 points must be achieved. Additionally, at least 1 credit point each under criterion 5 and 6 must be achieved.

Certificate: GREENSHIP (only for Indonesia)

Requirements:
GREENSHIP certificate, together with GREENSHIP completed/ approved credit checklist, and:

For commercial:
- Under EEC1A "Energy Efficiency Measure", a minimum number of 4 points must be achieved.

For residential:
Not yet approved.

Certificate: BCA Green Mark (only for Indonesia and Vietnam)

Requirements:
IBCA Green Mark certificate, together with Green Mark completed/approved credit checklist, and:

For commercial:
- For version 2021, under EE "Energy Efficiency" must meet the mandatory requirements and at least 40 percent improvement, following either pathway 2: prescriptive pathway or pathway 3: performance-based energy modeling.
- For version 2015 Non-residential buildings, under 2.1 Energy Efficiency - Option 1: Energy Performance Points Calculator, a minimum number of 7 points must be achieved.

For residential:
- For version 2021, under EE "Energy Efficiency" must meet the mandatory requirements and at least 40 percent improvement, following either pathway 2: prescriptive pathway or pathway 3: performance-based energy modeling.
- For version 2016 Residential buildings, under 2. Building Energy Performance, a minimum number of 12 points must be achieved.

Certificate: AQUA (only for Brazil)

Requirements:
AQUA certificate, for the following versions only:

For commercial buildings:
- Edifícios Não Residenciais em Construção (Non Residential Buildings under Construction) – AQUA December 2021 version

For residential buildings:
- Edifícios Residenciais em Construção (Residential Buildings under Construction) – AQUA December 2021 version

Note: AQUA's Pre-Project certificates are not eligible.

Note: This mapping table is subject to complement and updates.