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Layout & Distribution: Valéria Kozakova

Sustaining Private Sector Investment in the Wake of Climate Change

Jill Partington

IFC - an overview

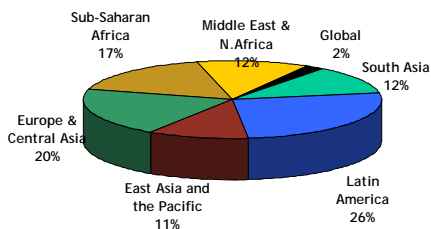
- Largest multilateral source of loan/equity financing for the emerging markets private sector
- Founded in 1956 with 181 member countries
- AAA rated by S&P and Moody's
- Equity, quasi-equity, loans, risk management and local currency products
- Takes market risk with no sovereign guarantees
- Promoter of environmental, social, and corporate governance standards
- Resources and know-how of a global development bank + flexibility of a merchant bank
- Holds equity in over 800 companies worldwide

IFC FY09 Highlights

Portfolio	\$42.5 billion
IFC own account	\$10.5 billion
Syndicated	\$3.9 billion
# of companies	1,579
# of countries	103

Commitments for IFC's Account

\$10.5 billion



IFC in Latin America

- 26% of FY09 investments were in this region
- Number of committed projects jumped from 81 in 16 countries in FY08 to 124 in 21 countries in FY09
- Financing committed for IFC's own account in FY09 \$2.7 billion
- Syndicated a further \$670 million
- Concentrated on micro, small & medium enterprises.



IFC and climate change *(from risk to opportunity)*

- Maintained focus on mitigating climate change
- Brazilian Amazon Initiative to reduce carbon emissions
- Developing new business models and financing instruments for clean energy
- Targeting opportunities



IFC - Why do we care?

- IFC is a development institution
- We look for investment in sustainable projects
- Sustainability of these will be (is being) impacted by climate change



- IFC's risk management process requires action on the part of the client before and during the investment

Insurance Requirements? IFC's Approach

Beyond traditional lender requirements

- Covering all investments ...
- ... all the time
- Broad coverage
- Requirement vs value-added service



Risk modeling - the future

- Insurance/Reinsurance market players are amongst those doing most indepth climate change research
- Most data is generally proprietary
- Current focus on data collection appears (on the surface) to be in industrialized countries where today there is more demand
- Increasing exposure to climate change risks in emerging countries
- Is there a need to refocus attention to these countries?

Climate-related Products

- GIIF (IFC/World Bank)
- Small farmers in Peru (USAID funded)
- Livestock herders in Mongolia (World Bank)
- Small farmers in Malawi and India (World Bank)
- Multi-Cat Bond, Mexico
- Is the market already looking at new products, e.g:
 - Green products (autos/homes/etc.)
 - More micro-insurance products
 - Insurance on new, untested renewable energy



What can the Insurance Market do?

- Reward good risk management
- Offer sustainable terms and conditions, long-term partnership
- Pay claims; in a timely fashion
- Promote new products
- Be transparent with clients
- Talk the client's language
- Be flexible in policy wordings

