

IFC Partners with Axis Bank to Provide a \$500 million Climate Loan in India

Loan to promote sustainable growth, create jobs and finance green/blue projects

October 7, 2024

The International Finance Corporation (IFC), a member of the World Bank Group and the largest global development institution, is partnering with Axis Bank, one of the largest private sector banks in India, to provide a \$500 million loan to help develop a blue finance market and scale up financing of green projects in India.

This is IFC's first blue investment in India and the first blue transaction by a financial institution in the country. Blue loans are financing instruments that raise and earmark funds for investments such as water and wastewater management, reduction of marine plastic pollution, restoration of marine ecosystems, sustainable shipping, eco-friendly tourism, and offshore renewable energy.

This transaction is also the largest green financing by IFC in the country. The funding will enable Axis Bank to expand its climate finance portfolio.

With India's rapid urbanization and economic growth, there is a substantial opportunity to enhance water and energy efficiency. The water and wastewater treatment market size was estimated at \$1.6 billion as of 2022 and is expected to reach \$3 billion by 2029. Additionally, the green buildings sector presents an investment opportunity of \$1.4 trillion by 2030, driven by a need for sustainable infrastructure. Most of these investments need to come from the private sector to offset limited public funding.

Speaking on the occasion, Amitabh Chaudhry, Managing Director and Chief Executive Officer of Axis Bank said, "With the increasing effects of climate change into the global ecosystem and the growing awareness of environment sustainability, it's imperative for banks to adopt sustainable lending practices. We are excited to partner with IFC with whom we share a common vision of strengthening standards and lending practices to boost sustainable finance in India. Given Axis Bank's focus on growing its climate and sustainable finance portfolios, along with its large size, systemic importance, and wide reach, we hope to be a strong and stable partner for IFC in the key focus area of climate finance in India."

"We are thrilled to announce our inaugural blue loan in India, and our largest climate finance initiative in the country to date. India serves as an exceptional testing ground for innovative approaches to climate adaptation. This loan will not only catalyze private sector investment in this emerging asset class but also direct long-term funding toward fostering a sustainable blue

economy. Additionally, it aims to enhance financing for climate projects across India, with a strong emphasis on green buildings that will mitigate climate change impacts and generate jobs. Partnering with Axis Bank, a like-minded ally, we are committed to propelling India's sustainable and inclusive growth forward," said **Makhtar Diop, Managing Director of IFC.**

Axis Bank is among the first banks in India to have a board-approved Environmental, Social and Governance (ESG) policy for lending that adheres to IFC Performance Standards. The Bank remains committed to supporting India's climate agenda with public commitment of incremental financing of Rs 60,000 crores (approximately \$7.2 billion) in ESG-aligned sectors by 2030 (from August 2021), of which Rs 30,000 crores (approximately \$3.1 billion) of incremental financing was achieved by March 2024.

Axis Bank has been a pioneering issuer of sustainable instruments among Indian financial institutions. Axis issued the first Green USD Bond way back in 2016 and also the first sustainable USD AT1 bond from India in 2021. The bank, with a long-standing history of being a pioneer in sustainable financing, will use IFC's financing to promote resource-efficient growth and to create jobs, while protecting the critical clean water resources and supporting the nation's climate goals.

As part of its advisory services, IFC will support Axis Bank in growing its green buildings portfolio, including for affordable housing projects and building capacity for impact reporting. Through this engagement, IFC aims to catalyze the green buildings' market in India. IFC will also provide a performance-based incentive of up to \$2.9 million from the UK-IFC Market Accelerator for Green Construction (MAGC) program aimed at supporting the design and construction of green buildings certified by IFC's EDGE (Excellence in Design for Greater Efficiencies) green buildings standard.

IFC has built a successful track record in the green finance market and is laying the groundwork for launching and scaling blue finance across the globe. Since 2020, IFC has provided more than \$1.9 billion dollars in blue loans and bonds to private institutions around the world.