The bulk of growth in greenhouse gas (GHG) emissions over the next 15 years is expected to come from emerging markets – which require $4 trillion per year to build and maintain critical infrastructure for development.

How these rapidly growing middle-income nations respond to their infrastructure needs will directly affect whether we can achieve the promise of the Paris Agreement.

To explore how to unlock private sector finance for climate-smart investment, IFC assessed the national climate change commitments and underlying policies in 21 emerging markets, representing almost 62 percent of the world’s population and 48 percent of global GHG emissions.

Setting ambitious climate targets matters, which is why IFC has pledged to increase its climate investments to 28 percent of annual commitments by 2020.

Based on their policy commitments, IFC estimates that key sectors in these countries have an investment opportunity of nearly $23 trillion from 2016 to 2030.¹

### SHADES OF GREEN: INVESTMENT POTENTIAL BY REGION AND SECTOR ($ BILLION)

<table>
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</thead>
<tbody>
<tr>
<td>East Asia Pacific</td>
<td>231</td>
<td>537</td>
<td>48</td>
<td>34</td>
<td>16</td>
<td>866</td>
<td>332</td>
<td>143</td>
<td>12,235</td>
<td>1,318</td>
<td>53</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>118</td>
<td>44</td>
<td>45</td>
<td>11</td>
<td>14</td>
<td>232</td>
<td>31</td>
<td>21</td>
<td>1,401</td>
<td>1,261</td>
<td>26</td>
</tr>
<tr>
<td>South Asia</td>
<td>111</td>
<td>211</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td>337</td>
<td>31</td>
<td>85</td>
<td>1,542</td>
<td>255</td>
<td>13</td>
</tr>
<tr>
<td>Eastern and Central Asia</td>
<td>51</td>
<td>39</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>110</td>
<td>0</td>
<td>57</td>
<td>410</td>
<td>78</td>
<td>11</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>27</td>
<td>63</td>
<td>4</td>
<td>3</td>
<td>27</td>
<td>123</td>
<td>0</td>
<td>0</td>
<td>153</td>
<td>409</td>
<td>8</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>50</td>
<td>45</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>97</td>
<td>21</td>
<td>1</td>
<td>52</td>
<td>50</td>
<td>4</td>
</tr>
<tr>
<td>Total Climate-Smart Investment Potential by Sector ($ billion)</td>
<td>589</td>
<td>939</td>
<td>118</td>
<td>56</td>
<td>63</td>
<td>1,765</td>
<td>413</td>
<td>308</td>
<td>16,331</td>
<td>3,659</td>
<td>115</td>
</tr>
</tbody>
</table>
A total of 189 countries submitted national plans in December 2015 that target aggressive growth in climate solutions, including renewable energy, low-carbon cities, energy efficiency, sustainable forest management, and climate-smart agriculture. IFC finds strong investment potential in priority sectors in global regions, including:

**Green buildings in East Asia**

China, Indonesia, the Philippines, and Vietnam have a climate-smart investment potential of $16 trillion, most of which is concentrated in the construction of new green buildings.

**Sustainable transport in Latin America**

Argentina, Brazil, Colombia, and Mexico have an investment potential of $2.6 trillion, almost 60 percent of which is for transport infrastructure.

**Climate-resilient infrastructure in South Asia**

Bangladesh and India have an investment potential of about $2.5 trillion, which is concentrated in the construction of green buildings, ports and rail transport infrastructure, and energy efficiency.

**Accessible, clean energy in Africa**

Cote d’Ivoire, Kenya, Nigeria, and South Africa’s total investment potential is nearly $783 billion, which is spread across renewable energy generation ($123 billion) and buildings and transportation ($652 billion).

**Energy efficiency and transport in Eastern Europe**

Russia, Serbia, Turkey, and Ukraine’s estimated climate-smart investment potential is $665 billion, with over half focused on new green buildings. Energy efficiency is a priority sector, while renewable energy investments are only beginning to accelerate.

**Renewables in the Middle East and North Africa**

Egypt, Jordan, and Morocco’s total climate-investment potential is $265 billion, over one-third of which is for renewable energy generation ($96.7 billion), while 55 percent ($146 billion) is for climate-smart buildings, transportation, and waste solutions.

The Climate Investment Opportunities in Emerging Markets report also includes regional overviews – with policy and investment trends; 21 detailed country profiles that translate country NDC targets into sectoral investment opportunities, and includes policy recommendations to unlock investment; global thematic sections, highlighting the private sector investment opportunity for adaptation, cities, agriculture and others; case studies of successful IFC climate-smart investments; and recommendations and next steps for governments, business and other stakeholders to realize this investment potential.

**NEXT STEPS: UNLOCKING PRIVATE INVESTMENT FOR CLIMATE-SMART SOLUTIONS**

To unlock private investment, governments should prioritize the following actions:

- **Achieve NDC goals.** Countries should act quickly to integrate their NDC commitments into national development strategies and budget processes. Governments must put in place clear and consistent policies – such as carbon pricing, performance standards, and market-based support – and ensure that climate considerations are integrated into other sector policies.

- **Strengthen the private sector investment climate.** Attracting private investment will require a robust domestic enabling environment, with reduced risks, strong competition, and measures to promote investment and capital flows.

- **Strategically use limited public finance.** Government budgets will not be enough to address climate change. Governments should use public funds strategically to mobilize private capital by, for example, reducing risk and providing project support.