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WORLD BANK GROUP
Creating Markets, Creating Opportunities

Decarbonizing Livestock Operations
An investor's perspective

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PARTNER

FOLUR
Food · Land Use · Restoration

IFC: the largest global development institution focused on the private sector in developing countries

The International Financial Corporation (IFC) is the private sector arm of the World Bank Group, investing in emerging markets since 1956:



More than $321 billion invested since our founding in 1956



Leveraging the full range of World Bank Group capabilities



AAA credit rating; owned by 185 countries



Provides investment, advice, resource mobilization



Offices in nearly 100 countries

Mobilizing the Private Sector & Creating Markets

- Engage in **difficult environments** and **mobilize private finance** enabling a **development impact** beyond its direct resources.
- **Sustainability:** IFC is an investor focused on development impact and climate change. Promoter of environmental, social, and corporate governance standards.
- **Create, deepen, and expand markets** where they are weak or do not currently exist.
- **Maximize the financing** available in areas with the most needs.

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Global Expertise: Sustainable Protein

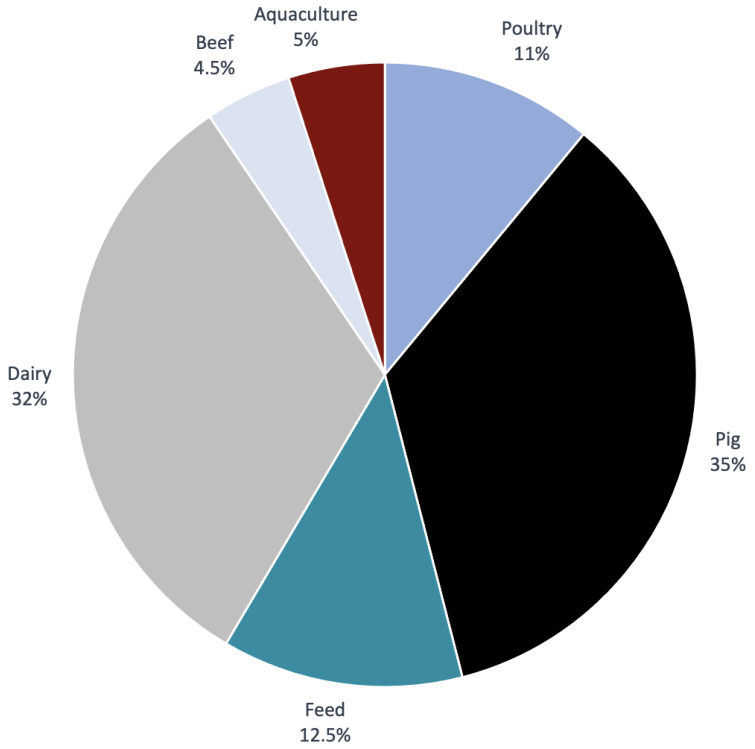
IFC has a portfolio of 66 investments in animal protein, totaling over $1.1 billion

IFC's Sustainable Protein Advisory Services provides technical assistance to livestock companies in IFC's portfolio and pipeline.

SAMPLE OF CLIENTS



Animal Protein Sector Portfolio (FY23)



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IFC Practices for Sustainable Investment in Livestock

IFC invests in livestock companies that:

1.  Implement robust animal health management and biosecurity protocols
2.  Implement prudent and responsible use of veterinary antimicrobials and medicines
3.  Implement an Animal Welfare Management System
4.  Promote Decarbonization Pathways and Enhance Climate Resilience of Operations
5.  Prevent the loss of biodiversity
6.  Provide safe food
7.  Respect relevant national laws and regulations

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The Practices have been endorsed by 5 of the largest multilateral development banks investing in animal protein

ADB ASIAN DEVELOPMENT BANK

European Bank for Reconstruction and Development

IDB | Invest

FMO Entrepreneurial Development Bank

British International Investment

PRACTICE 4: Promote Decarbonization Pathways and Enhance Climate Resilience of Operations

Investments in livestock companies should be consistent with IFC's commitment to align with the Paris Agreement on a pathway toward low greenhouse gas emissions and climate-resilient development.

IFC's APPROACH

To achieve our Paris Agreement alignment commitment, IFC expects its investee companies to lower GHG intensity and adopt climate resilience practices. This includes adopting innovative technologies and renewable energy solutions; reducing feed losses and managing waste appropriately; planning for adaptation to physical climate change risks; and making investments to reduce the negative impact on the environment of livestock operations.



CASE STUDY

Zambeef (Zambia)

IFC has supported Zambeef's decarbonization commitment by helping the company to establish GHG emission baselines and build internal capacity to assess and identify decarbonization opportunities in their livestock and meat processing operations.

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A two-step approach on decarbonization

1 STRATEGY

Developing a decarbonization pathway and investment plan

- LCA baseline assessment
- Define corporate-level climate ambitions
- Develop a comprehensive decarbonization pathway, with clear targets and KPIs
- Green guidelines for new investments
- Create a financing plan supporting the green transition

2 IMPLEMENTATION

IFC financing to support the green transition

- IFC provides investment in the form of green/sustainability-linked loans or other products
- The sponsor agrees to report the use of proceeds and progress in achieving agreed interim targets

PRACTICE 5: Prevent the loss of biodiversity

IFC invests in livestock companies that prevent loss of biodiversity through a public commitment to achieve no net loss of natural habitat. IFC invests in livestock companies that, where applicable, attain a net gain of critical habitat in their operations and make a public commitment to eliminate any significant conversion of natural and/or critical habitat in their livestock and feed supply chains.

IFC's APPROACH

Based on the biodiversity risks, IFC requires investee companies to mitigate the impacts of their operations and develop a Sustainability Sourcing Policy to ensure their producers are not causing significant conversion of natural habitats.



CASE STUDY

Louis Dreyfus Company (Brazil)

Louis Dreyfus Company (LDC) has committed to eliminate deforestation and conversion of native vegetation of high conservation value from its supply chains by the end of 2025. IFC's investment supports a portfolio of soy and corn LDC farmer suppliers in Brazil that are committed to zero deforestation.

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Livestock sector decarbonization across the world & IFC's commitment

Country	Year	Agri % of TOTAL GHG	Livestock % of agri emissions	Livestock % of TOTAL GHG
Germany	2021	7.4 %	67%	4.9%
USA	2020	11.2%	58%	6.5%
EU	2021	10%	59.7%	5.9%
China	2020	8.6%	47%	4.0%
Argentina	**2019**	**39.7%**	**52%**	**20.7%**
Uruguay	**2019**	**75%**	**66%**	**50.0%**
Ethiopia	**2015**	**74%**	**60%**	**44.4%**
Nigeria	**2014**	**51.2%**	**60%**	**30.7%**
Kenya	**2015**	**58.6%**	**95%**	**55.6%**
Cote d'Ivoire	**2019**	**61.8%**	**63%**	**38.9%**

- **IFC has committed to align all its financing operations with the goals of the Paris Agreement** in its Climate Change Action Plan 2021-2025.
- **IFC's clients are committed to this goal:** IFC is on track to align 85% of new financial flows starting July 1, 2023, and 100% starting July 1, 2025.

An IFC investment is considered aligned when:

  - On climate mitigation, it **actively contributes to decarbonization pathways**
  - On climate adaptation and resilience, it **manages physical climate change risks effectively**.

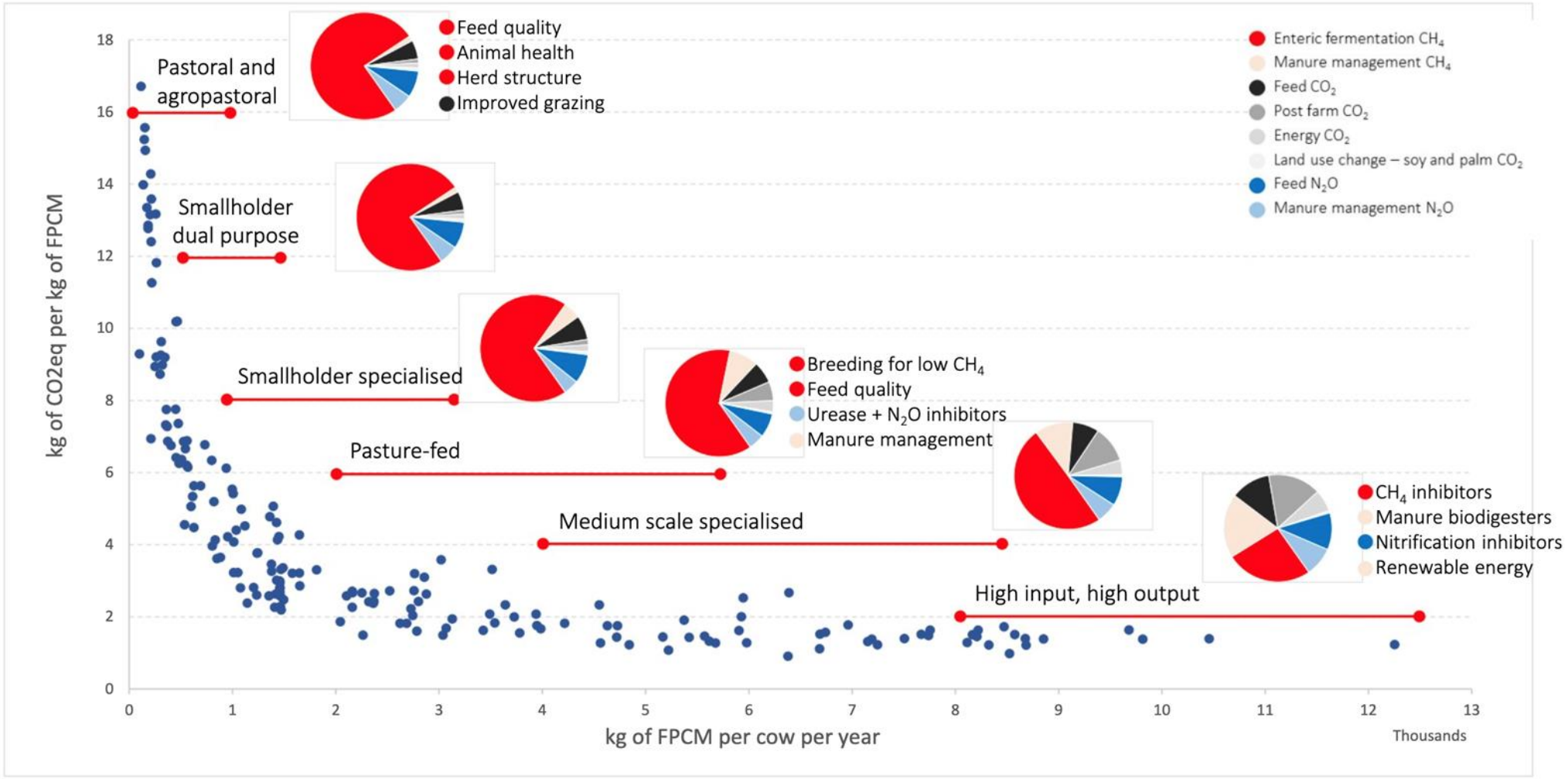
- IFC aims to **speed up the climate transition of the livestock sector in developing countries.**
- The livestock sector has been slow to embrace the climate agenda and mostly reactive in its communication. **The sector should do more to establish its true climate footprint and promote climate solutions globally.**

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Decarbonization of livestock is a global challenge that needs local solutions

Pathways to Dairy Net Zero – a good example of precompetitive collaboration by the Global Dairy Platform



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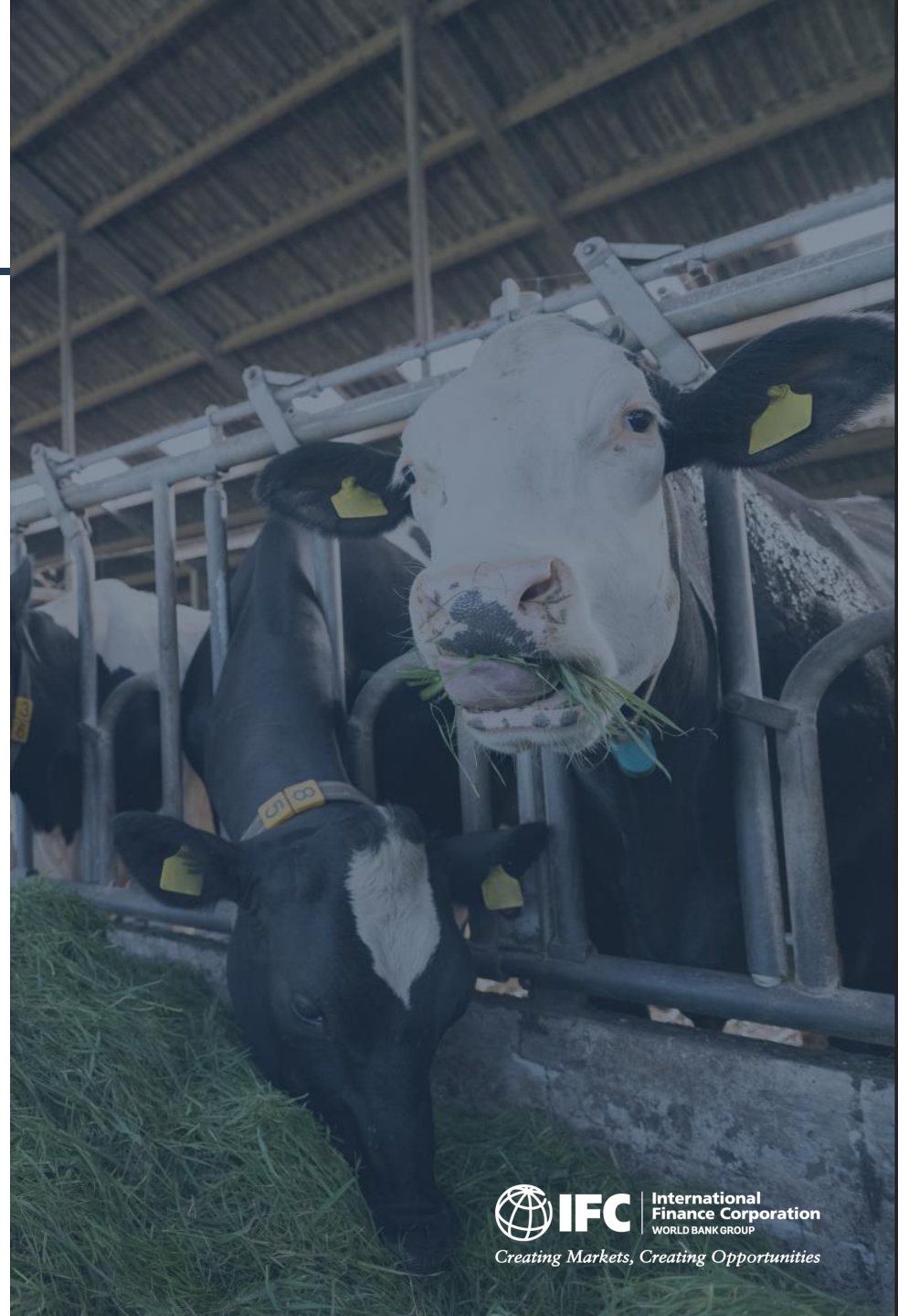
Conclusion

IFC has proven that **sustainability can be a driver for better financial performance** and is eager to invest and to work with partners to speed up the decarbonization of the livestock sector.

The global meat and livestock sector organizations have a critical role to play in the sector decarbonization.

Many **decarbonization challenges are precompetitive and need to be addressed collectively by industry stakeholders**, governments, and other before effective and sustainable decarbonization strategies can be implemented. Those include:

- Data Collection and Monitoring;
- Research and Innovation;
- Technological Adoption;
- International Exchange and Collaboration;
- Policy and Regulation;
- Market Demand and Consumer Preferences.



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