



Unlocking Trade Finance's Potential: Why an IEG Evaluation Is Necessary

The current work program of the World Bank Group's Independent Evaluation Group (IEG) does not include any of IFC's trade finance programs.¹ Stakeholders such as the German government have expressed their support for an IEG evaluation of the trade finance portfolio.² This briefing outlines why such an evaluation is highly necessary.

An evaluation of IFC's trade finance portfolio is overdue. Since the last evaluation of IFC's flagship trade finance program, the Global Trade Finance Program (GTFP), for the 2006-2012 period, IFC's trade finance and supply chain finance portfolio has at least tripled in size and now accounts for at least 35% of IFC's own-account operations (see Figure 1).³ During this period, IFC's operating context evolved. Most notably, Article 2.1 (c) of the 2015 Paris Agreement contains the commitment to make financial flows consistent with low greenhouse gas emissions in an effort to limit global warming to 1.5 °C; and UN members adopted the Agenda 2030 in 2015 to guide development efforts. IFC has made the commitment to align all its financial operations to these goals.⁴

An evaluation could shed light on the contributions of IFC trade finance to these agreements. Conducting an evaluation at this point in time would seize on a strategic moment, as programs such as GTFP have been operating for more than a decade and some projects are being significantly scaled up, which calls for a more solid evidence base.⁵

Several major multilateral financial institutions have evaluated their trade finance portfolios in the past years or are planning to do so (see p. 3). On this basis, an evaluation of IFC trade finance could help define its added value and potential among other trade finance providers. This is especially timely given MIGA's increased trade finance activities,⁶ leading to questions around the respective added value of the two agencies.

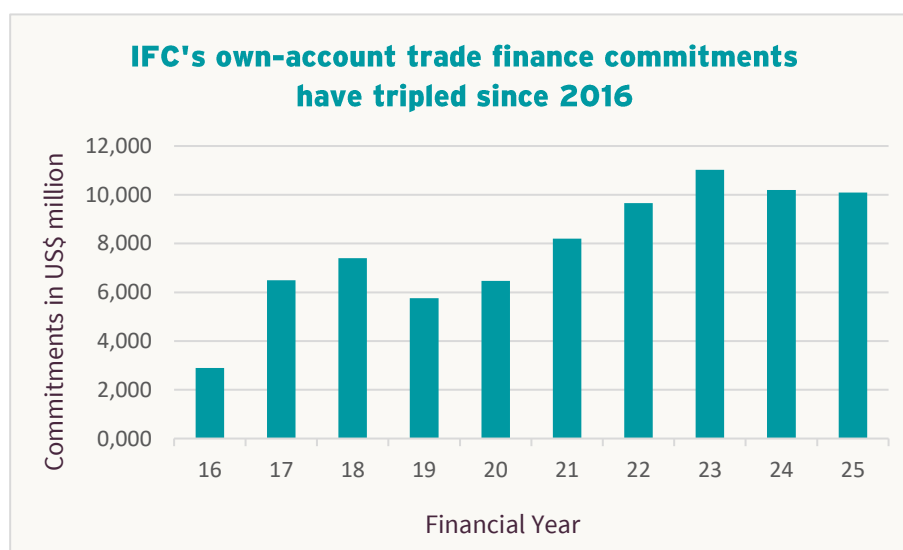


Figure 1: IFC own-account short-term finance commitments, including GTFP and GTSF, 2016-2025. The annual reports do not differentiate between trade finance and other short-term investments, or between the different trade finance programs. These numbers are lower than those reported on IFC's website (\$18 bn for FY 2025, which would account for more than 60% of IFC's own-account investments in that year). See footnote 3 for details.

Trade finance still provides loopholes for fossil fuel finance; an evaluation would bring clarity as to their extent. Fossil fuels are not part of the IFC exclusion list and the 2012 IEG evaluation found that 18% of GTFP funding from FY06-12 supported oil and gas.⁷ According to IFC, this share has dropped to 6% in FY25,⁸ but it could be as high as 29% according to Urgewald estimates.⁹ Some projects explicitly support fossil fuels and relevant infrastructure, such as the recently approved Sahara LPG project.¹⁰ Participating banks in IFC trade finance programs continue to fund fossil fuel expansion, and many have no robust exit policies in place.¹¹ An updated evaluation containing such sectoral information would enable a more targeted discussion about trade finance's strategic role in shaping the energy transition.

Evidence about the additionality and development impact of trade finance is scarce. The World Bank Group's scorecard contains 21 indicators intended to measure development results, but IFC supply chain and trade finance is exempted from all but eight of these.¹² The contributions of trade finance to critical climate-related indicators such as greenhouse gas emissions and renewable energy capacity are not measured. Project disclosure websites contain limited information about specific impacts and IFC additionality that go beyond standard phrasing. Most importantly, individual transactions within approved projects are not disclosed, making public oversight over the actual impacts of each project hard to trace and weakening accountability. The structure of the IFC's trade finance, focusing on large multinational banks as intermediaries, raises questions about its additionality.¹³ An evaluation could help uncover these impacts and gather relevant information on IFC's additionality, enabling evidence-based decision-making.

An evaluation needs to go hand in hand with improved public disclosure. The latter should be systematized through the ongoing review of IFC's Sustainability Framework, including the Access to Information Policy. But on top of clarifying the sectoral and geographic distribution of IFC trade finance over the past decade, an IEG evaluation would fulfill additional functions such as informing debates about the status of trade finance within the IFC, its additionality and effectiveness in reaching development goals, its compliance with social and environmental safeguards and ways of measuring these aspects. It would also enable IFC and its stakeholders to seize a vital learning opportunity about its existing portfolio as it expands further and lay the ground for enhanced accountability.

We recommend:

- An IEG evaluation of IFC's entire trade finance portfolio, including its additionality, sectoral and geographic distribution, development outcomes and environmental and social performance;
- The inclusion of IFC trade finance in further indicators in the WBG scorecard, including reduction of greenhouse gas emissions, electricity access and renewable energy capacity;
- Improved public disclosure of IFC trade finance, including transaction-level information.

Past evaluations of multilateral development banks' trade finance portfolios

The development effectiveness of IFC's GTFP was last evaluated in 2013, including its **relevance, efficacy and efficiency** for financial years 2006-2012. Other trade finance programs, such as Global Trade Supplier Finance (GTSF) and the Global Trade Liquidity Program (GTLP), have not yet been evaluated. While the GTFP was found to be a relevant response to demand for trade finance, concerns were raised about its additionality in lower-risk markets, where the program was expanding. The evaluation noted the lack of a program-wide method to assess additionality, and a strong concentration on a small number of countries and lower-risk banks in certain regions. Recommendations included a stronger focus on high-risk countries and banks.¹⁴ An updated evaluation could assess whether these recommendations were implemented, whether trends towards lower-risk markets have persisted and what the impact of IFC's entire trade finance portfolio, including other programs, has been.

Other multilateral development banks have evaluated their trade finance portfolios in the past years or are planning to do so, as in the case of the AfDB.¹⁵ An evaluation of IDB trade finance in 2016 recommended improved reporting practices and scrutiny of environmental and social standards, mentioning past support to a high-risk pig iron producer in Brazil which had violated anti-deforestation and anti-slavery rules.¹⁶ An evaluation of EBRD trade finance in 2021 found a lack of clearly defined objectives and outputs, and pointed out that 40% of the portfolio supported high-emissions sectors such as oil, gas and metallurgical products, questioning its alignment with the Paris Agreement.¹⁷ Finally, a 2025 evaluation of ADB trade finance found improved coverage of smaller banks in high-risk countries but pointed to challenges in assessing support to small and medium enterprises (SMEs), similarly to the 2012 GTFP evaluation. Both pointed out that using loan size as a proxy to identify SME loans may not be adequate in the case of trade finance, making it difficult to measure whether SME targeting is effective.¹⁸ **While the structures of trade finance programs differ among MDBs, these evaluations point to relevant criteria for a renewed assessment of IFC trade finance.**

References

¹ IEG is planning an evaluation of IFC's guarantees in FY26 and of financial intermediary lending for FY29-31. Both could include theoretically individual trade finance projects but currently do not explicitly include it. A dedicated analysis would be appropriate due to the specific nature and objectives of trade finance. See IEG (2026), *FY27 Work Program and Budget and FY28-29 Indicative Plan*, https://ieg.worldbankgroup.org/sites/default/files/Data/reports/FY27-IEG_Work_Program_Budget.pdf.

² Deutscher Bundestag (2026), Drucksache 21/4229: *Antwort der Bundesregierung auf die Kleine Anfrage der Abgeordneten Charlotte Antonia Neuhäuser, Desiree Becker, Doris Achelwilm, weiterer Abgeordneter und der Fraktion Die Linke*, <https://dserver.bundestag.de/btd/21/042/2104229.pdf>, p. 4.

³ Trade finance has reached \$18 billion (not counting mobilized funding) in FY 2025, according to: IFC (2025), *IFC Trade and Supply Chain Finance: Supporting Businesses, Protecting Jobs*, <https://www.ifc.org/content/dam/ifc/doc/2025/fy25-ifc-trade-and-supply-chain-finance.pdf>. These numbers are not matched by annual reports, where own-account trade finance (as part of short-term finance, not counting mobilization) is reported at just over USD 10 billion in 2025. Depending on the trade finance number used (\$10.095 or 18 billion), it represents a 35-60% share of IFC's total own-account operations in FY 25, reported at \$28.284 billion in FY 2025. See: IFC (2020): *Transformation. Annual Report 2020*, <https://www.ifc.org/content/dam/ifc/doc/2020/ifc-ar20-full-report.pdf>; IFC (2022): *IFC Financial Year in Review*, <https://www.ifc.org/content/dam/ifc/doc/2022/ifc-ar22-financial-highlights.pdf>; IFC (2025): *Management's Discussion and Analysis and Consolidated Financial Statements*, <https://www.ifc.org/content/dam/ifc/doc/2025/FY25-IFC-Annual-MD-A-and-FS.pdf>.

⁴ IFC (2025): *Paris Alignment at IFC*, <https://www.ifc.org/en/what-we-do/sector-expertise/climate-business/paris-alignment-at-ifc>.

⁵ See, for example, IFC's cooperation with Deutsche Bank, which is proposed to grow to €750 million, following a \$160 million guarantee in 2024. See disclosed projects at <https://disclosures.ifc.org/project-detail/SII/47650/atri-gtllp-db> and <https://disclosures.ifc.org/project-detail/SII/51433/gtllp-db-global>.

⁶ MIGA's trade finance volume has increased from around \$400 million in 2020 to more than \$2.9 billion in FY2026, counting projects at proposal stage at the time of writing. See MIGA project disclosure website, <https://www.miga.org/projects?f%5B%5D=sector%3ATrade+Finance>.

⁷ IEG (2013): *Evaluation of the International Finance Corporation's Global Trade Finance Program 2006-12*, <https://ieg.worldbankgroup.org/evaluations/evaluation-international-finance-corporations-global-trade-finance-program-2006-12>, p. 42.

⁸ IFC (2025), *IFC Trade and Supply Chain Finance: Supporting Businesses, Protecting Jobs*, <https://www.ifc.org/content/dam/ifc/doc/2025/fy25-ifc-trade-and-supply-chain-finance.pdf>.

⁹ Perzlmeier, J. & Schlag, N. (2024): *Trading with Our Future. IFC Trade Finance Commitments for Fossil Fuels*, https://www.urgewald.org/sites/default/files/media-files/urgewald_Trade%20Finance%20Report%20A4-DIGITAL.pdf; it also has to be noted that a 6% share of total IFC trade finance (\$18 bn) would still amount to over \$1 billion in 2025 alone.

¹⁰ Project disclosed at: <https://disclosures.ifc.org/project-detail/SII/49808/sahara-lpg>.

¹¹ Examples include Deutsche Bank, which increased its fossil fuel finance by almost 20% from 2024 to 2025; and Société Générale, which provided \$11 billion of fossil fuel finance in 2025. Both banks have trade finance projects with IFC. See Banking on Climate Chaos Coalition (2026), *Banking on Climate Chaos. Fossil Fuel Finance Report 2026*, <https://www.bankingonclimatechaos.org>.

¹² See methodology notes for each results indicator, accessible via <https://scorecard.worldbank.org/en/data?or-gCode=ALL&refareatype=REGION&refareacode=ACW&age=T&disability=T&sex=T#result>.

¹³ Perzlmeier, J. (2025): *Unequal Support. Rethinking the IFC's Trade Finance Priorities*, https://www.urgewald.org/sites/default/files/media-files/urgewald_Unequal%20Support_IFC-Trade-Finance-Spring-2025.pdf.

¹⁴ IEG (2013): *Evaluation of the International Finance Corporation's Global Trade Finance Program 2006-12*, <https://ieg.worldbankgroup.org/evaluations/evaluation-international-finance-corporations-global-trade-finance-program-2006-12>, pp. 66-72.

¹⁵ Independent Development Evaluation (2025): *Work Program 2025-2027*, https://idev.afdb.org/sites/default/files/documents/files/Work_Program_Dec2025_Update_1.pdf

¹⁶ Inter-American Development Bank (2016): *Evaluation of the IDB Group's Work through Financial Intermediaries – Trade Finance*, <https://publications.iadb.org/en/publications/english/viewer/Evaluation-of-IDB-Group-Work-through-Financial-Intermediaries-Trade-Finance-Background-Report.pdf>, pp. 20-21.

¹⁷ EBRD Evaluation Department (2021): *Special Study: EBRD Trade Facilitation Programme*, https://www.ebrd.com/content/dam/ebird_xp/assets/pdfs/evaluation/2021/Special-Study-EBRD-Trade-Facilitation-Programme-Full-Report.pdf, p. 24, 31.

¹⁸ ADB Independent Evaluation (2025): *ADB's Trade and Supply Chain Finance Program, 2014-2024*, https://www.adb.org/sites/default/files/Evaluation%20Document/986981/files/ce_trade-and-supply-chain-finance-es-redacted_0.pdf, p. viii.

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