

Bonds for Sustainable Development

INVESTOR NEWSLETTER • FALL 2018



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From Evolution to Revolution Ten years ago, World Bank (IBRD) issued its first green bond. Developed in partnership with investors and SEB, the bond created the blueprint for the green bond market and sparked a sustainability revolution in the capital markets.

On November 16, 2018, we will convene leading investors, issuers, bankers and partners to discuss how we can harness this revolution towards achieving the Sustainable Development Goals (SDGs).

For more information: greenbonds@worldbank.org

Championing the Growth of Sustainable Capital Markets

For many bond investors, World Bank bonds are an entry point to investing for impact. World Bank continues to catalyze opportunities for fixed income impact investing—including pioneering the green bond market and promoting the integration of environmental, social and governance (ESG) criteria for investment decisions.

Increasingly, World Bank has been creating innovative products that raise awareness for development challenges reflected in the 17 Sustainable Development Goals (SDGs). These products range from structured notes [linked to an equity-index of companies supporting the SDGs in their operations](#) to benchmark-sized issuances that cover a variety of impact themes including climate, education, gender, health, social services, clean water and sanitation and oceans. [Proceeds from these and all World Bank bonds](#) support the financing of projects that address climate change,



gender, jobs, public-private partnerships and fragility, conflict and violence in IBRD member countries. See examples of these awareness-raising World Bank Sustainable Development Bonds (next column).

In addition, World Bank is working with investors to facilitate the use of the SDGs as a reporting framework for impact and develop market indices for sustainable investment products. An example is collaboration with UBS Wealth Management to [expand sustainable investment indices with benchmarks that track debts issued by multilateral development banks](#).

World Bank is also [partnering with investors](#) to increase the availability of ESG data through research, and by supporting global transparency and reporting initiatives. This includes [a partnership with Japan's Government Pension Investment Fund on identifying opportunities and challenges to incorporating ESG factors into investment strategies](#).

Raising Awareness on Women & Girls' Empowerment

In January 2018, [World Bank partnered with an investor in Canada, Addenda Capital, to issue a CA\\$1 billion benchmark bond to raise awareness for gender equality](#), a key theme of Canada's G7 Presidency. This World Bank bond transaction highlighted the importance of empowering women and girls to accelerate economic development, reduce poverty and build sustainable societies around the world.



Raising Awareness on Health & Nutrition of Women, Children & Adolescents

From June to August 2018, [World Bank raised an equivalent of nearly US\\$1 billion to bring attention to the significant and long-lasting benefits of investing in the health and nutrition of women, children and adolescents](#) through eight bond transactions in seven currencies from institutional and retail investors in Canada, US, Japan, and Europe. This series of transactions also helped raise awareness for the Global Financing Facility — a multi-stakeholder partnership hosted by the World Bank which is helping countries significantly increase investments in the health and nutrition of their people.

Raising Awareness on Water & Oceans

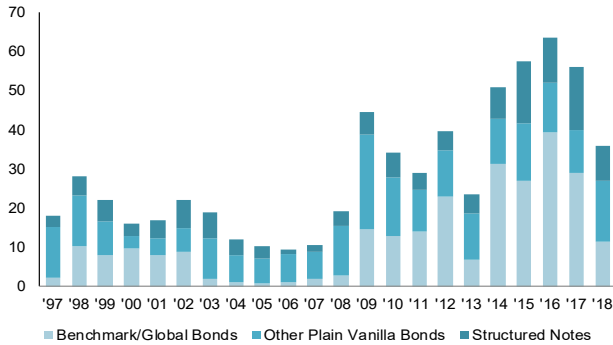
In August 2018, World Bank [launched a series of Sustainable Development Bonds to raise awareness on the critical role of water and ocean resources](#). The bond series, which supports World Bank's strategic focus on conservation and sustainable use of fresh and salt water resources, forms part of the [World Bank's issuance strategy to engage investors around the SDGs](#) since their launch in 2015. Swedish investors AP1, SEB Företagsobligationsfond, SPP Storebrand and Swedbank Robur Fonder AB were the first investors in the [SEK 1 billion transaction](#) on August 30, 2018.

Funding Year Highlights

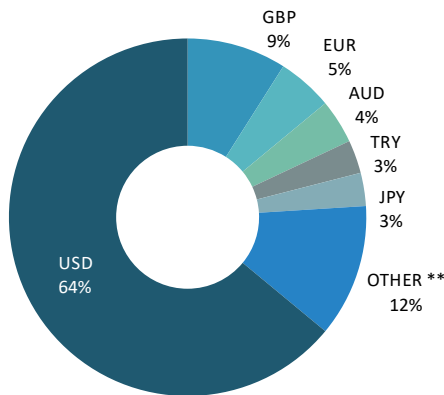
In FY2018, World Bank committed US\$23 billion through 124 projects to help developing middle income countries find solutions to global and local development challenges. To support the lending program and to refinance existing short-term obligations, World Bank issued US\$eq. 36 billion in 27 different currencies. World Bank's fiscal year is from July 1 through June 30.

Annual Issuance

Fiscal years since 1997 (in US\$ billions)

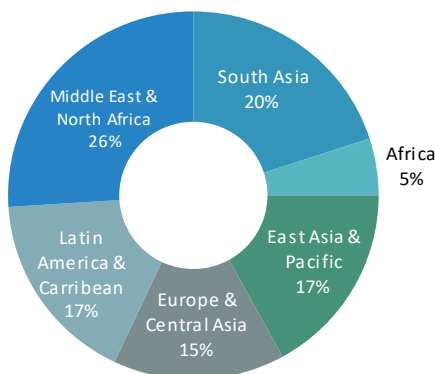


FY2018 World Bank Funding Portfolio Currency Breakdown



**Other includes: BRL, CAD, CLP, CNY, COP, GHS, HKD, INR, MXN, MYR, NGN, NOK, NZD, PEN, PHP, PLN, RON, RUB, SEK, UAH, ZAR.

FY2018 World Bank Lending Commitments By Region



In 2018, World Bank lending commitments totaled

US\$23 billion



of which **39%** support climate co-benefits *



with a **40%** increase in human capital and gender commitments compared to 2017

* World Bank Group's Climate Change Action Plan reconfirmed its commitment to increase the climate-related share of its portfolio from 21% to 28% by 2020. In FY2018, 39% of World Bank's financing supported climate co-benefits, which far exceeded the climate co-benefit target set in 2015.

Noteworthy Transactions

In FY2018, World Bank issued US\$ global benchmark bonds including a [3-year US\\$3 billion due September 2020](#), a [10-year US\\$2 billion due November 2027](#) and a [4-year US\\$1 billion due December 2021](#).

World Bank is also the largest provider of sovereign risk insurance to its member countries. In FY2018, World Bank issued a catastrophe bond that is providing [US\\$1.36 billion in earthquake protection to Chile, Colombia, Mexico and Peru](#). This is the largest sovereign risk insurance transaction in the markets to date. Separately, World Bank issued a [US\\$360 million catastrophe bond to protect Mexico from earthquake and hurricane risks](#). The bond was triggered by an earthquake in September 2017, resulting in a US\$150 million payout to Mexico to support its recovery.

2018 Global Capital Awards for

- Most Impressive Supranational Funding Team in Dollars
- Best Issuer at Breaking New Investor Base
- Best Issuer at Investor Relations
- Most Impressive SSA MTN Issuer
- Most Impressive SSA Structured MTN Issuer

See [here](#) for a full list of World Bank awards & recognitions.

Inaugural IDA Bond



On April 17, 2018, the International Development Association (IDA) [issued its first bond in its nearly 60-year history in the amount of US\\$1.5 billion](#) to address some of the most pressing development issues. IDA's borrowing program will enable its issuer to significantly scale up its support toward achieving the SDGs while offering investors an efficient way to contribute to global development.

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IDA's Impact

(results from 2011 - 2018)



657 million people received essential health services



44 million people connected to new or improved electricity services



86 million people received access to better water services



274 million children were immunized



8.5 million teachers were recruited and/or trained

About the World Bank: The World Bank (International Bank for Reconstruction and Development, IBRD), rated Aaa/AAA (Moody's/S&P) operates as a global development cooperative owned by 189 member countries. The World Bank has two main goals: to end extreme poverty and promote shared prosperity. It provides its members with financing, expertise and coordination services so they can achieve equitable and sustainable economic growth in their national economies and find effective solutions to pressing regional and global economic and environmental problems.

Green Bond Update

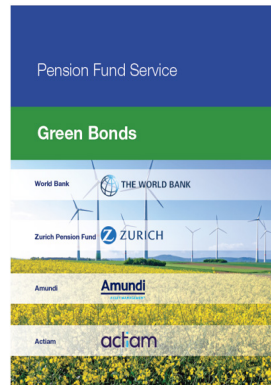
In April 2018, World Bank issued its [first Hong Kong dollar-denominated green bond](#) (HK\$) and the first benchmark-sized green bond issued by a supranational issuer in Hong Kong SAR, China. The transaction raised HK\$1 billion. Through its advisory platform World Bank is supporting governments on green finance. In 2017 this included helping Fiji issue its [first sovereign green bond](#), assisting the Association of Southeast Asian Nations (ASEAN) in developing [green bond standards](#) and working with Malaysia to develop a framework that combines green bond principles and Islamic finance principles – a precursor to the [first green sukuk](#) issued by a Malaysian corporate in July 2017.

By the end of FY2018, World Bank issued 141 green bonds in 19 currencies for nearly US\$eq.11 billion. US\$8.9 billion in green bond proceeds were allocated and disbursed to support the financing of 91 projects in 28 countries with another US\$6.5 billion of commitments still to be disbursed.

In June 2018, at the Annual General Meeting of the Green and Social Bond Principles coordinated by the International Capital Market Association, World Bank was reaffirmed as a member of the executive committee as an issuer.

Article in The Pension Fund Service: Green Bonds

[The Green Bond Market: 10 years later and looking ahead](#), Heike Reichelt & Colleen Keenan (2017)



Colleen Keenan
Senior Financial Officer, Investor Relations, World Bank.
Colleen Keenan has over 15 years of experience in financial services and communication. She joined the World Bank Treasury in 2007. In her current role, Colleen is responsible for outreach on the World Bank's bond issuance program to the sustainable and impact investing community and related efforts to build sustainable capital markets. Previously, she led communications efforts for the World Bank Treasury's client advisory and financial products businesses. Before joining the World Bank, Colleen held various roles at Morgan Stanley Investment Management in New York where she focused on client services and marketing for institutional international equity and global asset allocation products. She holds an M.A. in International Relations and Economics from the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University.



Heike Reichelt
Head of Investor Relations and New Products at the World Bank Treasury.
Her team's responsibilities include managing relationships with bond investors and rating agencies, and developing new products for investors. These include products that raise awareness for the Sustainable Development Goals (SDGs) and products for climate change mitigation and adaptation - like World Bank Green Bonds. Her team also performs similar functions for the International Finance Facility for Infrastructure (IFFI), for which the World Bank acts as treasury manager. Heike manages the World Bank's outreach to the sustainable and impact investing community and works with other teams and market participants to encourage the growth of sustainable capital markets focused on making a long-term positive social and environmental impact. Heike has 20+ years of experience in finance - including as an engagement manager for the World Bank Treasury's Reserve Advisory Management Program for central banks and in the areas of export finance and capital markets. She was recently recognized for her role in building sustainable capital markets as the 2017 recipient of the prestigious Jean Monnet Award.

About the World Bank Group: The World Bank Group consists of five separate legal organizations working towards a common mission to eradicate extreme poverty and promote shared prosperity. It includes International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Both IBRD and IFC are issuers of bonds.

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