

Bonds for Sustainable Development



INVESTOR NEWSLETTER • SUMMER 2017



THE WORLD BANK

Treasury | IBRD • IDA

70

Connecting Capital Markets to Development
1947 • 2017

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World Bank Celebrates 70 Years Connecting Capital Markets to Development



The International Bank for Reconstruction and Development (IBRD), also known in the capital markets as the "World Bank," issued its first bond on July 15, 1947. Since then, the World Bank's history and track record of innovation show the evolution of capital markets as a force for good. From the first currency swap in 1981, and first global bond in 1989, to SRI-themed bonds in 2005, green bonds in 2008, and bonds linked to the Sustainable Development Goals in 2017, IBRD has been developing products that use financial markets to reduce lending costs for its member countries and connect investors with the impact of their investments. World Bank products also help manage risks like natural disasters and pandemics. Read more: treasury.worldbank.org/cmd/htm/70-years-in-capital-markets.html

Offering Investors Financial and Social Returns

World Bank projects are focused on investing in people, fostering inclusive growth and helping countries building resilience to crises. Through investments in World Bank bonds, investors support sustainable development programs and, at the same time, benefit from IBRD's financial strength as a triple-A issuer. Read more about IBRD as an issuer: treasury.worldbank.org/cmd/htm/about_capital.html

Supporting Sustainable Development

In fiscal year 2017, IBRD committed USD 23 billion in new lending for 133 projects to help developing countries find solutions to the toughest global and local development challenges (see map). Examples of IBRD-financed projects with expected impacts include:



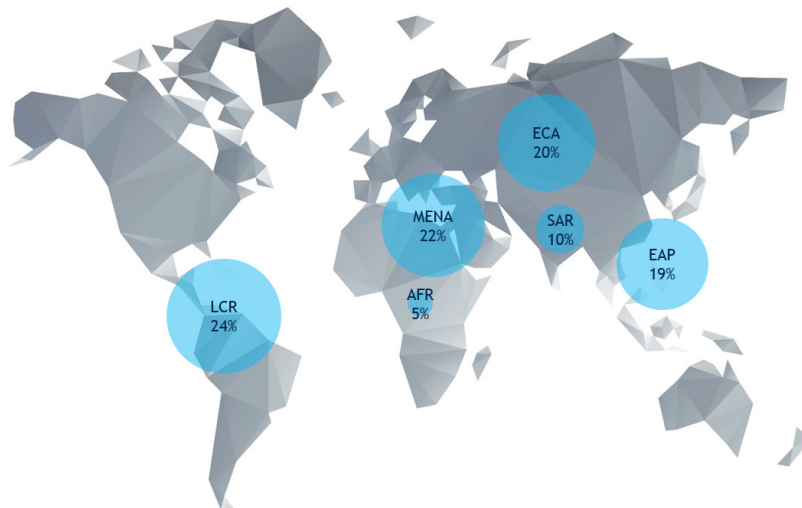
Jamaica

IBRD Financing: \$42 million

Improving Urban Infrastructure and Services

- >50,000 people have improved solid waste management services
- >10,000 people have electricity
- 1,200 families with water pipe access
- 4,500 people have jobs training

<http://projects.worldbank.org/P146460?lang=en>



Armenia

IBRD Financing: \$15 million

Improving Education Readiness and Quality

- 2,400 preschool enrollees
- 120 community-based preschools
- 107 high schools with improved education resource

<http://projects.worldbank.org/P130182/education-quality-project?lang=en>



Panama

IBRD Financing: \$40 million

Connecting rural mothers and children with quality health services

- 200,000 people have access to mobile health units
- 96% of babies <1 year of age with complete vaccination records
- 93% of births attended by trained personnel

<http://projects.worldbank.org/P106445/health-equity-performance-improvement-project?lang=en>



Jordan

IBRD Financing: \$149 million

Providing employment opportunities to Jordanians and Syrian refugees

- 130,000 work permits issued to Syrians by 2019
- 1,000 officially established household enterprises, including 100 Syrian-owned
- 30% reduction in private sector regulatory burden

<http://projects.worldbank.org/P159522?lang=en>



Botswana

IBRD Financing: \$146 million

Improving water security and efficiency in drought vulnerable areas

- 460,000 people benefit from augmentation/rehabilitation of existing water supply systems
- 177,000 people benefit from improved wastewater treatment and sludge management systems

<http://projects.worldbank.org/P160911?lang=en>



China

IBRD Financing: \$120 million

Promoting renewable energy in educational institutions

- 100MW of renewable capacity installed serving 650,000 students in 1,000 schools
- 89,590 tons of CO2eq. emissions reduced annually

<http://projects.worldbank.org/P125022/cn-beijing-energy-efficiency-emission-reduction-demo?lang=en>

Read more about the World Bank's process for selecting and monitoring projects: <http://projects.worldbank.org/>

Investing for Impact



Global Bond Snapshot

On January 18, 2017, an oversubscribed transaction raised USD 5 billion that offered investors a 5-year USD benchmark bond at 25.45 basis points over US Treasury bonds. The order book was more than USD 7.3 billion with 137 orders. Read more: bit.ly/2unzsMf

Summary Terms and Conditions	
Issuer Rating:	Aaa/AAA
Tranche:	5-year
Total Amount:	USD 5 billion
Settlement Date:	1/26/2017
Maturity Date:	1/26/2022
Coupon:	2.00% per annum
Coupon Payment Dates:	Paid semi-annually on January 26 and July 26 of each year
Issue Price:	99.457%
Issue Yield:	2.115%

Use of Proceeds. The bond proceeds are used by IBRD in order to provide financing, risk management products, other financial services, access to experts and a pool of knowledge in development-related disciplines to the governments of IBRD's borrowing members so that they can achieve equitable and sustainable economic growth in their national economies and find sustainable solutions to pressing regional and global economic and environmental problems. Projects supported by IBRD undergo a rigorous review and approval process aimed at safeguarding equitable and sustainable economic growth. IBRD integrates five cross cutting themes into its activities helping its borrowing members create sustainable development solutions to end extreme poverty and promote shared prosperity: climate change, gender, jobs, public-private partnerships and fragility, conflict and violence.

Administrative expenses are covered by the World Bank's net income, i.e., revenues the World Bank earns from the financial services it provides to its member countries (lending, risk management and advisory services), and earnings from investments and equity management.



PANDEMIC EMERGENCY FINANCING FACILITY

First-ever Pandemic Bond Launched

On June 28, 2017, the World Bank launched specialized bonds aimed at providing financial support to the Pandemic Emergency Financing Facility (PEF), a facility created by the World Bank to channel surge funding to developing countries facing the risk of a pandemic.

This marked the first time that World Bank bonds are being used to finance efforts against infectious diseases, and the first time that pandemic risk in low-income countries is being transferred to the financial markets.

The PEF will provide more than USD 500 million to cover developing countries against the risk of pandemic outbreaks over the next five years, through a combination of bonds and derivatives, a cash window, and future commitments from donor countries.

Read the press release: bit.ly/2u7ph3h

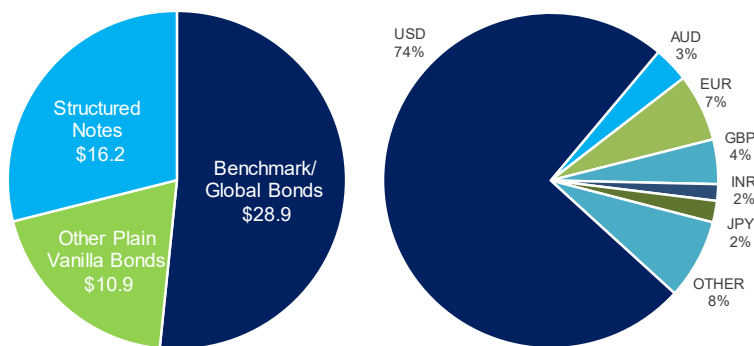
“ With this new facility...we are leveraging our capital market expertise... to serve the world's poorest people. This creates an entirely new market for pandemic risk insurance. ”

Jim Yong Kim
World Bank Group President

Using Capital Markets to Link Investors to Sustainable Development

Funding Program for Fiscal Year 2017

Annually, the World Bank raises USD 50-60 billion to support its lending to middle income countries for sustainable development programs. In fiscal year 2017, IBRD raised USD 56 billion across 22 currencies and 579 transactions. Read more: bit.ly/2fc5AR9



World Bank Issues First SDG-linked Bonds

In March 2017, the World Bank issued bonds that for the first time directly link returns to the performance of companies advancing global development priorities set out in the Sustainable Development Goals. Read more: bit.ly/2vws4t



“The Sustainable Development Goals-linked bond is an innovation that demonstrates the powerful role of capital markets in connecting savings with development priorities, while offering investors an attractive risk-reward profile. Looking ahead, we anticipate coming to market with similar issuances that would attract a range of investors across the globe.”

Arunma Oteh
World Bank Vice President and Treasurer

US Government Investors Change Legislation for World Bank’s Triple-A Rated Bonds

US government investors in search of high quality credit investments have been increasingly interested in World Bank bonds. Several have amended their investment rules to include World Bank and other supranational bonds as eligible securities for their portfolios. For example, in 2014, several local investors from the State of California introduced changes to their investment guidelines, following an amendment to the state investment code for local investors. Similar changes have been made around the US, allowing more treasuries from counties, cities and towns to benefit from financial and social returns offered by triple-A rated World Bank bonds.

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.

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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World Bank Recognized for Leadership in Sustainable Investing

In April 2017, Heike Reichelt, Head of Investor Relations & New Products at the World Bank, received the **Ceres and Trillium Asset Management Joan Bavaria Award for Building Sustainability into the Capital Markets**. The award is given annually to honor inspiring global leaders working to move capital markets toward a system that balances economic prosperity with social and environmental issues. Read more at www.ceres.org and at bit.ly/2vsBPBG

JOAN BAVARIA AWARD
Building Sustainability into Capital Markets



Reichelt accepting the 2017 Joan Bavaria Award in San Francisco

The *Joan Bavaria Award* adds to the list of the World Bank’s milestones in connecting capital markets to sustainable development. In October 2016, mtn-i recognized the World Bank’s EUR 50 million Green Equity Index-Linked Notes as *SRI Deal of the Year* and awarded the Pilot Auction Facility Emission Reduction Notes with its *Editor’s Award*. KangaNews also recognized the World Bank with several awards for deals in Australian and New Zealand dollars. For more on these and other awards: treasury.worldbank.org/awardspublications

World Bank Green Bonds

In April 2017, the World Bank surpassed the USD 10 billion (equivalent) in green bond issuance, with a USD 350 million private placement for Folksam, a Swedish insurance company known for its long-term commitment to sustainable social development. Read more: bit.ly/2v1likR. Since 2008, World Bank has raised over USD 10 billion in green bonds through more than 130 transactions covering 18 currencies. More on World Bank Green Bonds: treasury.worldbank.org/greenbonds

