

World Bank Bond Expands Support to COVID-19 Resilience Through the United Nations Children's Fund (UNICEF)

QUESTIONS & ANSWERS

Q. What is the bond?

The bond is a USD 100 million 5-year bond issued by the World Bank under its Capital at Risk Notes program with a unique feature, whereby UNICEF will benefit from an amount equivalent to half of the proceeds that UNICEF can use for its activities.

Q. Who is the issuer of the bond?

The International Bank for Reconstruction and Development (IBRD) is known in the capital markets as the World Bank and rated AAA/Aaa by Standard & Poors and Moody's. IBRD is an international organization owned by its 189 member countries, is the largest multilateral development bank in the world and is one of the five institutions of the World Bank Group.

Q. Is the bond rated?

No. The bond does not have a credit rating.

Q. Is the investors' principal guaranteed by the World Bank?

No, the World Bank is responsible for the repayment of half of the principal (and the coupon associated with its portion). UNICEF will be responsible for providing funds to the World Bank for the repayment of the remainder and this repayment will be subject to UNICEF receiving sufficient donations from private individuals in 18 target countries.

Q. How exactly does the transaction work?

The World Bank has issued a bond under its Capital at Risk Notes program in the amount of \$100 million. Funds raised from the issuance will support its sustainable development activities and help developing countries respond to the health, social and economic impacts of COVID-19. In addition, the World Bank has signed a forward flow arrangement with UNICEF under which it has transferred \$50 million to UNICEF. Under the forward flow agreement, over a 5-year period, UNICEF will make fixed, semi-annual payments to the World Bank and a final payment of \$50 million with UNICEF's payment obligation, conditional of its receipt of at least an equivalent amount of donations from private individuals in 18 target countries. Upon receipt of these payments from UNICEF under the forward flow agreement, IBRD will make equivalent payments to bondholders on the relevant interest payment and maturity dates of the bond.

Q. Who are the investors?

The investors include a mix of institutional and high net-worth individual investors that have carefully assessed the risks and are attracted by the opportunity to contribute to a unique investment that combines the World Bank's capital market experience with UNICEF's focus on supporting children, and recognize the need to share risks and scale up resources available, to address the impact of COVID-19.

Q. What are the proceeds used for?

Other than in respect of the amount transferred to UNICEF, the net bond proceeds will fund the World Bank's sustainable development activities and help developing countries respond to the health, social and economic impacts of COVID-19. The amounts transferred to UNICEF under the forward flow agreement will support its pandemic response programs for children around the world over the 5-year period.

Q. Is this a first of its kind?

Yes. The transaction is an example of how private sector and capital markets investors can share financial risks to achieve positive development impact. It leverages interest from capital market investors in supporting the Sustainable Development Goals and making development impact.

Q. Why now?

As countries confront the unique and historic economic challenges of the COVID-19 pandemic that has exacerbated poverty rates and global inequality, affecting millions of children worldwide, the World Bank and UNICEF worked together to find new ways to accelerate funding available for key programs at this important time.

To learn more about the World Bank's response to COVID-19 please visit:

<https://www.worldbank.org/en/who-we-are/news/coronavirus-covid19>

To learn more about UNICEF's response to COVID-19 please visit:

<https://www.unicef.org/coronavirus/covid-19>

Q. What is the development impact / expected results of the bond and how will it be monitored?

UNICEF will provide IBRD with an impact report to share with the bondholders annually (commencing 2022). This impact reporting is expected to cover how UNICEF has leveraged the amount it has received from IBRD to finance programs and will report on its impact on children.

Other than in respect of the amount transferred to UNICEF, the net proceeds from the sale of bonds will be used to support the financing of sustainable development projects and programs in the World Bank's member countries. Projects and programs supported by IBRD are designed to achieve a positive social impact and undergo a rigorous review and internal approval process aimed at safeguarding equitable and sustainable economic growth. The World Bank produces an annual impact report within one year following the close of the fiscal year (June 30) describing the operations supported by the financing generated by World Bank bonds issued during the previous fiscal year. This report provides information on allocation of bond proceeds and reports on results across a range of measurable outcomes, highlighting a selection of individual project development indicators.

Q. What is the relationship between the World Bank and UNICEF? How does this build on the relationship?

IBRD, established in 1944 is a specialized agency of the United Nations. The United Nations Children's Fund ("UNICEF") is an international intergovernmental organization established by the United Nations General Assembly in 1946 as a subsidiary organ of the United Nations.

The World Bank is an established partner to UNICEF. Since the start of the COVID-19 pandemic, UNICEF has partnered with the World Bank in more than 40 countries to support national emergency response projects in risk communication, community engagement, water, sanitation and hygiene, health system strengthening, nutrition and supplies.

THE FOLLOWING IS A SUMMARY OF THE WORLD BANK'S CAPITAL AT RISK 129 (THE "NOTES"). IT IS NOT AN OFFER TO SELL THE NOTES OR AN INVITATION TO OFFER TO BUY THE NOTES. THIS SUMMARY IS SEPARATE FROM, AND SHOULD NOT BE READ IN COMBINATION WITH, ANY OFFER OR SALE OF THE NOTES, WHICH WILL BE MADE IN COMPLIANCE WITH APPLICABLE LAWS AND UNDER ENTIRELY SEPARATE LEGAL DOCUMENTATION AND OFFERING MATERIALS. THIS SUMMARY IS VERY HIGH LEVEL FOR SIMPLICITY AND LEAVES OUT MATERIAL INFORMATION AND THE LEGAL DOCUMENTATION THAT GOVERN THE NOTES. POTENTIAL INVESTORS MUST OBTAIN A COPY OF THE COMPLETE LEGAL DOCUMENTATION PURSUANT TO WHICH THE NOTES ARE ISSUED, INCLUDING THE WORLD BANK'S MAY 2008 PROSPECTUS RELATING TO ITS GLOBAL DEBT ISSUANCE FACILITY AND THE FINAL TERMS FOR THE NOTES. POTENTIAL INVESTORS SHOULD NOT RELY ON THIS SUMMARY. BEFORE MAKING ANY INVESTMENT DECISION, POTENTIAL INVESTORS MUST REVIEW THE COMPLETE LEGAL DOCUMENTATION.