

WORLD BANK

Sustainable Development Bonds

Investor Newsletter | December 2023

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Who We Are: World Bank Treasury

The World Bank Treasury manages the issuance programs for both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)¹. This newsletter is focused on IBRD bond issuance. IBRD provides loans, guarantees, and advisory services to member countries to support sustainable development. IBRD has been issuing bonds in the international capital markets for over 75 years to finance lending that supports our mission of ending extreme poverty and boosting prosperity on a livable planet.

Responding to Overlapping Crises

IBRD's financing supports sustainable development activities in its member countries, including efforts to tackle overlapping crises that developing countries are facing. Recent shocks have had both a deep direct human and economic impact as well as long-term adverse spillovers that threaten to reverse decades of economic gains.



Impacts of climate change



Inflation



Commodity shocks & food insecurity



Fragility, conflict and violence

Evolution Roadmap

The World Bank as a multilateral development bank is increasingly important in addressing global challenges such as poverty, inequality, inclusion, resilience, sustainability, and cross-border issues like climate change, pandemics, and conflict and violence. The [World Bank's Evolution Roadmap](#) is a strategic initiative designed to more effectively grapple with the scale of development challenges, built upon three fundamental building blocks:

Vision and Mission

"To create a world free of poverty – on a livable planet." This vision and mission sets us on a journey that will require reimagined partnerships, innovative strategies, and optimism for what's possible.

Operating Model

We are enhancing our country engagement model, analytics, financing instruments, and incentives, to focus more on outputs rather than inputs.

Financial Model

While maintaining a triple-A credit rating that allows us to efficiently leverage shareholder equity for development, we will expand the resources available to our members to further balance sheet optimization, including increasing equity through various options (incl. hybrid capital).

FY23 IBRD Lending Highlights



\$38.6 billion
new commitments



\$25.5 billion
loan disbursements



136
new projects



100%
of IBRD projects screened for climate risk



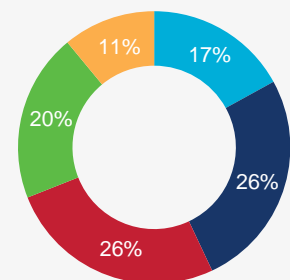
41%
of financing directed to climate action



92%
of projects with climate components

FY23 IBRD Regional Breakdown

FY23, US\$38.6 billion (commitments)



- East Asia and Pacific
- Europe and Central Asia
- Latin America and the Caribbean
- Middle East and Africa
- South Asia

¹ Information about IDA's funding program can be found at: <https://treasury.worldbank.org/en/about/unit/treasury/ida>



2023 Funding Program

In fiscal year 2023 (July 1, 2022 – June 30, 2023), IBRD drew on its triple-A credit rating and strong standing in the markets to raise US\$eq.42 billion in 20 currencies to support sustainable development activities in member countries. IBRD plans to raise US\$eq.45-55 billion for the fiscal year 2024 funding program ending June 30, 2024.

Highlights

Emission Reduction Linked Bond

The World Bank issued a [five year \\$50 million, principal protected Emission Reduction Linked Bond](#) that provides investors a return linked to the issuance and sale of Verified Carbon Units (VCUs) by a project in Vietnam. In this innovative outcome bond investors forgo regular IBRD coupons which are instead used to finance a project that aims to manufacture and distribute 300,000 water purifiers to approximately 8,000 schools and institutions, making clean water available to around two million children and reducing GHG emissions by almost 6 million tCO2 eq.

Catastrophe Bond for Chile Earthquake Risk

The World Bank executed a dual catastrophe bond and swap transaction that provides the Republic of Chile with [\\$630 million of insurance cover for earthquake events](#) - \$350 million of catastrophe bonds and \$280 million of catastrophe swaps. This is World Bank's largest catastrophe risk transfer transaction for a single country, its nineteenth catastrophe bond and the second for Chile.

First Issuer on Euroclear's Digital Market

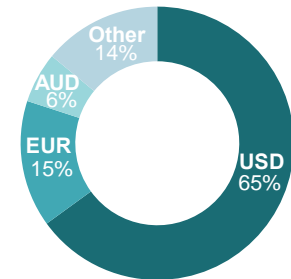
The World Bank issued [€100 million in 3-year Digitally Native Notes](#) on Euroclear's Digital Financial Market Infrastructure (D-FMI). This initiative aims to improve transparency, boost efficiency, and mitigate operational risks and costs in securities processing by leveraging distributed ledger technology. As a result, investors can seamlessly access Euroclear's settlement platform, benefiting from a full range of services.

Bonds for Retail Investors

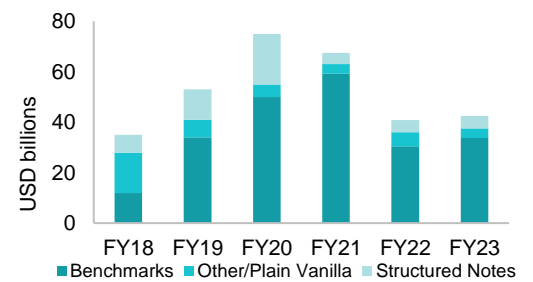
In June 2023, the World Bank (IBRD) achieved a milestone by completing a retail-focused exchange offer, [migrating existing LIBOR-based bonds to new SOFR-indexed bonds](#) – the first such move for a Sovereign, Supranational, and Agency (SSA) bond issuer. Later in the year, the World Bank returned to the Italian retail market by issuing a [5-year EUR fixed rate callable Sustainable Development Bond](#), with the first retail sustainable bond listed in Italy (Borsa Italiana) in five years.

[Click here for more transactions](#)

FY23 Issuance in 20 Currencies



FY23 Funding



Special Opportunities for Development Partners

The role of partnerships is more important than ever. The World Bank's new vision and mission require it to mobilize private capital for clients and leverage support from development partners, including philanthropies and foundations. These partners can participate in increasing the World Bank's lending capacity and impact through investing or providing financial support in a range of investment products, including:

- 1) Triple-A Sustainable Development Bonds;
- 2) Outcome bonds that can be structured to support specific purposes;
- 3) Catastrophe bonds used for disaster risk management;
- 4) A new product, hybrid capital – investment product with equity features.

For more information, please contact debtsecurities@worldbank.org



Resources for Investors



Framework for Issuing Sustainable Development Bonds

IBRD's [Sustainable Development Bond Framework](#) provides investors with information on how World Bank bonds support sustainable development, including examples of the types of projects and programs that bond proceeds support through the financing of loans to member countries.



Finding IBRD Bonds on Market Platforms

IBRD Sustainable Development Bonds & Green Bonds are:

- Aligned with the [Sustainability Bond Guidelines](#) or [Green Bond Principles](#)
- Tagged as “sustainability bonds” or “green bonds” on [Bloomberg](#)
- Displayed on the [Luxembourg Green Exchange](#)

Publications



World Bank Impact Report

The [2023 Impact Report](#) was published on June 20, 2023. The report covers both IBRD Sustainable Development Bonds and Green Bonds. For the first time, the World Bank has included a post-issuance external review in the IBRD impact report for bond allocation.

Islamic Finance News

[“Sukuk are Just Another Capital Market Instrument \(And that is a Good Thing\)”](#)

World Bank Blog

[“Why Green Bonds Matter – It May Be More Than You Think”](#)

The International Debt Capital Markets Handbook

[“Opportunities for Digitizing Debt Capital Markets and Applications for Developing Countries”](#)

Capital Finance International

[“The Digitalization of Capital Markets Can Boost Bond Market Efficiencies”](#)

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's goal is to end extreme poverty and boost prosperity on a livable planet. 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.

2023 Awards



Celebrating [retail bonds for Italian investors](#) at the [“Ring the Bell” ceremony at Borsa Italiana](#): Jorge Familiar, Vice President and Treasurer; Andrea Dore, Head of Funding; and Ludovic Lumbroso, Senior Financial Officer, from right to left.

KangaNews Awards

- [SSA Kangaroo Bond Deal of the Year](#)
- [Kauri Bond Deal of the Year](#)

Climate Bonds Awards

- [Largest Sustainability Bond](#)
- [Largest Issuer of Sustainability Bonds](#)

Environmental Finance

- [Award for Innovation - Bond Structure \(Sustainability Bond\)](#)
- [Initiative of the Year - Sustainability Bond](#)
- [Sustainability Bond of the Year – Supranational](#)
- [Impact Project/Investment of the Year – Climate](#)

CMD Portal

- [First Rhino Bond: Top Deal Winner](#)

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