

# AN INNOVATIVE PARTNERSHIP

HOW THE WORLD BANK AND THE JAPANESE  
FINANCIAL COMMUNITY HAVE WORKED  
TOGETHER OVER THE PAST DECADE TO  
PROMOTE DEVELOPMENT FINANCE  
INNOVATIONS



**THE WORLD BANK**

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Treasury

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Structured Finance  
Tokyo, Japan May 11, 2016

# WORLD SUPPORTER FUND (SINCE 2007)

- In May 2007, Nikko Asset Management Co., Ltd. (Nikko AM) created, in collaboration with the World Bank, the first fund comprised principally of World Bank bonds in a variety of emerging market currencies.
- The fund offers individual investors the opportunity to participate in a diversified emerging market investment portfolio which will support the mission of the World Bank to fight poverty.
- Chiba Bank was the initial distributor of the fund.
- Nikko AM donates a percentage of the fees generated from the sale of the fund to the International Development Association (IDA), which was the first such private sector donation to IDA.

**世界銀行債券ファンド (毎月分配型)**  
〔愛称: ワールドサポーター〕

商品分類	海外債券型
お取引方法	
ファンドの特色	<p>相対的に利回りの高い、新興国通貨建て世界銀行債券へ分散投資を行います。信用力の高い世界銀行が発行する短期債券を中心に組み入れ、毎月の定額分配を目標しながら、新興国を応援します。</p>

**世界銀行債券ファンド**  
(毎月分配型)  
愛称: ワールドサポーター  
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野村信託銀行株式会社

# COOL BONDS (2008)

- In June 2008, Daiwa Securities Group and the World Bank launched the world's first Certified Emission Reduction (CER) Linked Uridashi Bond.
- The USD denominated bond offered investors 100% principal protection in USD and paid a fixed coupon for the initial period and then a variable coupon linked to the future performance of CER market prices and the actual versus estimated delivery of CERs that will be generated by a hydropower plant located in the Guizhou Province in China.
- In the Japanese market, this issue was referred to as the "CO2L Bond" or "'Cool' Bond".
- The World Bank issued a second Cool Bond later in 2008 linked to the delivery of CERs from a forestry project in Malaysia.

**World Bank gets cool**

**Daiwa launches 'cool' first-of-its-kind World Bank carbon Uridashi transaction**

DAIWA and the World Bank week unveiled a first-of-its-kind carbon reduction-linked Uridashi bond.

Launched with a minimum of \$25m, the five year issue of return linked to the perform of carbon emission red (CER) certificates generated hydropower plant in China's shou province.

While the deal itself help World Bank raise awarene the carbon issue among Da high net worth retail custo who are the target market fo issue, the associated swap o issue also has direct, green effia.

World Bank's Libor-based: payments to Daiwa will be by the bank's traders to buy sell on CERs from the hydu or plant as it hedges the co

国際復興開発銀行 (通称: 世界銀行)

**World CO2L™ Bond**  
変形ワールドカーボナルド

2013年9月30日満期  
排出権価格連動クーポン付  
米ドル建債券 (元本確保型)

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THE WORLD BANK GROUP

# VACCINE BONDS (SINCE 2008)

- In January 2008, Daiwa Securities Group, the International Finance Facility for Immunisation Company (“IFFIm”), the GAVI Alliance, and the World Bank, launched IFFIm’s inaugural uridashi issue of “Vaccine Bonds.”
- IFFIm raises funds in the capital markets to accelerate the availability of funds for health and immunization programmes in the poorest countries around the world.
- As IFFIm’s Treasury Manager, the World Bank manages all of the financial operations of IFFIm, including the issuance of Vaccine Bonds.
- Since 2008, IFFIm has launched more than 20 Vaccine Bond issues in Japan.

The screenshot shows the IFFIm website with a news article titled "日本で大きな反響のあったワクチン債" (Vaccine Bonds that had a big impact in Japan). The article discusses the successful launch of the inaugural uridashi issue of Vaccine Bonds in the Japanese market. It mentions that the issue was a 2.2 billion USD equivalent (223 million Japanese yen) two-year uridashi issue. The funds raised will be used by the GAVI Alliance for health and immunization programmes in 70 of the poorest countries around the world to save millions of lives.

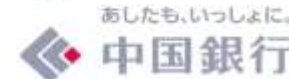
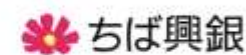
Additional text on the page includes: "Japanese investors welcomed the launch of the debut offering in the Japanese market of the International Finance Facility for Immunisation Company" and "Japanese investors enthusiastically welcomed the launch of the debut offering in the Japanese market of the International Finance Facility for Immunisation Company (‘IFFIm’), a ZAR 1.7 billion (USD equivalent 223 million) two year uridashi issue. The funds raised by the issue will be used by the GAVI Alliance for health and immunisation programmes in 70 of the poorest countries around the world to save millions of lives."

# GREEN BONDS IN JAPAN (SINCE 2010)

- The World Bank has been a leading issuer, and Japanese institutions and individuals have been leading investors, in the rapidly growing green bond market.
- In September 2010, the World Bank issued its first green bond designed for a single Japanese institutional investor, Iyo Bank Co., Ltd., one of the largest regional banks in Japan.
- Since then, many Japanese regional banks have invested in green bond private placements issued by the World Bank.
- More recently, Japanese life insurance companies have begun frequently to invest in both private placement and benchmark green bonds issued by the World Bank.

## Green Bonds PP Investors in Japan

- Iyo Bank
- Saningodo Bank 1
- Iwate Bank
- Kiyo Bank
- Kagawa Bank
- Aichi Bank
- Fukui Bank
- Daishi Bank
- Saningodo Bank 2
- Hokuyo Bank
- Nanto Bank
- Oita Bank
- Musashino Bank
- Ogaki Kyoritsu Bank
- WASEDA Univ.
- Chiba Kogyo Bank
- Chugoku Bank



# WORLD BANK GREEN FUND (SINCE 2010)

- In February 2010, Nikko AM, working with SMBC, set up a fund for Japanese investors that invests in World Bank green bonds denominated in various emerging market currencies known as the SMBC Nikko World Bank Green Fund.
- The fund offers Japanese investors the opportunity to participate in diversified emerging market investment portfolio supporting World Bank-funded climate change projects.

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日興アセットマネジメント

# DISASTER RISK MANAGEMENT TRANSACTIONS (SINCE 2013)

- The Government of Japan is a global leader in promoting resiliency and preparedness related to natural disasters, as has been demonstrated with international initiatives such as the Sendai Dialogue in 2012.
- The World Bank similarly views effective disaster risk management as a critical objective for its member countries.
- Working together, the World Bank and the Government of Japan are promoting disaster risk management in a number of areas.



# WB Disaster Risk Financing Products

Addresses immediate liquidity needs + other resource gaps; manages and transfers financial risks to the market

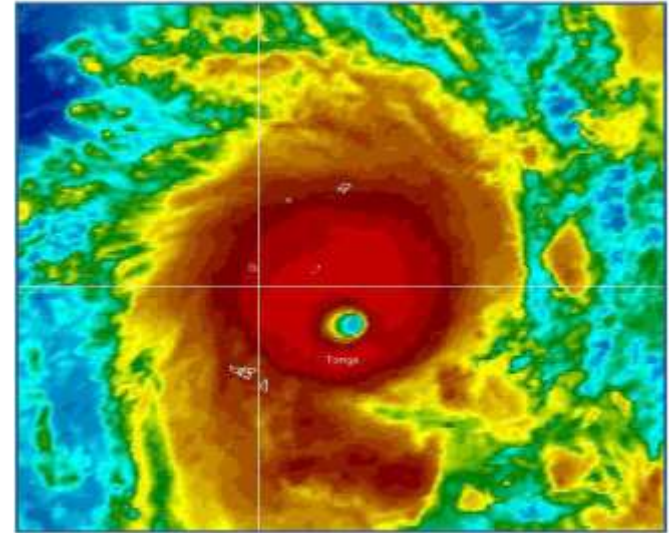
Probability of Event ↑ ↓ High	Severity of Impact ↑ ↓ Minor	Low Major	Insurance-linked Securities	CAT Bonds	Facilitates issuance of multi region, multi-peril cat bonds; eg. World Bank Cat Bond for CCRIF (earthquake & hurricane)	Risk Transfer
				Cat Swap	The Pacific Disaster Risk Financing Insurance Program (DRFIP)	
			Insurance Pools	CCRIF	Regional facility pooling risks to cover against natural disasters in 16 Caribbean countries (earthquake & hurricane)	
			Contingent Loans	Cat DDO	Provides immediate liquidity following a natural disaster eg: Colombia, Costa Rica, Guatemala	Risk Retention



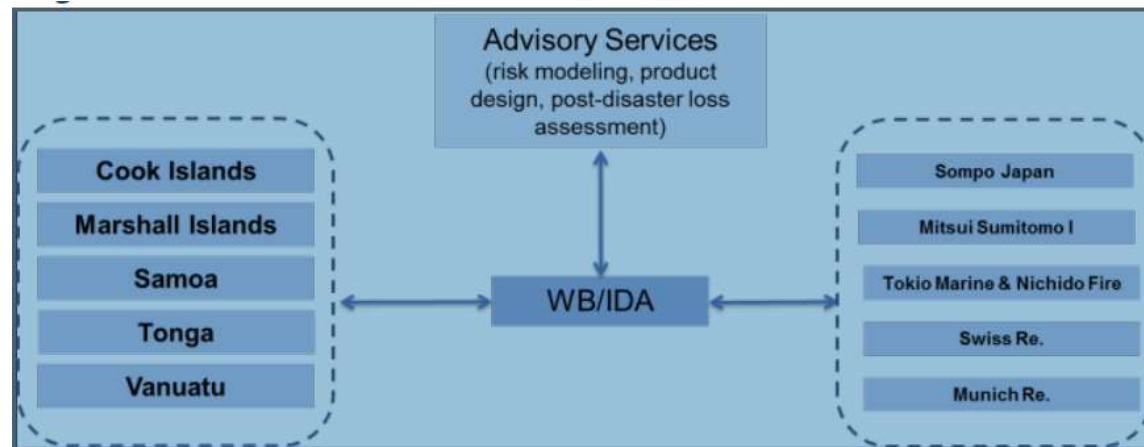
# The Pacific Disaster Risk Financing and Insurance Program (DRFIP)

- Extreme natural events have affected more than 9.2 million people in the Pacific since 1950 and have caused damage of about USD 3.2 billion
- The Pacific DRFIP assists Pacific Island Countries in improving post-disaster financial response through
  - ✓ public financial management and
  - ✓ implementation of market based catastrophe risk insurance solutions.
- This has been a joint initiative of the World Bank, the Secretariat of the Pacific Community and their partners, **with grant funding from the Government of Japan**
- The World Bank acted as an intermediary in a **Cat Swap** between the six Pacific islands and a group of insurance companies

*Infrared satellite image of Tropical Cyclone Ian taken over Tonga around 600 UTC*



Source: NOAA (January 11, 2014)



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